

MEDICARE SET ASIDES 101: THE TOP 10 MISTAKES TO AVOID



A M E T R O S

I Have a Medicare Set Aside - Now what Do I Do?

Upon settling your workers' compensation or liability claim, you learned that a Medicare Set Aside was prepared to cover your future medical expenses. Medicare Set Asides (MSA's) are a critical component of many settlements. After settlement, the injured party must spend, track and report - in other words, "administer", the MSA according to careful guidelines provided by the Centers for Medicare & Medicaid (CMS). See the Top 4 Requirements on the right.

Similar to reporting your taxes each year, you are required to keep CMS informed of how you use the MSA funds for the rest of your life or until they are completely exhausted. Reporting is complex and if you fail to report your use of the MSA funds properly, it can mean you run a risk of having your Medicare benefits denied in the future.

In addition, paying retail rates for your ongoing medical treatment can mean you are not abiding by the guidelines and that you will quickly run out of your funds.

For this reason and more, many injured parties rely on professional administration services, like Ametros' CareGuard service, to help them manage their medical bills and reporting to CMS. Additionally, these services help them save their MSA money by securing discounted rates for medical treatments.

Ametros, with its flagship products CareGuard and Amethyst, is the largest pure-play professional administration provider in the country and the only company that offers online portals and access to multiple discount medical networks so the injured individuals can save the most on their accounts.

Top MSA Administration Guidelines Required by Medicare

1. Funds will be deposited in a separate interest-bearing account
2. All treatments and prescriptions need to be verified that they are related to the injury and covered by Medicare
3. Track all expenses, treatments, dates of service and related ICD-9/10 codes annually; Reporting must be sent to the Centers for Medicare and Medicaid Services

What Is A Professional Administrator?

At its core, a professional administrator is a company that makes sure the injured individual gets the medical treatment they need after settlement, with personal attention to ensure future medical care needs are handled smoothly.

The professional administrator establishes a dedicated bank account for the individual's medical funds from settlement. Then, the administrator provides the injured party with a unique card that works just like a health insurance card.

When the injured person shows the card at their pharmacy or doctor, the administrator receives the bill, applies group purchasing discounts, and then pays the bill automatically on their behalf. The injured individual never touches the bill, but receives a record of every transaction, the savings, and their account balance information.

In addition to handling all of the injured individual's medical concerns, a professional administrator also automatically files all MSA reporting for accounts, thereby protecting the injured party's Medicare benefits

Professional administration can be used for any medical allocation (MSA or non-MSA medical funds) as the many benefits of the service extend beyond MSA reporting.

Ametros' CareGuard service is the industry leader in professional administration. Ametros also offers a self-administration support service called Amethyst.



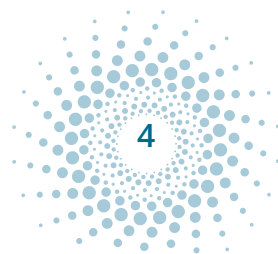
How to get the Most out of Your MSA



There is one correct way to administer your MSA (Medicare Set-Aside), but there are plenty of errors that can be made. Mistakes in managing your MSA can have a large impact because they may result in running out of money sooner than you expected or in Medicare denying to cover your medical benefits.

Let us provide you with some of the most common misunderstandings so you can make an informed decision about how to best manage your settlement funds and avoid mistakes that are made when self-administering an MSA with no support.

We have compiled the top 10 MSA administration mistakes we most commonly see beginning with the most costly and impactful in the long-run.



1. Overpaying

When you administer your MSA funds on your own, you will be paying retail prices on drugs, doctors' visits, procedures and medical equipment. Instead, you deserve to be paying the much lower workers' compensation fee schedule, or the even lower discounted pricing that a big corporation would receive. When you use a professional administrator, they will make sure you save your money by ensuring you receive these discounted rates.

In most states, Medicare guidelines indicate that the injured person should pay the state fee schedule for their treatments even after settlement. However, doctors and providers do not know how to bill you at the correct rates. Their billing department rarely knows that you have had a workers' compensation or liability settlement, nor do they know Medicare's guidelines for billing. If you do not calculate the fee schedule for each of your treatments and demand to be billed accurately, you will be overpaying!

At Ametros, we find that on average the fee schedule is 55 percent below what doctors actually bill at retail prices. Why pay \$100 for a doctor visit when you really should pay \$45? All of this overpaying adds up over months and years!

The double impact of paying retail prices is that Medicare may review your reporting and determine that you spent your settlement funds too quickly because you overpaid on your bills. Medicare could then deny your medical benefits until you make up the difference on what you overpaid. In other words, you may have to use your personal funds to pay the amounts you overpaid with your MSA funds.

A professional administrator like Ametros automatically ensures you pay at least the required fee schedule on all your expenses, and often times even less.

