



Medicare: Today's Issue

April 7, 2004

BETTER BENEFITS – MORE CHOICES

Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!

Medicare Savings Accounts (MSAs)

Extension of MSAs

Under the Medicare Prescription Drug, Improvement, and Modernization Act (MMA), the Medicare Savings Account (MSA) program becomes a permanent option to beneficiaries. Additionally, the former capacity limit on the number of enrollees is removed, and the deadline for enrollment is eliminated.

Background

- ❖ The Balanced Budget Act (BBA) of 1997 authorized a Medicare + Choice MSA demonstration project that allowed up to 390,000 beneficiaries to enroll with enrollment closing on December 31, 2002. However, no plans entered into agreements to offer this option to beneficiaries. Without the capacity limit and enrollment deadline, the MMA makes this option more attractive for plans and beneficiaries.

- ❖ MSAs were one of the new Medicare plan options authorized by the BBA. Under this option, the beneficiary chooses a Medicare MSA qualifying high deductible insurance plan. Medicare then pays the premium for the MSA plan and makes a deposit into the Medicare MSA that is established by the beneficiary. The beneficiary uses the money in the Medicare MSA to pay for services provided before the deductible is met and for other services not covered by the MSA plan. Any remaining funds are allowed to accrue from year to year. The MSA option is premised on the need for beneficiaries to play a greater role in their health care purchasing decisions.