MEDICARE 101

Presented by: Tina Davis
Welcome To Medicare

ENROLL HERE
WHAT IS MEDICARE?
Your Medicare Number is a unique combination of numbers and letters. Your number uses numbers 0 thru 9. The letters S, L, O, I, B, and Z are never used.
ELIGIBILITY

• People who are 65 and older
• Are citizens of the United States (at least 5 consecutive years)
• Under 65 with certain disabilities
• Have been receiving 24 months of Social Security Disability income
• People of all ages with End-Stage Renal Disease (ESRD) or ALS
ORIGINAL MEDICARE – HOW IT WORKS
MEDICARE BASICS

- Part A – Hospital
- Part B – Medical
- Part C – Medicare Advantage Plans
- Part D – Prescriptions

MEDICARE HEALTH INSURANCE

Name/Nombre
JOHN L SMITH

Medicare Number/Número de Medicare
1EG4-TE5-MK72

Entitled to/Con derecho a
PART A
PART B

Coverage starts/Cobertura empieza
03-03-2016
03-03-2016

Administered by private insurance companies
PART A – HOSPITAL INSURANCE

What it HELPS to cover:

• Inpatient care in hospitals
• Skilled nursing facilities (three day hospital stay required)
• Hospice care
• Home health care services
**PART A – YOUR RESPONSIBILITY**

- **NO PREMIUM** for Part A if you (or spouse) paid Social Security for 10 years (2019 Part A premium is $437 less than 30 quarters and $237 30-39 quarters)

- Part A does **NOT** cover all inpatient expenses

<table>
<thead>
<tr>
<th>2019 PART A COST-SHARING</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Hospital Deductible (each benefit period) days 1-60</td>
<td>$1,364</td>
</tr>
<tr>
<td>Inpatient Hospital Copay (per day) days 61-90</td>
<td>$341</td>
</tr>
<tr>
<td>Inpatient Hospital Copay (per day) days 91-150 (no coverage after day 150)</td>
<td>$682</td>
</tr>
<tr>
<td>Skilled Nursing Copay days 1-20</td>
<td>$0</td>
</tr>
<tr>
<td>Skilled Nursing Copay (per day) days 21-100 (no coverage after day 100)</td>
<td>$170.50</td>
</tr>
</tbody>
</table>
What it HELPS cover:

- Doctor services
- Outpatient medical and surgical services
- Clinical lab tests and x-ray
- Diabetic testing supplies
- Durable medical equipment
- Chemotherapy and Part B drugs
- Preventive services
- Home health care
# PART B – YOUR RESPONSIBILITY

<table>
<thead>
<tr>
<th>2019 BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deductible</strong></td>
</tr>
<tr>
<td><strong>Coinsurance (NO out of pocket maximum)</strong></td>
</tr>
</tbody>
</table>

- Your deductible starts over each calendar year
PART B – PREMIUM

• Monthly premium for MOST people enrolled in 2019 to current is $135.50
• People on Medicare with annual incomes over $85,000 single, or $170,000 joint will pay more
• Amounts determined using your modified adjusted gross income (AGI) from two years prior
• People with lower incomes may qualify for extra financial help
## PART B – HIGHER PREMIUMS FOR HIGHER INCOMES

<table>
<thead>
<tr>
<th>If your filing status and yearly income in 2017 was:</th>
<th>You pay each month (in 2019):</th>
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<td><strong>File individual tax return</strong></td>
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<td>above $267,000 up to $320,000</td>
</tr>
<tr>
<td>above $160,000 and less than $500,000</td>
<td>above $320,000 and less than $750,000</td>
</tr>
<tr>
<td>$500,000 or above</td>
<td>$750,000 and above</td>
</tr>
</tbody>
</table>
ORIGINAL MEDICARE DOES NOT COVER EVERYTHING

Examples of services NOT covered:

- Long-term care (also called Custodial care)
- Most dental care
- Eye exams related to prescribing glasses
- Dentures
- Cosmetic surgery
- Acupuncture
- Hearing aids and exams for fitting them
- Routine foot care
- Care outside of the United States
WHEN CAN YOU ENROLL IN MEDICARE?
WHEN TO ENROLL – ENROLLMENT PERIODS

Initial Enrollment Period (IEP):

- Seven-month window
- Begins three months before your 65th birthday month, the month of your 65th birthday, and three months after your 65th birthday month
- Parts A & B can begin as soon as the first day of the month you turn 65

<table>
<thead>
<tr>
<th>Month 1</th>
<th>Month 2</th>
<th>Month 3</th>
<th>Month 5</th>
<th>Month 6</th>
<th>Month 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Birthday Month
“What if I already receive Social Security and am turning 65?”

Enrollment in Parts A & B are automatic

If you decline Part B and send back your Medicare card:

- There is a 10% penalty for each year you delay applying
- You may avoid a penalty if you or your spouse is actively working AND you are covered by that group's health insurance
- Individual coverage does not qualify
“I still have group coverage at 65 and don’t plan on retiring, when do I need to sign up for Part B.”

