



HOW LONG SHOULD I KEEP EXPLANATIONS OF BENEFITS FROM MEDICARE AND HEALTH INSURANCE COMPANIES?

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As an organizer of medical and financial records for seniors and others affected by age, illness and disability, I get this question a lot. A person with multiple medical conditions can quickly acquire cartons of paperwork from Medicare, doctors' offices, and health insurance companies.

It's helpful to start with what medical EOBs prove:

- The services the doctor, hospital, or other healthcare entity has provided.
- The amount the doctor, hospital, or other healthcare provider has billed for those services.
- The amount the medical insurance company and/or Medicare have paid.
- The amount for which you, the patient or insurance subscriber, are responsible.

So, medical EOBs can be useful for:

- Creating (or re-creating) a health history for yourself or someone under your care.
- Documenting billing errors – or even fraud.
- Ensuring that you are receiving the full insurance benefits to which you are entitled.
- Proving that you've met your annual deductible, if your health insurance policy has one.
- Demonstrating what you have paid if you take the medical expense deduction on your annual IRS 1040 Schedule A.

Obviously, keeping medical EOBs is worthwhile for some period of time. What to do with it all and how long to keep these records will vary with your personal situation. Here are two sets of guidelines for medical EOB retention periods and good practices – one for people in normal health and one for people with chronic, debilitating or terminal health conditions:

Normal Health

1. Keep medical EOBs in a file for one year. As the bills and EOBs for a medical service come in, match related items together, and address any discrepancies you detect. Examples might include double billing or your health insurance company overlooking the fact that you have met your deductible.
2. If, at the end of the year, you find you have paid enough in medical bills to qualify for the medical tax deduction, file the medical EOBs with your tax documentation, and keep for seven years.

3. If you do not qualify for the medical tax deduction, and the medical bills have been paid in full by you and all providers, and you are no longer doctoring for the condition, you can safely shred last year's crop of medical EOBs while you're wrapping up your taxes.

4. If some bills are still outstanding or the patient is still receiving treatment, keep the related EOBs for another year, and repeat the process.

Serious Health Condition

1. Keep a current file close at hand for this year's medical EOBs. As the bills and EOBs for a medical service come in, match related items together, and address any discrepancies you detect.

2. At the end of the year, store all of these records in date order, keeping items you've matched up together, in a less prominent place. You could use a file cabinet in another room or a cardboard file box in a dry, mildew-free storage area. If you claimed the medical tax deduction, put a note in your tax records cross-referencing these health files.

3. Keep these medical records according to this timeline:

a. For five years after the serious health condition has cleared up.

b. For seven years if you've claimed the medical deduction.

c. Indefinitely, if the patient is chronically ill.

d. Until the executor informs you that the estate is completely wrapped up, if the patient has passed away.

In both of the above situations, you can keep the medical records on paper or scanned onto a computer based on your preference. If you keep paper files, keep them out of areas where they can get wet, e.g., a basement floor. If you go the electronic route, be sure to back up your data reliably.

One final note: Don't panic if you need one or more medical EOBs or haven't kept them according to the above guidelines. All health insurers, including Medicare, can replace an EOB, because they store them electronically.