



# Medicare Overview

Jenny Jarvis  
Area Agency on Aging 1-B

# Medicare 101

- Introduction to Medicare
- Original Medicare
- Medicare Supplement Insurance (Medigap)
- Medicare Advantage and Other Plans
- Medicare Prescription Drug Coverage

# What Is Medicare?

- A health insurance program for people
  - 65 years of age and older
  - Under age 65 with certain disabilities
  - With End-Stage Renal Disease (ESRD)
- Administered by the Centers for Medicare & Medicaid Services (CMS)
- Enrollment
  - Social Security (SSA)

# Applying for Medicare

- Apply 3 months before age 65
  - Don't have to be retired
  - Contact the Social Security Administration
- Enrollment automatic if receiving
  - Social Security



# Medicare Coverage Basics

- Part A (Hospital Insurance)
- Part B (Medical Insurance)
- Part C (Medicare Advantage Plan)
- Part D (Medicare Prescription Drug Coverage)

# Medicare Part A

- Most people receive Part A premium free
- People with less than 10 years of Medicare- covered employment
  - Can still get Part A
    - Will pay a premium
- For information about Part A premium
  - Call Social Security Administration
    - 1-800-772-1213

# Part A Helps Pay for

- Hospital inpatient care
- Skilled nursing facility (SNF) care
- Home health care
- Hospice care

# Enrolling in Medicare Part B

- Automatic Enrollment
  - Must opt out if not wanted
- Initial Enrollment Period (IEP)
  - 7 months starting 3 months before month of eligibility
- General Enrollment Period (GEP)
  - January 1 through March 31 each year
  - Coverage effective July 1
  - Premium penalty
    - 10% for each 12-month period eligible but not enrolled
    - Paid for as long as the person has Part B
    - Limited exceptions

# Enrolling in Medicare Part B

- May delay enrolling in Part B with no penalty if
  - Covered under employer or union group health plan
    - Based on current employment
      - Person or spouse
      - If company providing health care coverage less than 20 people – need to check with HR to see if option to opt out of Part B
    - Will get a Special Enrollment Period (SEP)
      - Sign up within 8 months after coverage ends

# Part B Coverage

- Doctors' services
- Outpatient medical/surgical svcs & supplies
- Diagnostic tests
- Outpatient therapy
- Outpatient mental health services
- Some preventive health care services
- Other medical services

# Paying the Part B Premium

- Pay monthly Part B premium
  - Current beneficiaries pay \$96.40 or \$110.50 in 2011
  - Those new to Medicare in 2011 pay \$115.40
  - Those with incomes higher than \$85,000 single and \$170,000 married will pay more based on income.
- Taken out of monthly Social Security check
- If not deducted from Social Security
  - Billed every 3 months
  - Medicare Easy Pay

# Medicare Part B Premiums by Income 2011

<b>Part B Monthly Premium</b>	<b>Annual Income Single</b>	<b>Annual Income Married</b>
\$96.40 - \$115.40	\$85,000 or less	\$170,000 or less
\$154.70	\$85,001-\$107,000	\$170,001-\$214,000
\$221.00	\$107,001-\$160,000	\$214,001-\$320,000
\$287.30	\$160,001-\$214,000	\$320,001-\$428,000
\$353.60	Above \$214,000	Above \$428,000

# Medicare Choices

- Original Medicare
- Medigap
- Medicare Prescription Drug Plans (Part D)
- Medicare Advantage Plans (Part C)

# Original Medicare

- Go to any provider that accepts Medicare
- People are responsible for
  - Part A in 2011
    - \$1,132 deductible for hospital stays up to 60 days
      - Additional costs after 60 days
    - Different costs for other Part A services
  - Part B in 2011
    - \$162 annual deductible
    - 20% coinsurance for most Part B services
- Some programs may help with costs

# Medicare Does Not Cover

- Vision
- Preventive/Routine Dental
- Long Term Care Services (ie: long term stay in nursing home, or supportive services in the home for long term needs)

# Medigap

- Health insurance policy
  - Sold by private insurance companies
  - Costs vary by plan, company and location
  - Must say “Medicare Supplement Insurance”
  - Covers “gaps” in Original Medicare
    - Deductibles, coinsurance, copayments
    - Does not work with Medicare Advantage Plans
  - Up to 12 standardized plans A – L
    - Except in Massachusetts, Minnesota, Wisconsin
    - So people can compare easily

# How Medigap Works

- People can buy a Medigap policy
  - Within 6 months of enrolling in Part B
    - Must be age 65 or older
  - If they lose certain kinds of health coverage
    - Through no fault of their own
  - If they leave MA Plan under certain circumstances
    - Join plan and disenroll within 12 months
  - Whenever the company will sell them one
    - Health history may be used to decide if person can buy one and how a person will pay.

