



Employees' Retirement System Communicator

March 2014

No. 3

Contact Information

Employees' Retirement System

In the Milwaukee area:

414-278-4207

Toll Free:

877-652-6377

Email:

ers@milwaukeecountywi.gov.

Life & Health Benefits

Phone: **414-278-4198**.

Email: benefits

@milwaukeecountywi.gov

Newly Retired Members

New Retirees

Virginia Bastian

Ann Brottlund

Gerald Brown

Likjnskee Frost

Darlene Goodlette

Kevin Harrington

Lawrence Hoffman

Joni Lynn Jackson

Donna Johnson

Carol Lanaghan

Patricia Lenz

David Loosemore

Todd Ludorf

Patricia Patterson

Mary Lynn Pearson

Julie Ricchio

Joseph Simmons

Fannie Smith

(Continued on Page 4)

From the Desk of the ERS Manager

Dear Milwaukee County Retirees,

Happy Spring! With one of the harshest winters in a long time nearly behind us, I am looking forward to more sunshine and warmer weather.

Spring means its time for the Pension Board's Annual Meeting! The meeting is scheduled for Wednesday, April 16, 2014 at the Italian Community Center (631 E Chicago Street). Surface lot parking is available. This is your chance to hear from your Pension Board and others regarding the status of the pension fund. To RSVP please call the ERS office (414-278-4207 or 877-652-6377) no later than Wednesday, April 9, 2014.

This month's *Communicator* has lots of good information on the dreaded hospital stay, tips on conserving your healthcare dollars and maintaining or developing a kitchen geared toward a healthy diet.

Tax changes: Effective January 1, 2014, the federal income tax withholding tables have changed. If you currently have federal tax withheld from your benefit and withholding is done in accordance with the tables, you may notice a change in your tax withholding.

If you would like to change your withholding for federal and Wisconsin taxes, you may download the form from our website at <http://county.milwaukee.gov/>. If you would like to change your withholding but do not have internet access, please call ERS and request the forms.

As a reminder: Milwaukee County has transitioned to a new email system — Outlook. When contacting us through email, please use the format : first name.last name@milwaukeecountywi.gov. The Benefits and ERS email addresses have also changed — Please contact ERS by email at ers@milwaukeecountywi.gov and Benefits at benefits@milwaukeecountywi.gov with questions or concerns. We monitor the site frequently throughout the day and respond as quickly as possible. We are also available by phone and have both local (414-278-4207) and toll-free (877-652-6377) phone numbers.

Marian Ninneman
ERS Manager

TWO COSTLY WORDS: "OBSERVATION STATUS"

By Vivian Aikin

When is a hospital stay not a hospital stay? If you are on Medicare and you're in the hospital for a few days, you probably think you're an inpatient. But the hospital may have other ideas. Increasingly hospitals are placing older patients on "observation status." Those two little words can be the difference between spending thousands of dollars out of your own pocket and having Medicare cover the bill.

Imagine this scenario: you slip on some ice, fracture your hip, get taken to the nearest emergency room and spend five nights in the hospital. When discharged, your doctor says you need to go to a skilled nursing facility for 3 weeks rehabilitation. Shortly after you return home, you receive bills in the mail from both the hospital and the nursing home for thousands of dollars. Your first question is "Wasn't Medicare supposed to pay for this?"

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Here is the problem. Under Medicare Part A, your inpatient hospital stay is covered 100% after you satisfy a \$1,216 deductible (in 2014). So are the first 20 days of your rehabilitation stay if you have been a hospital inpatient for at least 3 nights. But, if the hospital designates you under "observation status" and does not officially admit you as an inpatient, Medicare Part A does not kick in. This can result in a high medical bill in three possible ways:

