Medicare Medical Savings Account (MSA)

MSAs are not common. They do not have any prescription drug coverage and should be combined with a stand-alone Part D plan. An MSA combines a very high deductible, up to $11,200 (in 2015), with a medical savings account. A medical savings account is similar to a Health Reimbursement Arrangement (HRA) or Health Savings Account (HSA), and is often associated with under-65 high-deductible plans.

Medicare pays contributions into the savings account, which the beneficiary then uses to pay for medical expenses until reaching the deductible. Any expenses incurred above what Medicare contributes to the plan are paid by the beneficiary. Once the deductible is met, the plan pays 100% of covered costs.

MSA plans only reimburse at the Medicare rate and usually have no premiums for Medicare-covered services. An MSA may charge premiums for supplemental coverages like dental, vision or hearing. Beneficiaries do, however, have to pay their Part B premium. Preventive services are covered without utilizing the savings account by the plan. Any doctor who accepts an MSA must accept Original Medicare rates for payment.