Medicare 101

Presented by: TINA DAVIS
Today’s presentation

➢ An overview of Medicare and your options
➢ How Medicare works
➢ Planning and next steps
What is Medicare?
The Medicare bill of 1965

At the bill-signing ceremony President Johnson enrolled President Truman as the first Medicare beneficiary and presented him with the first Medicare card.
Medicare beneficiary identifier

Your Medicare Number is a unique combination of numbers and letters. The numbers are 0-9 and the letters S, L, O, I, B, and Z are never used.
Eligibility

➢ People who are 65 and older
➢ People who are citizens of the United States (minimum of 5 consecutive years)
➢ People who are under 65 with a disability and 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
Administered by the U.S. federal government

Part B – Doctors

Part C – Medicare Advantage Plans
Administered by private insurance companies

Part D - Prescriptions
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 (2020 Part A premium is $458 less than 30 quarters and $252 30-39 quarters)
- Part A does **NOT** cover all inpatient expenses

<table>
<thead>
<tr>
<th>2020 PART A COST-SHARING</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Hospital Deductible (each benefit period)</td>
<td>$1,408</td>
</tr>
<tr>
<td>Inpatient Hospital Copay (per day) days 61-90 at the hospital</td>
<td>$352</td>
</tr>
<tr>
<td>Inpatient Hospital Copay (per day) days 90-150 at the hospital (no coverage after day 150)</td>
<td>$704</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>$176</td>
</tr>
</tbody>
</table>
Part B – medical insurance

What it HELPS cover:

➢ Doctor services (outpatient and inpatient)
➢ Outpatient surgical
➢ Clinical lab tests and x-ray
➢ Diabetic testing supplies
➢ Durable medical equipment
➢ Chemotherapy and Part B drugs
➢ Preventive services
Part B – premium

- Monthly premium for MOST people enrolled in 2020 is $144.60
- People on Medicare with annual incomes over $87,00 single, or $174,000 joint, will pay more
- Amounts are determined using your modified adjusted gross income (AGI) from two years prior
- People with lower incomes may qualify for extra financial help

<table>
<thead>
<tr>
<th>2020 Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible</td>
</tr>
<tr>
<td>$198</td>
</tr>
<tr>
<td>Coinsurance (NO out-of-pocket maximum)</td>
</tr>
</tbody>
</table>

- Your deductible starts over each calendar year
### Part B – higher premiums for higher incomes

If your yearly income in 2018 (for what you pay in 2020) was

<table>
<thead>
<tr>
<th>File individual tax return</th>
<th>File joint tax return</th>
<th>File married &amp; separate tax return</th>
<th>You pay each month (in 2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$87,000 or less</td>
<td>$174,000 or less</td>
<td>$87,000 or less</td>
<td>$144.60</td>
</tr>
<tr>
<td>above $87,000 up to $109,000</td>
<td>above $174,000 up to $218,000</td>
<td>Not applicable</td>
<td>$202.40</td>
</tr>
<tr>
<td>above $109,000 up to $136,000</td>
<td>above $218,000 up to $272,000</td>
<td>Not applicable</td>
<td>$289.20</td>
</tr>
<tr>
<td>above $136,000 up to $163,000</td>
<td>above $272,000 up to $326,000</td>
<td>Not applicable</td>
<td>$376.00</td>
</tr>
<tr>
<td>above $163,000 and less than $500,000</td>
<td>above $326,000 and less than $750,000</td>
<td>above $87,000 and less than $413,000</td>
<td>$462.70</td>
</tr>
<tr>
<td>$500,000 and above</td>
<td>$750,000 and above</td>
<td>$413,000 and above</td>
<td>$491.60</td>
</tr>
</tbody>
</table>
Examples of services NOT covered by original Medicare

- Long-term care (custodial care)
- Routine dental and dentures
- Routine vision exam
- Most alternative care
- 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
- Enroll through Social Security
- Receiving Social Security prior to age 65, enrollment in Parts A & B is automatic

<table>
<thead>
<tr>
<th>Birthday Month</th>
<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>
</table>

© 2019 Regence. All rights reserved. Private and confidential. 17
Enrollment periods

Working past age 65 – Special Enrollment Period (SEP):
➢ There is an eight month enrollment period that begins the month after your employment ends to sign up for Part B without accruing a late enrollment penalty

If you don’t enroll onto Part B when first eligible:
➢ There may be 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 an employers group health insurance plan
➢ Obtain an employer verification form from your employer or human resources to provide to Social Security

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

Part A Hospital
Part B Medical

Medigap

Part D Prescription

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.
Filling in the gap: Medigap plans

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

➢ THERE IS NO PROVIDER NETWORK
➢ Helps pay for the Medicare Parts A & B deductibles and coinsurances
➢ The plans are subject to Medicare’s benefits, restrictions and exclusions
➢ Medigap plan do not include prescription drug coverage
<table>
<thead>
<tr>
<th>Medigap Benefits</th>
<th>Medigap Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
</tr>
<tr>
<td>Part A coinsurance</td>
<td>✓</td>
</tr>
<tr>
<td>Part B coinsurance or copays</td>
<td>✓</td>
</tr>
<tr>
<td>Blood (first 3 pints)</td>
<td>✓</td>
</tr>
<tr>
<td>Part A hospice care coins or copays</td>
<td>✓</td>
</tr>
<tr>
<td>Skilled nursing facility care coinsurance</td>
<td>No</td>
</tr>
<tr>
<td>Part A deductible</td>
<td>No</td>
</tr>
<tr>
<td>Part B deductible</td>
<td>No</td>
</tr>
<tr>
<td>Part B excess charge</td>
<td>No</td>
</tr>
<tr>
<td>Foreign travel exchange (up to plan limits)</td>
<td>No</td>
</tr>
<tr>
<td>Out-of-pocket limit**</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 $2,340 in 2020 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.

