CALIFORNIA HEALTH ADVOCATES

# Medicare Assignment and Costs

## Original Medicare

If you have Medicare, you have either Original fee-for-service Medicare (Parts A and B), or a Medicare Advantage (MA) plan (also known as Part C), which must provide Medicare Parts A and B benefits under that plan. This fact sheet is for people with Original Medicare. It discusses doctors and other providers who accept Medicare assignment, those who do not, and how that affects your costs. If you are in a Medicare Advantage plan, please look at your plan materials to find out which doctors are in your plan and what your copayments are for services. For more information on Medicare Advantage plans, the various types of MA plans and how they work, see our fact sheet, "Medicare Advantage Plans: An Overview" or our Medicare Advantage section at cahealthadvocates.org.

## Assignment

When a doctor, other health care provider, or supplier accepts **assignment** in Original Medicare, they agree to accept the Medicare-approved amount as the total payment for the service or item. They also agree to bill Medicare for the service or item provided to you.

**Example**: A doctor charges $120 for a service. Medicare's approved amount for the service is $100. A doctor who accepts assignment agrees to the $100 as full payment for that service. The doctor bills Medicare who pays him or her 80% or $80, and you are responsible for the 20% coinsurance (after you have paid the Part B annual deductible).

**Note**: For more info about your out-of-pocket costs, please see our fact sheet "2018 Premiums, Coinsurance and Deductibles (Original Fee-for-Service Medicare)" or our summary of Medicare cost-sharing in the online Medicare Basics section.

## Who accepts assignment?

Doctors and other providers who sign up as "Participating Physicians" accept assignment for all Medicare claims. Doctors and other providers who are **not** "Participating Physicians" **can** also accept assignment. They may accept assignment on a case-by-case basis, and are not required to accept every Medicare claim. Always ask your doctor in advance if he or she accepts Medicare assignment.

For a list of doctors and suppliers who participate in Medicare, use the Physician Compare tool on Medicare's website, medicare.gov, or call 1-800-Medicare (1-800-633-4227).

## Doctors who do not accept assignment

Doctors and other providers who do not accept assignment receive a Medicare-approved amount for a service that is 5% below the approved amount for providers who do accept assignment. Yet these providers can charge you more than their Medicare-approved amount, but they cannot charge you more than 115% of Medicare's approved amount for non-participating providers. The additional 15% is called an **excess charge** or **limiting charge**. The excess charge applies only to certain services; for example, it does not apply to ambulance trips or durable medical equipment.

**Example**: A doctor charges $120 for a service. Medicare's approved amount for participating providers is $100, and Medicare's approved amount for non-participating providers is $95 (5% less than $100). A doctor who does not accept assignment can charge you more than

$95, but not more than $109.25 for that service (which is 115% of $95). The doctor may ask you to pay the $109.25 at the time you receive the service.
Even though the doctor does not accept assignment, he or she is required by law to bill Medicare. After Medicare processes the bill, Medicare pays you 80% of the Medicare-approved amount, and you are responsible for the 20% coinsurance and limiting charge, assuming you have met the Part B deductible. Because of the excess or limiting charge, you often save money by going to a provider who accepts assignment, as shown in the next example.

**Compare Your Costs**

| | **With Assignment** | **Without Assignment** |
|---|---|---|
| Actual Doctor's Bill | $115.00 | $115.00 |
| Amount Medicare Approves | $100.00 | $95.00 |
| Medicare Pays 80% | $80.00 | $76.00 |
| You pay 20% Co-Insurance | $20.00 | $19.00 |
| Excess Charge | $0.00 | $14.25 |
| **Total You Pay** | **$20.00** | **$33.25** |

Your **Medicare Summary Notice (MSN)** (which is mailed to you every 3 months, summarizes all the Medicare services you received that quarter) will indicate:

1) the amount charged by the doctor;
2) the amount approved by Medicare;
3) whether the doctor accepted assignment; and
4) the amount for which you may be billed.

The amount for which you may be billed is a combination of deductibles, coinsurance, and any non-covered charges. Thus, if you go to a doctor who does not accept assignment, the MSN shows if the doctor charged you more than 15% above the approved amount for the service. If he or she overcharged you, you are entitled to a reduction in the charge or a refund.

If you can, it is best to wait for the MSN to find out what Medicare covered, what service(s) Medicare did not cover and why, and what you are responsible to pay before making any payment. If, however, your doctor asks you for payment during your visit, you will need to pay then.

## Private Contracting Doctors

Doctors and some other providers may “opt out” of Medicare. If they opt out, they cannot bill Medicare for any Medicare-covered services or items for 2 years. If you want to see a doctor who has opted out and the doctor agrees to treat you, you and the doctor must enter into a private contract for services normally covered by Medicare. The contract must be in writing. If you sign it, your signature shows that you understand your doctor has opted out, and you accept full responsibility for all charges for the doctor’s services.

Doctors who have opted out may set their own rates; the limiting charge does not apply to them. If you enter into a private contract with a doctor who has opted out, you cannot get reimbursed by Medicare. Call Medicare (1-800-MEDICARE) to find out if your doctor has opted out of Medicare.

## Advance Beneficiary Notice

Medicare covers only those services and items that it considers medically reasonable and necessary. If your doctor (one that has **not** opted out of Medicare) believes that Medicare will not pay for a particular service, he or she must tell you before providing the service. He or she must also give you an Advance Beneficiary Notice (ABN). The doctor must use an approved ABN form (Form CMS-R-131) and on the form, identify the service; state that he or she expects Medicare may not pay for the service; give his or her reason(s) for believing why Medicare may not pay; and state the estimated cost. Other

providers, such as labs and suppliers may also use the ABN.

The ABN helps you make an informed decision about whether to receive a service or item. The ABN gives you 3 options:

1) You may accept the service or item, agree to pay the provider, and ask the provider to bill Medicare for the service. If Medicare doesn't pay, you may appeal the decision.
2) You may accept the service or item and agree to pay the provider, but ask the provider not to bill Medicare. You cannot appeal since Medicare is not billed.
3) You may decline the service or item.

If a provider does not notify you, and does not present the ABN, the provider can be required to absorb the cost of procedures that Medicare has deemed "not medically reasonable and necessary." You aren't required to pay for the service(s) if you were not informed in advance that the service(s) might not be covered by Medicare. However, you are responsible to pay for services that are generally known not to be covered by Medicare, such as dental care and hearing aids.

If you cannot resolve a financial issue with your provider or supplier, please contact the Health Insurance Counseling & Advocacy Program (HICAP) — see below.

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This fact sheet contains general information and should not be relied upon to make individual decisions. If you would like to discuss your specific situation, call HICAP. HICAP provides free and objective information and counseling on Medicare and can help you understand your specific rights and health care options. You can call **1-800-434-0222** to make an appointment at the HICAP office nearest you.

Note: Online access to all 30+ CHA fact sheets on Medicare and related topics is available for an annual subscription. See cahealthadvocates.org/fact-sheets/.