

Medicare Medical Savings Account Plan Offers You a New Option

This is a test program for 390,000 eligible Medicare beneficiaries. You choose a Medicare Medical Savings Account (MSA) Health Policy—a health insurance policy with a high deductible. Medicare pays the premium for the Medicare MSA Health Policy and makes a deposit to the Medicare MSA that you establish. You use the money deposited in your Medicare MSA to pay for medical expenses. If you don't use all the money in your Medicare MSA, next year's deposit will be added to your balance. Money can be withdrawn from a Medicare MSA for non-medical expenses, but that money will be taxed. If you spend too much of the money on non-medical expenses, you may have to pay an additional tax.

Medicare MSA Plans first become available in November 1998. You can only sign up for a Medicare MSA Plan in November of each year, or during special enrollment periods. If you enroll in a Medicare MSA Plan, you must stay in it for a full year.

Cost: You pay the Part B premium (\$43.80 in 1998). You use the money in your Medicare MSA to pay for medical expenses. Unlike other Medicare health plans, the Medicare program does not limit what providers can charge you above the amount paid by your Medicare MSA Plan. If you use all your Medicare MSA money, you are responsible for paying all of your medical expenses until you meet the deductible for your Medicare MSA Health Policy. The deductible can be considerably higher than those of other Medicare health plans. Your Medicare MSA can help pay these costs.

Providers: Depending on the Medicare MSA Health Policy you choose, you may be able to go to any doctor or hospital, or you may be limited to a network of providers.

Extra Benefits: Money in your Medicare MSA pays for things that the Original Medicare Plan covers, plus other services it does not cover. A Medicare MSA Health Policy may offer additional benefits the Original Medicare Plan doesn't cover, but it does not pay for them until you meet your annual deductible.

More information on Medicare MSA Plans will be available in the coming months.