Special Enrollment Period (SEP):
• During the 8-month period that begins the month after your employment ends

General Enrollment Period (GEP):
• January 1 – March 31, for a July 1 effective date
• A late enrollment penalty may apply
COVERAGE BEYOND ORIGINAL MEDICARE
TWO WAYS TO GET ADDITIONAL COVERAGE

Medicare Supplement - or - Medicare Advantage Plan (Medigap) or Part C

- Part A Hospital
- Part B Medical
- Medigap

Part C
Combines Part A, Part B + Part D Prescription + Additional Benefits

You CANNOT have both an Advantage Plan and a Medigap policy.
You must continue to pay your Part B premium.

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Medicare Supplement (Medigap) plans are sold by private insurance companies:

- **THERE IS NO PROVIDER NETWORK**
- They are subject to Medicare’s benefits, restrictions and exclusions
<table>
<thead>
<tr>
<th>Medigap Benefits</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>F*</th>
<th>G</th>
<th>K</th>
<th>L</th>
<th>M</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part A coinsurance</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Part B coinsurance or copays</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>✓</td>
</tr>
<tr>
<td>Blood (first 3 pints)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>✓</td>
</tr>
<tr>
<td>Part A hospice care coins or copays</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>✓</td>
</tr>
<tr>
<td>Skilled nursing facility care</td>
<td>No</td>
<td>No</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>✓</td>
</tr>
<tr>
<td>coinsurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part A deductible</td>
<td>No</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>50%</td>
</tr>
<tr>
<td>Part B deductible</td>
<td>No</td>
<td>No</td>
<td>✓</td>
<td>No</td>
<td>✓</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Part B excess charge</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>✓</td>
<td>✓</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Foreign travel exchange</td>
<td>No</td>
<td>No</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>No</td>
<td>No</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>(up to plan limits)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out-of-pocket limit**</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$5,560</td>
<td>$2,780</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Plan F also offers a high-deductible plan. If you choose this option, this means you must pay for Medicare-covered costs up to the deductible amount of $2,300 in 2019 before your Medigap plan pays anything.

** After you meet your out-of-pocket yearly limit and your yearly Part B deductible, the Medigap plan pays 100% of covered services for the rest of the calendar year.

*** Plan N pays 100% of the Part B coinsurance, except for a copayment of up to $20 for some office visits and up to a $50 copayment for emergency room visits that don't result in inpatient admission.
<table>
<thead>
<tr>
<th>Medigap Benefits</th>
<th>Medigap Plans</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>F</td>
</tr>
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WHEN TO ENROLL – MEDIGAP PLANS

- Must be enrolled in Medicare Part A & B
- Guarantee issue within six (6) months of your Part B effective date
- Best time to buy a Medigap plan is when you first become eligible for Medicare
  - Medical underwriting may apply
- Medigap plans **DO NOT** include prescription drug coverage
CHANGES COMING IN 2020

• January 1, 2020, Medigap plans sold to new people with Medicare won’t be allowed to cover the Part B deductible.

• Plans C and F will no longer be available to people new to Medicare starting on January 1, 2020.

• If you already have Plans C or F (or the high deductible version of Plan F) before January 1, 2020, you’ll be able to keep your plan.

• If you were eligible for Medicare before January 1, 2020, but not yet enrolled, you may be able to buy one of these plans. If they are still available in your state.
PART D – PRESCRIPTION DRUG COVERAGE
PART D – PRESCRIPTION DRUG PLAN (PDP)

- Part D helps pay for your prescription drug costs
- Purchased from private companies (approved by Medicare)
- Premiums vary by carrier
- Responsible for coinsurance and copays
WHAT TO LOOK FOR IN PRESCRIPTION DRUG BENEFITS

- Drug list (also know as a formulary)
  - Are my drugs covered?
  - Drug tiers

- Participating pharmacies
  - Retail
  - Mail order

- Restrictions such as:
  - Prior authorization
  - Quantity limits
  - Step therapy

- Exception Request
  - 30 day transition supply within first 90 days of enrollment
WHAT IS THE COVERAGE GAP?

**Stage 1: Initial coverage phase**
After you pay your annual deductible (if your plan has one), you pay a copay or coinsurance for each prescription you fill. Your plan pays the rest. You enter the coverage gap when the total amount you and your plan pay for covered drugs reaches $4,020.

**Stage 2: Coverage gap phase**
After you and your plan spend $4,020, you pay 25% of the plan’s price for generic and brand-name prescription drugs.

You enter catastrophic coverage when your total out-of-pocket cost reaches $6,350. Only the amount you’ve paid in Stages 1 and 2 and the brand-name drug discount paid by the drug company count toward the total out-of-pocket.

**Stage 3: Catastrophic coverage phase**
After your total out-of-pocket reaches $6,350, you pay the greater of 5% coinsurance or $3.60 copay for generic drugs, and the greater of 5% coinsurance or $8.95 copay for brand-name drugs.