- Instead of Part A, Medicare Part B is activated for "outpatient services." While Part B has only a \$147 deductible (in 2014), you will have to pay from 20% to 100% of charges of both the hospital and skilled nursing facility, as well as 20% of the cost of x-rays, lab tests and supplies you received that otherwise would have been covered in full by Part A.
- While your medications are covered 100% under Part A during your hospital stay if you are an actual inpatient, your drug coverage shifts to Part D (if you have it) when you are in "observation status." You will have to pay out-of-pocket for your deductible, copay and coinsurance for the drugs (further complicated by whether the drugs you were given were part of your plan's formulary and whether the hospital and skilled nursing facility where you stayed are in the plan's network). If you do not have Part D, all of your medications must be paid 100% by you, not Part A.
- If you spend time in a skilled nursing facility, Part A pays 100% for the first 20 days as long as you spend 3 nights in the hospital as an admitted inpatient. But if you were classified under "observation status", Part A pays nothing.

A November 2013 AARP Public Policy Institute study ("*Rapid Growth in Medical Hospital Observation Services: What's Going On?*") makes clear that scenarios like this are becoming more frequent. The use of "observation status" for Medicare beneficiaries is on the rise. Between 2001 and 2009, Medicare claims for observation services grew by more than 100%. The duration of these observation service visits is also escalating. During the time period studied, observation service lasting 48 or more hours had an increase of over 250%. In 2012 alone, 617,702 hospital stays of 3 or more nights failed to qualify for Medicare-allowed skilled nursing facility rehabilitation care because some or all of that time was on observation status.

The AARP study theorizes that a combination of several factors have led to the rapid growth of observation status. The primary one, begun during the Bush administration, is an effort by Medicare to control costs through a program that audits hospitals for possible overpayments. When this program identifies an improper admission, hospitals must refund all the Medicare payments it received. As a result, hospitals have become more cautious about admissions they fear could be challenged.

Concerns about the rapid growth of observation status on quality of care and the high out-of-pocket costs faced by some Medicare beneficiaries are now getting the attention of the media, courts and policy makers. The situation prompted the non-profit Center for Medicare Advocacy along with the National Senior Citizens Law Center to file a class-action in 2011 (*Bagnall v. Sebelius*) seeking to overturn the 3 day hospitalization requirement. They have been losing the legal battle in the lower courts but continue to appeal. Stories about observation status have appeared on NBC Nightly News and National Public Radio and in *The New York Times* and *The Wall Street Journal*. There is some momentum in Congress for legislation that would force Medicare to count all overnight hospital stays as formal admissions. The "Improving Access to Medicare Coverage Act of 2013" (H.R. 1179/S. 569) is legislation currently pending.

Until our legislators or the courts provide relief, there is no easy answer on what you can do to prevent being placed on observation status. If you land in the hospital, you or a friend or family member must check on your admission status as soon as possible. Do this each day you are hospitalized. The hospital's geriatric care manager and/or patient advocate are professionals who can assist in getting information about your status. Enlist your regular physician to speak with the doctor treating you in the hospital about why you need to be admitted as an inpatient based on your medical condition and risk factors. If you cannot resolve the situation while you're in the hospital, the Medicare appeals process can be your last resort. The process is long and arduous and also expensive since it requires beneficiaries to first receive and pay for the care before seeking reimbursement.

Employees' Retirement System Communicator

March 2014

No. 3

For additional information regarding observation status, visit The Center for Medicare Advocacy's website (www.medicareadvocacy.org). They have a self-help packet available that explains the observation status issue in greater detail and also provides guidance for filing appeals. You can find this packet at www.medicareadvocacy.org/self-help-packet-for-medicare-observation-status/.

Keeping a Well-Stocked Kitchen: Cupboard Basics

By Heather Giza

Keeping your pantry stocked with healthy foods is the first step toward building solid eating habits. Having plenty of healthy foods on hand is a great way to build a foundation for good eating habits that may last a lifetime. Do a pantry makeover and fill your kitchen with ingredients that may help the whole family develop healthy eating behaviors. Welcome fruits, vegetables, whole grains, low-fat or fat-free dairy, seafood, lean meats and poultry to your kitchen and pantry. Experts recommend including these food groups in everyday diet .