2. Assuming that when your funds run out, Medicare or your private insurance will automatically cover 100% of your healthcare costs



You will be responsible for copays and deductibles after your MSA settlement funds run out. By keeping your expenses to a minimum, a professional administrator minimizes the chance you will run out of funding and face these expenses.

The settlement process has a lot of moving parts. Often times, we find that injured parties are told that when their MSA funds exhaust, Medicare or private insurance will kick in and pay for everything 100%. This is a huge misunderstanding.

First, you need to be enrolled in Medicare or a private insurance plan and be paying your premiums.

If you did not enroll, you will not have coverage for anything - only absolute emergencies! If you are enrolled in a plan, when your funds run out, your insurance/Medicare will begin picking up the bills, but you will still need to contribute copays, deductibles or coinsurance.

In other words, once your MSA funds run out, your medical expenses are not 100% covered. Typically, you are expected to contribute around 20% of your medical costs.

This is why it is important to have a professional administrator ensuring you do not overpay on your medical expenses, so that you never have to use personal funds to cover copays and deductibles once your MSA funds are exhausted.

3. Failure to enroll in Medicare or personal insurance altogether

Many injured individuals assume that having an MSA means they are set up on Medicare automatically. This is not the case. You still need to enroll in a Medicare or private insurance plan to have coverage if your funds run out. A professional administrator will guide you through the insurance options that are a good fit for your situation so that you can be protected against any unexpected hardships.

Regardless of your settlement, you legally need to be enrolled in Medicare or a private insurance plan and paying your premiums so you are covered as a beneficiary for your healthcare needs. Medicare has an open enrollment period from October 15th to December 7th, and most private plans have an open enrollment period from November 1st to January 31st. You also may be able to take advantage of a special enrollment period – an administrator will coordinate with you and Medicare or your plan to see if you are eligible.

While Medicare Part A (emergency visits) does not require enrollment, Part B (regular doctor visits), C (private Medicare plans) and D (prescription drugs) all have monthly premiums you must pay. Medicare requires that you actively elect to enroll in plans B, C and/or D.

If you do not enroll in a plan, when your MSA funds exhaust, you will have to pay your healthcare costs 100% out-of-pocket. You are also legally required to have insurance according to the Affordable Care Act, so if you do not enroll you may have to pay a fine during tax season.

At Ametros, we work closely with each injured individual when they come onto our platform to ensure they are enrolled in a plan to be covered for any potential costs if their MSA funds exhaust.

In addition, we also offer our members extra insurance protection with Medicare Supplement plans. These supplement plans cover many copays and the costs of extended hospital visits. Ametros works with a partner to provide guidance on all Medicare plans, including supplement plans, to make coverage easy for the injured individual.

4. Believing that Medicare will play some part in managing the billing of your MSA

After settlement, Medicare will not receive your MSA bills and verify information. A professional administrator will do this for you, but, if you are managing your funds on your own, it is your responsibility. Medicare only sees what you have sent in on your MSA annual report. Many injured individuals we speak to wrongly assume that their medical bills will go directly to Medicare after settlement, and that the MSA may be there only to pay their copays or deductibles.

This is a dangerous misunderstanding, because it means that you may be trying to bill Medicare for the injury and Medicare will most likely reject paying for it. It also means you may be underestimating the cost of your treatments.

Instead, remember that as long as you have funds in your MSA you are responsible for collecting bills and paying for them IN FULL. Medicare will rely on your annual reporting to see that you did the right thing.

For example, let's say a procedure costs \$100 total. The average Medicare beneficiary would contribute a \$20 copay to the cost and Medicare would cover the remaining \$80. As an MSA account holder, on the other hand, you will need to pay the full \$100 out of your MSA funds. Only once your MSA is exhausted, will Medicare contribute its part and you will be responsible for just the copays like any other Medicare beneficiary.



5. Using your MSA funds to pay for medical expenses that are unrelated to your injury or not Medicare-covered

A professional administrator verifies that each medical expense is Medicare eligible, and will go the extra mile with you and your doctors to document that each treatment and prescription is related to your injury.

Many injured individuals view their MSA as a pool of funds that they can use for their medical care in general, or at least for any type of expense that arises from their injury. In reality, Medicare's guidelines are very specific. Medicare requires that you only use the MSA funds to pay for the entire cost of medical treatments that are A) related to your injury and B) would be covered under Medicare.

At Ametros, our team receives constant questions about whether medical treatments meet both requirements. It is important to have your doctor verify that medical treatments are causally related to your injury, and to keep their notes on file for backup.

For instance, a knee injury may trigger a hip problem that requires hip surgery. When it is related to your injury and Medicare would cover it, it should be paid for with the MSA. It's best to document this chain reaction so that if Medicare has questions, you have all records on hand.

