

Financing of Health Care for the Elderly: Who has the Money?

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Who Needs to Know?



- The Doctor
 - Will your prescription be filled?
 - Can the patient afford the treatment?
 - 22% of income went to health care services and premiums (2003)
 - Why doesn't the patient move to a handicap apartment?
 - Why doesn't the patient go into a nursing home?

Many Things Your patients are Worried About



- Medicare
- Medicaid
- Medicines
- Money
- Many places to live

Medicare

- What is Medicare?

Medicare

- Federal Program of Health Care for the Elderly
- CMS (Center for Medicare and Medicaid Services)- formerly HCFA
- Started in 1965
- Not intended to be comprehensive
- Entitlement Program

Medicare

■ Part A

- Financed by a 2.9% payroll tax (split between employer and employee)
- Pays for
 - Acute hospital charges for up to 150 days
 - Pt pays \$1,024 for first day
 - Inpatient Rehabilitation up to 100 days
 - Pt pays \$128 per day after the first 21 days -100 days
 - Home Nursing (VNA)
 - Hospice

Medicare

■ Part B

- 75 % from General Tax Revenues
- 25% from premiums (\$96.40 per month in 2008)
- In 2008, premium is progressive up to 238.40 per month
- Pays for
 - Physician Services
 - Laboratory
 - Hospital outpatient
 - Outpatient PT/OT/ST
 - Ambulance
 - Vaccination: Pneumococcal, Influenza
- \$135 deductible per year
- Medicare pays 80% of fee and pt pays 20%

Medicare

- Part C
 - Private Medicare Advantage plans, such as Medicare HMOs, SNPs, PPOs,
 - Provides Parts A and B

Medicare

■ Part D

- Drug Coverage started January 2006
- Voluntary Participation
- Monthly premium ~\$38.00
- Maximum out of pocket expense for an individual
- Pt pays first \$250
- Pt pays 25% of next \$2250 in costs
- Pt pays all of next \$2850 in costs
- Pt pays 5% of next costs, unlimited

Medicare Eligibility

- Age 65 or over- 35.4 million in 2005
- Or on Social Security Disability for over 24 months- 6.3 million in 2005
- Patient or Spouse paid Social Security Taxes

Covered Medicare Services

- Acute Hospitalization on a DRG Basis
- 80% of Outpatient Services for sick care
- 100% of Laboratory Services
- Durable Medical Equipment (cap for benefit)
- Preventive Care generally accepted as of proven value

Covered Medicare Services

- Physician can only bill pt 115 % of Medicare Fee Schedule which is based on RVUs
- In Massachusetts, no extra billing allowed as a condition of licensure

Covered Medicare Preventive Services

- Lipid Panel screen every 5 years
- Colon Cancer Screening every 2-10 years
- Annual Mammograms
- PSA and DRE
- Bone Density Testing every 2 years
- Glaucoma Screening every 1 year
- Diabetes screening twice a year
- Smoking cessation counseling
- Vaccination: Hepatitis B, Influenza, Pneumococcal, Td post injury
- PAP every 3 years
- Welcome to Medicare Exam (within first 6 months)
- AAA screening once (in former smokers)

Non-Covered Medicare Services

- What is not covered?

Noncovered Medicare Services

- Routine Well Adult Examinations
 - Except one initial exam age 65
- Outpatient Prescription Drugs
 - Unless the patient elected Part D coverage
- Hearing and Vision Services
- Dental Care
- Hospital Care over 210 days
- Nursing Home Care
- Maintenance Home Care
- Not: EKGs, PFTs, CXRs if "screening/baseline"

Medicare Supplements



- HMO
 - FCHP Senior Plan
 - Tufts Secure Horizons
 - Blue 65
 - HPHC First Seniority
- BC/BS Medex
- AARP
- Medicaid
- Indemnity: Cigna, Aetna

Medicare Supplements

- Cover 20 % patient responsibility
- Cover deductibles
- May cover some medication expenses if you choose part D coverage and pay the premium
 - Tier co-payments
- May offer extras: eyeglasses, health club discounts

Cost of Medicare Supplements

- HMOs
 - FCHP \$~0/month
 - Tufts \$~80-140/month
 - HPHC \$96/month
 - Copayments cost ~\$10-20 per visit
- Medex \$84-526+/month
- Only 60% of patients have supplements

Other Help to pay for Medicare Supplements

- Veterans Administration (VA)
- Medicaid
 - For indigent/ low income
 - 13% of those age 65 and over in MA
 - Less than \$4,000 in bank

Medicine Costs

- Self Pay
- Insurance with Co-Pays
- State Programs
- Medicare Part D benefit
- Indigent Drug Programs from Pharmaceutical Companies
- Generic vs. Brand Name
- Newer Drugs vs. Older Drugs

Medicine Costs

Drug Name	Approximate Cost per month
HCTZ	
Atenolol	
Valsartan	
Atorvastatin	
Omeprazole	
Glyburide	
Metformin	
Sertraline	
Donepezil	
TOTAL	

HTN, Hyperlipidemia, GERD, DM2, Depression,
Dementia, CAD

Medicine Costs

Drug Name	Approximate Cost per month
HCTZ	3
Atenolol	4
Valsartan	50
Atorvastatin	90
Omeprazole	95
Glyburide	12
Metformin	50
Sertraline	75
Donepezil	130
TOTAL	514

HTN, Hyperlipidemia, GERD, DM2, Depression,
Dementia, CAD

Nursing Home Costs

- Considered Custodial Care, not Medical
- \$7,000-\$10,000 per month
- 50-70 % paid by Medicaid in MA
- 33% Self Pay
- 9% Medicare (Rehab)
- 3% VA
- 1% Private Insurance
- 4% Other

Nursing Home Costs

- 50% of all persons 65 and older will use a Nursing Home
- ½ of stays are for less than 6 months
- 9% stay more than 5 years accounting for 2/3rds of days and costs
- Women have a threefold higher lifetime risk of admission (they live longer and are more often alone)

Who has Money?



Elderly Finances

- Income from
 - Social Security
 - Pension
 - Savings
 - Bank Accounts
 - Investments
 - Current Employment
 - Reverse Mortgage

Elderly Finances

- No mortgage
- Subsidized Rent in Elderly Housing
- Reduced Taxes as lower income
- Fewer Expenses: Clothing, Housing, Transportation, Taxes, School
- Higher Medical Costs

Monthly OOPC age 70-74

- Healthy: \$410-446
- Diabetic: \$701-750
- CHF: \$750-950
- Heart Attach: \$751-1,000

Follow the Money

Now you know a little about where the money comes from and where it goes!