

Unraveling Five of the Most Common Myths About MSAs

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Think you understand the ins and outs of [Medicare Set Asides \(MSAs\)](#)? Great! Then you should easily ace this true/false quiz:

1. MSAs cover all home health care expenses.
2. If MSA money is not used for 5 years, the injured individual can spend it however they want.
3. Medicare does not come into play if the injured individual is not a Medicare beneficiary.

If you answered 'yes' to any of these questions, read on. These are among the many myths about the complex, confusing world of MSAs.

ABOUT MSAS

An MSA is an account used to pay for injury-related, Medicare-covered medical services and prescription expenses. It seems simple enough, but a couple of caveats serve to complicate the idea of MSAs.

First is the term 'injury-related.' The MSA can only be used for medical treatment and prescriptions related to the incident (typically work-related), not all medical conditions the injured individual has.

Secondly, only 'Medicare-covered' services may be funded through the MSA. For example, many intermittent home health care expenses can be covered by Medicare, however, daily home health care services such as personal care for daily living activities would not be covered. Home health care expenses that are occasional and for intermittent use such as intermittent skilled nursing care, and physical or occupational therapy in the home would be covered by Medicare. To determine if there would be Medicare coverage for certain home health care expenses, it's important to understand the type of care and the duration for those needs.

According to Kathleen Correia, senior claims manager at Ametros, knowing what is covered can often be confusing for the injured individual. "Injured individuals who need someone to come in daily and do blood work, or wash the dishes, or all of those chores...are not things that Medicare covers."

Failing to comply with the rules and regulations of the Centers for Medicare & Medicaid Services (CMS) guidelines for MSAs can land an injured individual in a heap of trouble, jeopardizing Medicare benefits.

"If you misuse your Medicare Set Aside, Medicare can say 'we're not going to treat

you until you make up this money that you've misspent," Correia added. "If we don't keep our members compliant when they do get to Medicare, Medicare will not pay for any injury-related services if that MSA was not used properly."

Managing MSAs is no easy task. That's why CMS has 'highly recommended' that injured individuals use [professional administrators](#) to assist with their MSAs after they've settled their claims.

HERE ARE SOME OF THE MOST COMMON MYTHS AND REALITIES ABOUT MSAS.

1. MEDICARE COVERS EVERYTHING

There are a variety of medical treatments and modalities that Medicare does not cover, and it's often complicated for people to understand what they can and cannot get coverage for with their settlement funds.

Some inaccurately believe, for example, that everything that the insurance carrier previously paid for can be funded through the MSA, which is not the case. That can be extremely frustrating when people learn some of the treatment they

were receiving pre-settlement is suddenly not covered.

The injured individual may need to find alternatives and ensure treatments are covered. An experienced professional administrator can be invaluable by offering discount networks for non-MSA services and medications, thereby limiting out-of-pocket expenses.

2. MSAS COVER THE SAME ITEMS UNIVERSALLY

Each injured individual who settles their claim has unique needs; no two MSA allocations are the same. The MSA outlines the specific injury(ies) covered, treatments, prescriptions, etc. and includes the associated funding amounts.

One of the misconceptions is that if MSA funds are unspent for a time period, the funds can be used on unrelated items, which is incorrect. Unspent MSA money cannot be used for recreational spending money, for example, buying a new car or paying down debts, and must still be used for ‘injury-related’ and ‘Medicare-covered services’ purposes.

MSAs are often funded via an annuity where there is a set annual amount to fund the injury-related treatment. This fact includes many injured individuals and others alike. Some believe that an unused portion of the annual MSA amount can be spent on something other than Medicare-covered services for the specific injury.

3. NEXT YEAR’S MSA FUNDS CAN BE USED IF THIS YEAR’S ALLOCATION IS DEPLETED

Temporary MSA fund depletion can be complicated for injured individuals to understand. They may wonder why they can’t tap into additional funds to pay for treatment in a given year when they have exhausted allotted funds for the year. Support from a professional administrator can be helpful during the process to ensure that the correct documentation is sent to Medicare, which demonstrates the settlement funds were exhausted correctly, as is required by CMS.

Additionally, it should also be noted that when Medicare pays, the injured individual is responsible for 20-percent copays. Contrary to what some believe, the MSA does not pay these copays.

“A lot of times the member was told that they won’t [have to pay] out of pocket ever again, and they’re like, ‘why am I paying for this? It should come out of my account?’” said Ana Parks, assistant manager for member care for Ametros. “Medicare doesn’t cover copays. So being compliant,

we wouldn’t be able to cover those anyway.”

An injured individual who opts to self-administer their own money would still not be able to use MSA funds for copays. “We get hired to keep the account compliant,” said Robin Kavanaugh, assistant manager, voice of customer at Ametros. “If [the injured individual] self-administers and was spending it on things that are not compliant, they would be at risk.”

Ensuring the right treatment is paid for with the right funds – whether MSA or non-MSA, is vital to the process so Medicare can become the primary payer when and if funds are exhausted.

4. NON-MEDICARE BENEFICIARIES CAN IGNORE THE RULES

The injured individual who settles their claim and is not on Medicare at the time often thinks, ‘Medicare has nothing to do with my settlement funds, or ‘I don’t need to worry about Medicare’s interests, I’m not on Medicare right now,’ or, ‘I can just use my spouse’s insurance.’

At some point, most will be Medicare beneficiaries. If MSA money has not been used for treating the specific injury, Medicare may not pay until it can be shown, through attestation, that money has been depleted appropriately. Otherwise, [Medicare can demand](#) that the person refund that money, possibly with penalties.

5. MY MEDICAL TREATMENT NEEDS ARE UNLIKELY TO CHANGE

Medical treatment needs do change over time. Physicians may add new medications and/or change the dosages. Or a surgery may be needed to treat the work-related injury. Treatment plans can and do change – often.

One thought is that the person can pay out-of-pocket for unexpected, additional treatments. That could become extremely expensive, especially since the prices paid post-settlement of the claim may be much higher than what the insurance company paid.

Leveraging discount providers and pharmacies offered by reputable professional administrators can be key to unexpected changes in treatment regimens by helping to extend and protect the injured individual’s MSA funds.

Finding the right pharmacy and manufacturer, for example, can save substantial amounts of money on prescriptions.

“We do know that treatment changes over time. Sometimes we’ll see that they might have just one medication listed on their account, where later the doctor may prescribe other medications,” Parks said.

“As long as it’s related to the injury and Medicare-covered, we will continue to pay for the services that they have.”

CONCLUSION

One of the most important decisions in settling a claim with future medical is determining how the MSA will be administered—whether an individual will choose to administer their own funds or have professionals manage them. With the complexities of MSAs, it’s common for individuals to become overwhelmed by the responsibility of having an MSA or misunderstand how it needs to be managed according to Medicare’s guidelines. This is particularly true if self-administration is their chosen path after settlement.

If an individual opts to manage their own funds, it’s critical they understand how to properly administer them, without the support of their case manager, adjuster and attorney. This is where professional administration is a helpful tool. As the main resource and support for an individual’s medical care after settlement, the administrator ensures common mistakes made with medical settlement funds caused by preliminary misconceptions are completely avoided. Navigating the world of MSAs is challenging, except for the few experts who specialize in them. Professional administrators are a crucial component to preserving and appropriately expending the MSA account and providing ongoing support for the injured individual after settlement.



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