Your plan pays the rest of the cost of your prescription drugs for the rest of the calendar year (until Dec. 31).

Many drug manufacturers discounts contribute 70% in the Coverage Gap, brand only.
“What if I’ll have prescription coverage when I retire?”

Unless you already have “creditable” prescription drug coverage through an employer, union, VA or other means, you must obtain Part D coverage when you are first eligible. You will pay a **late enrollment penalty** if you choose to enroll later. This penalty is set by the federal government each year.
## PART D – HIGHER PREMIUMS FOR HIGHER INCOMES

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PART D ENROLLMENT

- Initial Enrollment Period (turning 65)
- Annual Election Period
  - October 15 – December 7
- Lock-in Period
- Special Election Period (moving, qualify for extra assistance, lose group coverage)
- Becoming eligible due to a disability at any age
PART C/MEDICARE ADVANTAGE PLANS
Some offer additional benefits such as:

- Vision
- Dental
- Fitness membership
- Hearing
- Prescription drug coverage
- Coverage when you travel

If you purchase an MA plan, you pay a **monthly premium** and a percentage of some costs. You will also be required to **continue** paying your Part B premium.

Availability varies by county
TYPES OF MEDICARE ADVANTAGE PLANS

- PPO (Preferred Provider Organization)
- HMO (Health Maintenance Organization)
• Initial Enrollment Period (turning 65)
• Annual Election Period
  o October 15 – December 7
• Medicare Advantage Open Enrollment Period
  January 1 – March 31
• Lock-in Period
• Special Election Period (moving, qualify for extra assistance, lose group coverage)
• Becoming eligible due to a disability at any age
<table>
<thead>
<tr>
<th><strong>Medicare Supplement/Medigap</strong></th>
<th><strong>Medicare Advantage/Part C</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pays secondary to Original Medicare Part A and Part B</td>
<td>Replaces the benefits of Medicare Part A and Part B</td>
</tr>
<tr>
<td>Accepted by all Medicare providers</td>
<td>Provider network: PPO, HMO</td>
</tr>
<tr>
<td>Identified by Plans A-N (Plan F, G and N most popular)</td>
<td>Plan names vary by carrier</td>
</tr>
<tr>
<td>Premiums generally, age based</td>
<td>Premiums are generally lower than Medigap – not age rated</td>
</tr>
<tr>
<td>Need to purchase a separate Medicare Prescription Drug Plan (Part D)</td>
<td>Most plans include Prescription Drug Coverage (Part D)</td>
</tr>
<tr>
<td>Out-of-pocket costs fairly predictable</td>
<td>Out-of-pocket medical costs may vary by plan</td>
</tr>
<tr>
<td>3 Cards (Medicare, Medigap and Part D)</td>
<td>1 Card</td>
</tr>
<tr>
<td>Doesn’t include extra benefits such as routine vision or hearing</td>
<td>Often includes extra benefits not covered by Original Medicare</td>
</tr>
<tr>
<td>Portable – you can move and keep it</td>
<td>Must reside within the plans service area</td>
</tr>
<tr>
<td>Underwriting may apply</td>
<td>Make changes during the Annual Election Period or during a Special Election Period</td>
</tr>
<tr>
<td>Must be age 65+</td>
<td>Medicare for disability or 65+</td>
</tr>
</tbody>
</table>
WHAT HAPPENS TO MY HEALTH SAVINGS ACCOUNT (HSA)?
“WHAT IF I ENROLL IN MEDICARE?”

• Once you enroll in Medicare, you are no longer eligible for make HSA contributions. Remember, enrolling in SSI (the income portion of Social Security) automatically enrolls you in Medicare Part A.
“CAN I USE H.S.A. FUNDS TO PAY MEDICARE PREMIUMS?”

Once you are 65 and eligible for Medicare, you can use your HSA to pay Medicare premiums (A, B, C, D), out-of-pocket expenses that Medicare does not cover.

*You **CANNOT** pay Medigap premiums with your HSA.

“CAN I USE MY H.S.A. FUNDS TO PAY PREMIUMS FOR EMPLOYER-BASED RETIREE COVERAGE?”

Yes, as long as you are 65 or older
HOW TO ENROLL FOR MEDICARE COVERAGE

Original Medicare

• Contact Social Security to up for Part A & Part B: www.socialsecurity.gov/retirement
• In person
• Call 1-800-772-1213

Medicare Advantage, Part D and Medicare Supplement Plans

• Licensed Producer (agent or broker)
• Enroll on the plans website or www.medicare.gov
• Completing a paper application form
• Calling the plan
• Calling 1-800-MEDICARE
• Note: you must live in the plan’s service area
RESOURCES

- www.medicare.gov – see Medicare personal plan finder
- Call Medicare at 1-800-633-4227 (TTY users 1-877-486-2048)
- Senior Health Insurance Benefits Assistance (SHIBA) program: 1-800-722-4134
- Review your “Medicare and You” handbook