



Class-Action Settlement Will Change Medicare Rules

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A proposed settlement of a national class-action lawsuit should make it easier for people with chronic conditions and disabilities to qualify for Medicare coverage for home healthcare services, skilled nursing care, and therapy. For decades, Medicare coverage rules have required that beneficiaries show that they would likely improve medically or functionally through skilled nursing care or therapy before Medicare would cover the services. As a consequence, the Medicare program denied coverage for needed medical services to many people with chronic conditions and long-term disabilities because those people could not show that their conditions would improve as a result of the services.

As part of the proposed settlement, the Obama Administration agreed to rewrite the Medicare rules to make clear that coverage will be based on the patient's need for the services rather than the patient's potential for improvement. Most experts agree that the new rules will likely increase the overall cost of the Medicare program for the government. But, in some cases, the new rules may save the program money as well if, for example, coverage of home healthcare services eliminates or reduces a patient's need for hospital or nursing home services.