Tips on how to stock your kitchen to help you get into a healthy eating routine include:

Fruits – Make choosing fruit easy by having a variety of forms on hand. Bananas, berries, raisins and fruit juices without added sugar are great options

Vegetables -- Color and variety is key when it comes to vegetables. Variety will not only add different flavors, but also various nutrients. Try to stock vegetables in different forms such as fresh, frozen and canned. Make sure to buy frozen and canned vegetables without added salt or sugar. Here is a selection of veggies to try

- Dark-green vegetables — spinach, broccoli, mustard greens and romaine lettuce
- Beans and peas — lentils, chickpeas, kidney beans and pinto beans
- Red and orange vegetables — red peppers, carrots, sweet potatoes, tomatoes and winter squash
- Starchy vegetables — corn and green peas
- Others — green beans and onions

Whole Grains -- Read food labels and keep an eye out for whole grains. These can include whole-grain cereals and crackers, whole-wheat bread, brown rice, oatmeal and quinoa.

Dairy -- Choose products that are fat-free or low-fat.

- Yogurt
- Cheese, such as low-fat mozzarella
- Low-fat or fat-free milk
- Fortified soy beverages

Protein -- Meat and poultry should be lean and low fat. Protein foods also include seafood (try salmon or anchovies), eggs and unsalted nuts and seeds. Beans and peas also have protein and can be included in your diet as either a veggie or a protein — but not both.

When cooking, replace butter with healthier oil, such as olive oil. You can also cook with low-sodium chicken broth. Use oil and vinegar to make a healthy salad dressing.

Once your kitchen is stocked with the basics, you can focus on healthy eating!

Employees' Retirement System Communicator

March 2014

No. 3

Staff Contributions:

Kai Burns, Retirement Specialist

Tame Your Healthcare Cost in Retirement

Retirement can be a fresh start, a time to begin the next phase of our lives or simply worry less and enjoy a slower pace. That blissful picture can change especially when considering the cost of healthcare.

According to Strategic Advisors, Inc. (2008), retirees are paying more for healthcare than food. Right now individuals 65 and under spend about 14% on healthcare cost and 12% on food cost, while age groups of 66 and over spend about 16% on healthcare and 11% on food cost. As life expectancies increase and individuals spend more time in retirement, money allotted for healthcare expenses will undoubtedly need to increase as well. Don't fret -- there are steps you can take to ease budget woes over managing healthcare costs:

- Always seek value-oriented health care solutions: Try to receive care from your primary care provider or a high quality urgent center rather than seeking care from an emergency room. An emergency room visit could end up costing a \$1000 or more, while an urgent care visit could cost \$200 or less depending on the care given.
- Be prepared. Before you see your healthcare provider, write down any symptoms or questions you have before the visit. This will make the best use of your time and your physician's, especially when dealing with facilities/physicians that utilize time-based billing.
- Know what you are paying for. Ask the questions you typically shy away from -- what are these charges, what is my out-of-pocket cost, is there alternative to this treatment that is just as effective but less costly.
- Make the most of your healthcare benefits. If offered, take advantage of your healthcare plan discounts and/or reward incentives for certain health practices (e.g non-smoker, healthy eating). The key is understanding your plan benefits. Once you understand the benefits, be certain to choose those providers/options. Follow up with your insurer to make sure you're are using the most up to date list of covered services.

Factoring in healthcare cost in your retirement years is a critical part of retirement planning. Be sure to carefully consider your needs, expenses and resources. Doing so will more than likely put you in a position to minimize the cost as a retiree.

New Retirees (continued)

Mary Thomas

Debora Torres

Debra Valestin

Roseann Wesolowski

Richard Wilbret

Mary Wilder

In Memoriam

Please keep the families of these recently deceased retirees in your thoughts:

Alice Atkinson

Marjorie Bebee

Susan Freckman

Martha Greenemeier

Carol Koschnitzke

Ruthie Lee

Myrtle Mallon

Cora Manns

Betty Mc Calester

Edith McMillon

James Morrison

Nilah Nelson

Ethel Nowak

Dennis Schattner

Albert Williams