Plans C and F are no longer available to people newly eligible to Medicare, beginning January 1, 2020.
### Medigap Benefits

<table>
<thead>
<tr>
<th></th>
<th>G</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part A coinsurance</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Part B coinsurance or copays</strong></td>
<td>✓</td>
<td>Yes***</td>
</tr>
<tr>
<td><strong>Blood (first 3 pints)</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Part A hospice care coins or copays</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Skilled nursing facility care coinsurance</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Part A deductible</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Part B deductible</strong></td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Part B excess charge</strong></td>
<td>✓</td>
<td>No</td>
</tr>
<tr>
<td><strong>Foreign travel exchange</strong></td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Out-of-pocket limit</strong></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 $2,340 in 2020 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.
When to enroll – Medigap plans

- You must be enrolled in Medicare Parts A & B
- Best time to buy a Medigap is when you first enroll onto Medicare Part A & B
- Guarantee issue within six months of your Part B effective date
- Medical underwriting may apply
- Other situations may allow you to enroll in a Medigap plan outside of the six month guarantee issue (for example, moving outside of your Medicare Advantage service area)
Part D – prescription drug coverage
Part D – Prescription Drug Plan (PDP)

➢ Purchased from private companies (approved by Medicare)
➢ Premiums vary by carrier
➢ You are 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
# Part D – higher premiums for higher incomes

If your filing status and yearly income in 2018 was:

<table>
<thead>
<tr>
<th>File individual tax return</th>
<th>File joint tax return</th>
<th>File married &amp; separate tax return</th>
<th>You pay each month (in 2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$87,000 or less</td>
<td>$174,000 or less</td>
<td>$87,000 or less</td>
<td>Your plan premium</td>
</tr>
<tr>
<td>above $87,000</td>
<td>above $174,000</td>
<td>Not applicable</td>
<td>$12.20 + your plan premium</td>
</tr>
<tr>
<td>up to $109,000</td>
<td>up to $218,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>above $109,000</td>
<td>above $218,000</td>
<td>Not applicable</td>
<td>$31.50 + your plan premium</td>
</tr>
<tr>
<td>up to $136,000</td>
<td>up to $272,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>above $136,000</td>
<td>above $272,000</td>
<td>Not applicable</td>
<td>$50.70 + your plan premium</td>
</tr>
<tr>
<td>up to $163,000</td>
<td>up to $326,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>above $163,000 and less than $500,000</td>
<td>above $326,000 and less than $750,000</td>
<td>above $87,000 and less than $413,000</td>
<td>$70.00 + your plan premium</td>
</tr>
<tr>
<td>$500,000 and above</td>
<td>$750,000 and above</td>
<td>$413,000 and above</td>
<td>$76.40 + your plan premium</td>
</tr>
</tbody>
</table>
Enrollment periods

➢ Initial Enrollment Period (turning 65)

➢ Annual Election Period October 15 – December 7

➢ There may be a 1% penalty for each year you delay applying

➢ You may avoid a penalty if you have “creditable” prescription drug coverage through an employer, union, VA or other means.
Part C / Medicare Advantage plans
Part C/Medicare Advantage plans

A & B & (D)+ Additional Benefits = C

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)
- PFFS (Private Fee-for-Service)
Medicare Advantage enrollment

- Initial Enrollment Period (turning 65)
- Annual Election Period
  October 15 – December 7
- Lock-in Period
- Open Enrollment Period (OEP)
  January 1st – March 31st
- Special Election Period (moving, qualifying for extra assistance, losing employee health coverage)
- Becoming eligible due to a disability at any age
# Medicare Supplement (Medigap) vs. Medicare Advantage

**Medicare Supplement/Medigap**
- Pays secondary to Original Medicare Part A and Part B
- Accepted by all Medicare providers
- Identified by Plans A-N (Plan F, G and N are the most popular)
- Premiums are generally age based
- Need to purchase a separate Medicare Prescription Drug Plan (Part D)
- Out-of-pocket costs fairly predictable
- Three (3) cards-Medicare, Medigap and Part D
- Doesn’t include extra benefits such as routine vision or hearing
- Portable-you can move and keep it
- Underwriting may apply
- Must be 65+

**Medicare Advantage/Part C**
- Replaces the benefits of Medicare Part A and Part B
- Provider network: PPO and HMO
- Plan names vary by carrier
- Premiums are generally lower than Medigap – not age rated
- Most plans include Prescription Drug Coverage (Part D)
- Out-of-pocket medical costs may vary by plan
- One (1) card
- Often includes extra benefits not covered by Original Medicare
- Must reside within the plans service area
- Make changes during the AEP or during SEP
- Medicare for disability or 65+
What happens to my Health Savings Account (HSA)?
Health Savings Account (HSA) and Medicare

- Once you enroll in Medicare, you are no longer eligible to make HSA contributions. Remember, enrolling in SSI (the income portion of Social Security) automatically enrolls you in Medicare Part A.

- 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.

- You can use your H.S.A. funds to pay premiums for employer based retiree coverage, 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](http://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