It's equally as important to verify that Medicare would cover the expense. Often times, injured individuals are caught off guard that expenses like transportation, long-term care facilities, many compound creams, and over-the-counter products are **NOT COVERED** by Medicare.

Many injured parties who manage their funds themselves try to rely on the "Medicare & You" guide to see if they can determine what is covered. Often times, it's a challenge to get specific feedback on the exact expense in question. At Ametros, we verify thousands of bills each month automatically so there is no ambiguity, and more importantly, no hassle for you.

6. Using your MSA funds to pay for copays, deductibles, premiums or administrative fees

Copays, premiums and administrative fees are not allowable uses of your MSA funds. A professional administrator ensures that all payments out of your MSA are eligible and will block any such unrelated expenses that are not covered.

Medicare guidelines state clearly that MSA funds are not to be used for any copays, deductibles, premiums, or any administrative fees. In the case of an annuitized MSA, Medicare does not permit paying for any bills or deductibles or copays charges that you received from Medicare or your private health plan.

Some injured individuals purchase Medicare supplement plans to fortify any coverage gaps they may run into if their MSA funds exhaust. While this can be a good idea, Medicare does not allow you to use MSA funds to pay the premiums for Medicare supplement plans, nor the premiums for any other plan (including Medicare Part B, C or D).

Medicare also does not allow use of the MSA funds to pay investment advisors or any other administrative service. At Ametros, our fee for professional administration always comes from funds that are separate from the MSA funds.



7. Failure to coordinate with providers and pharmacists on which items to bill to your MSA vs. your Medicare or private insurance plan

Staff at most pharmacies and doctors offices have never heard of an MSA so there is often confusion about directing bills to be paid out of your MSA account or insurance plan. A professional administrator works hand-in-hand with your providers to ensure bills are routed and paid properly; they also catch and correct any bills that were misdirected.

As an individual managing your MSA, you are responsible for making sure you pay each bill properly with your MSA funds or route unrelated bills to your Medicare or insurance plan. It may sound simple, but often times, you will visit the pharmacy to pick up medications that should be covered by your MSA, *and* other medications that should go to your health insurance or Medicare - it can be confusing!

The same can happen with doctor visits. The same physician may be treating you for your injury and other ailments. It's important to be very specific with your healthcare providers and their staff to make sure they are separating out the bills.

At Ametros, we often see doctors' offices or pharmacies incorrectly route bills to Medicare or insurance plans. These bills need to be reversed and paid out of the MSA funds. We also reroute bills that come in for payment out of the MSA that should go to the insurance plan.

If you are doing it yourself, bill administration tracking can be a huge hassle; it's also a challenge to request that your insurance plan reverse bills or to try and secure a refund from your doctor if bills are routed improperly. At Ametros, we routinely resolve billing issues - so you don't have to!

8. Commingling your MSA funds with other accounts or investments

Medicare requires that you place your funds in a separate interest-bearing bank account. A professional administrator will make sure all funds are set up appropriately so that every cent is accounted for and reported.

Often times, injured individuals skip the step of establishing a dedicated bank account for their MSA funds. This may not seem like a big deal at first, but as the account is used for other expenses, it can be a challenge to separate the items and produce reporting for Medicare. In addition, depositing your MSA funds into a personal checking account that you also use for personal use means you may actually use the money incorrectly by accident.

Likewise, while Medicare has not given specific guidance on placing MSA funds into investment vehicles, the safe play is to keep your funds in a standard checking or savings account. Most industry experts agree that Medicare will absolutely not step in to cover any losses you incur from placing your funds into the stock market.

At Ametros, each of our members has a separate interest bearing savings account. We do not pool or invest your funds so that all tracking is simple and your money is in the safest accounts available, backed by FDIC insurance.



9. Failing to notify Medicare properly when funds exhaust or replenish (if you have an annuity)

A professional administrator verifies you've reported to Medicare when you exhaust your MSA funds, and in the case of an annuity, when your account is replenished with your next annuity check. This way the hassle of keeping Medicare up-to-date is taken care of for you.

Medicare must hear from you every time your MSA funds run out and every time you receive another annuity check to replenish the account. If you do not, they will not be prepared to cover your healthcare if you have exhausted your funds and continue to treat.

Medicare's self-administration guide has a letter template for every time your funds run out and another letter template for every time your funds are replenished. Some injured individuals find themselves running out of MSA funds frequently. This means they need to send two letters a year to Medicare (not counting the annual reporting).

It's often important to call Medicare to make sure they received the letter and are prepared to help cover costs when you go in for your next visit. This is a lot of coordination and can be frustrating. Ametros' services take care of all this seamlessly.