# Pre Existing Conditions

- Six month wait period under Medigap unless:
  - **guaranteed-issue** right to buy a Medigap because you recently lost certain types of other coverage;
  - You purchased a Medigap during an **open enrollment period** and had coverage from one of the following types of insurance for at least six months prior to purchasing the Medigap and have had this prior coverage within the last 63 days:
    - Private health insurance coverage (including Medicare private health plans)
    - Group health plan (like an employer plan)
    - COBRA , Medicaid, Veterans Administration Benefits

# Pre-Existing Conditions cont'd

- If you are replacing a Medigap policy you have had for at least six months with a new Medigap policy,
  - no pre-existing condition waiting period for those benefits covered by your old plan.
  - may have a waiting period of any new benefits in the new plan
- Not all plans impose pre-existing condition waiting periods. If you do not have coverage that is considered creditable, shop around

# Medicare Prescription Drug Coverage

- Medicare Part D
- Available to all people with Medicare
- Provided through
  - Medicare Prescription Drug Plans
  - Medicare Advantage and other Medicare plans
- Note: individuals with retiree health care coverage may risk losing retiree plan if they enroll in a Medicare Part D or Medicare Advantage Plan

# Enrollment Periods

- Initial Enrollment Period (IEP)
  - 7 months
  - Starts 3 months before month of eligibility
- Annual Coordinated Election Period (AEP)
  - October 15 to December 7
  - Can join, drop, or switch coverage
    - Effective January 1 of following year
- Special Enrollment Period (SEP)
  - Move out of plans service area or enter long term care in a nursing home

# Prescription Drug Plan Costs

## ■ Costs vary by plan

In 2011 members may pay

- Up to a \$310 deductible
- 25% of yearly drug costs from \$310 to \$2,840
  - Person pays 25%, plan pays 75%
  - **OR** different amounts for different drug levels equal to 25%
- 100% of drug costs from \$2,840 to \$6,447 (donut hole)
- 5% of drug costs (or a small co-payment) after \$4,550 out of pocket)

# Extra Help With Drug Costs

- For many with limited income and resources assistance available to help pay for drug and premium costs: To be eligible in 2011:

Income limit		Resources*
Single	\$1,362/month	\$12,640
Married	\$1,838/month	\$25,260

\* Excludes primary residence and vehicle

# Extra Help With Drug Costs

- People with lowest income and resources
  - Pay no premiums or deductibles
  - Have small or no copayments
- Those with slightly higher income and resources
  - Pay no or a reduced premium
  - Have a reduced deductible
  - Pay a little more out of pocket
- Application through Social Security or local MMAP program through Area Agency on Aging  
800-803-7374

# Medicare Advantage (MA) Plans

- Health Maintenance Organization (HMO) Plans
  - Some have Point-of-Service option
- Preferred Provider Organization (PPO) Plans
- Private Fee-for-Service (PFFS) Plans
- Special Needs Plans (long term care facilities for low income individuals)

# Eligibility for MA Plans

- Live in plan's service area
- Entitled to Medicare Part A
- Enrolled in Medicare Part B
  - Continue to pay Part B premium
- Don't have End Stage Renal Disease at enrollment
  - Some exceptions

# How MA Plans Work

- Usually get all Part A and B services through plan
  - May have to use providers in plan's network
  - Benefits and cost sharing may differ from Original Medicare
  - Generally must still pay Part B premium
    - Some plans may pay all or part
- May get extra benefits
  - Vision, hearing, dental services
  - Prescription drug coverage
- Still in Medicare program
  - Get all Part A and Part B services
  - Have Medicare rights and protections

# Medicare Savings Programs

- Helps pay for Medicare costs
- Eligible if income and resources (assets are) from:
  - Income: \$908 single/ \$1,226 married
  - Assets: \$6,680 single/ \$10,020 married
  
- Up to:
  - Income: \$1,090-\$1,226 single/ \$1,472-\$1,655 married
  - Assets: \$6,680 single/ \$10,020 married

# How to Apply for Medicare Savings Program

- Local Area Agency on Aging Medicare Medicaid Assistance Program can provide assistance on completing the form
  
- 800-803-7174

# Where to turn?

- MMAP 800-803-7174
- 1-800-MEDICARE (1-800-633-4227)
  - TTY users call 1-877-486-2048
- [www.medicare.gov](http://www.medicare.gov)
- [www.cms.hhs.gov](http://www.cms.hhs.gov)
- *Medicare & You* handbook

# Thank You