Another frequent confusion of MSA holders that have annuities is whether they technically "exhausted" their funds because they spent more than their annuity check for that one year. This is a mistake. Let's take an example:

You have \$25k already in your MSA account. You receive a \$10k annuity check this year. You spend \$15k on MSA-related medical expenses. There is \$20k left in your account at the end of the year. You DO NOT need to report that you exhausted your funds.

You only need to report exhaustion to Medicare when your aggregate account balance reaches zero. In other words, in the example above, if instead of \$15k in expenses, you had over \$45k of expenses, then your total account balance would be zero. When your account is out of money entirely, then you would be required notify CMS that you've exhausted your funds.

10. Failing to report your MSA spending to Medicare annually



The annual attestation is the most basic and essential requirement of the MSA: Medicare expects to hear from you on the anniversary of your injury, every year for the rest of your life. The only exception is if you have notified Medicare that you have no funds remaining and no future annuity checks. As long as you have MSA funds or expected future annuity checks coming, Medicare will count on your report. A professional administrator will ensure you never miss a report.

Annual reporting to Medicare is the fundamental requirement that MSA holders need to fulfill to ensure their Medicare benefits are protected. Unfortunately, many injured individuals forget the date of their settlement and file their reports late, and some do not file at all. At Ametros, we've taken on administering MSAs where injured individuals did not complete their reporting. It usually takes multiple phone calls and often times the injured individual is left waiting for approval for a medical treatment or prescription that Medicare needs to help cover.

At Ametros, we can work with MSA-holders that have gaps in their reporting. We do our best to clean up any old files they have and get them to Medicare, and then we fulfill the reporting requirements from then on to be able to show to Medicare that they are doing the right thing to get on track.

Let our experts help you!

For more information visit ametroscards.com or call 877.275.7415

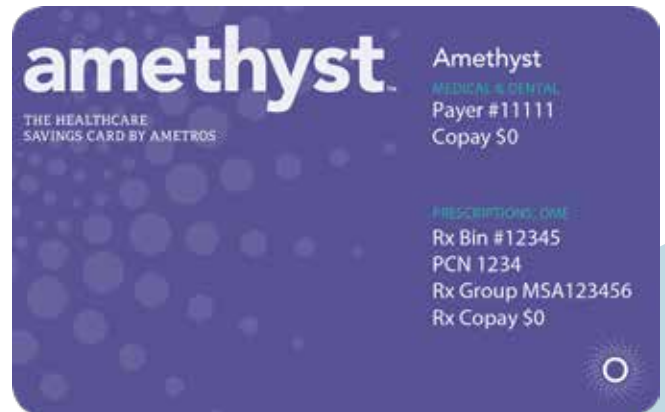
With Ametros' full professional administration service, CareGuard, you will save big on your healthcare treatments, saving 28% on average, minimizing the risk of running out of funds.

The CareGuard card works like a traditional insurance card, and you will never touch a bill. Simply show your CareGuard card at your provider's office or pharmacy.

You never have to undergo utilization review and have your treatments denied. You can treat with any doctor you would like, and pick up your prescriptions at any pharmacy.

In the case of a Medicare Set Aside, you will be 100% compliant with Medicare and CareGuard will submit the required annual reporting.

CareGuard's team of Care Advocates is available 24/7 to help coordinate your care.



Our self-administration support tool, Amethyst, provides you with an average of 21% savings on your healthcare expenses.

The Amethyst card also works like a traditional insurance card, with no copays or extra charges, helping you get the care you need.

With Amethyst you deposit the settlement funds in your own personal bank account. Then Amethyst links to your account, and aids you in submitting your annual reporting to Medicare.

Amethyst's portal provides insight into your account balance and spending trends, and our Care Advocate team is available 24/7 to answer any questions.

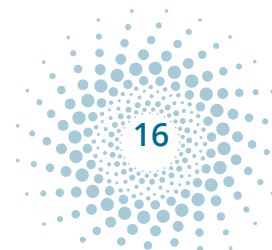
Conclusion



At Ametros, we're constantly encountering new issues with MSA accounts and our team is always adapting to take the burden off of the shoulders of the injured individual.

After all, injured parties with MSAs have been through enough; they deserve help so they can settle well and remain on the path to better health.

**For more information
visit
ametroscards.com or
call 877.275.7415**



About the Authors



Marques is the Chief Executive Officer of Ametros. Marques leads the rapid growth of Ametros and champions the company's constant improvement and dedication to extraordinary service. He has extensive experience as an investor, adviser and strategist within the insurance and business services sector. Marques obtained his B.A. in Economics from Columbia University and his MBA from Harvard Business School.



Porter is the Chief Strategy Officer of Ametros. Porter has a passion for directing the growth strategy of customer-focused businesses in the healthcare and financial services industries. Porter earned a B.A. in Economics from Columbia University, as well as an MBA from the Wharton School and an M.A. in International Studies from the Lauder Institute at the University of Pennsylvania.