

Medicare Basics

Aging into Medicare

When you turn 65, you will have the opportunity to sign up for Medicare A and/or B during what's called your Initial Enrollment Period (IEP). This enrollment period begins the three months prior to your birthday month, includes the month of your birthday, and ends three months after. For example, if your birthday is June 23rd your IEP is March through September.

Components of Medicare Insurance and Coordinating Insurance Coverage

Medicare Part A (Hospital)	Medicare Part B (Medical)	Medicare Part C (Medicare Advantage)	Medicare Part D (Prescription Drug)	Medigap or Group Insurance
Inpatient care in hospitals	Doctor office visits and outpatient services	Includes all benefits covered under A & B	Helps cover the cost of prescription drugs	Supplement Insurance or Medigap helps pay for services after Medicare
Skilled nursing facility care	Home health care	Usually includes Part D	Administered by Medicare-approved insurance companies	Medigap Insurance is standardized by Medicare
Hospice care	Durable medical equipment	Administered by Medicare-approved insurance companies	May help lower prescription costs and help protect against higher cost in the future	Medigap policies only coordinate with Medicare Part A and B and only covers one person.
Home health care	Preventive services	May include extra benefits for no cost		You can continue a group insurance through active employment once you turn 65 and have Medicare

Medicare Part A and Cost Sharing

- ▶ You pay a \$1,364 deductible and no coinsurance for days 1-60 of each benefit period.¹
- ▶ You pay \$341 per day for days 61-90 of each benefit period.
- ▶ You pay \$682 per “lifetime reserve days” after day 90 of each benefit period (up to 60 days over your lifetime).²
- ▶ You pay all costs for each day you use all the lifetime reserve days.
- ▶ Skilled Nursing Facility (SNF)
 - ▶ You pay nothing for the first 20 days of each benefit period
 - ▶ You’ll have a \$170.50 copay for days 21-100 of each benefit period
 - ▶ All costs for each day after day 100 in a benefit period
- ▶ Inpatient psychiatric care in a freestanding psychiatric hospital is limited to 190 days in a lifetime.
- ▶ In most cases Part A is premium-free. You usually don’t have to pay for Part A if you or your spouse paid Medicare taxes while working. If you aren’t eligible for premium-free, you’ll have to pay a monthly premium for Part A and that cost can be up to \$437 a month in 2019.³
- ▶ If you’re not eligible for premium-free Part A and don’t elect when you’re first eligible, you will pay a penalty. You’ll have to pay 10% more for twice the number of years you could’ve had Part A. For example: If you were eligible for 2 years and didn’t sign up, you’ll pay 10% higher in premium for 4 years.

Medicare Part B and Cost Sharing

- ▶ Part B deductible is \$185 per calendar year
- ▶ Part B coinsurance is 20% and there is no out-of-pocket maximum
- ▶ You pay 0% for most preventive services
- ▶ Most common Part B services:
 - Diabetes Supplies
 - Home Health Care
 - Doctor's visits
 - Outpatient Surgery
 - Chiropractic Services
 - OT & PT Therapy
 - Outpatient Lab or X-Ray
 - Emergency Room Services
 - Flu Shots
 - Durable Medical Equipment
 - Kidney Dialysis Services
 - Ambulance
- ▶ Part B premium is \$135.50 a month (higher depending on your income)¹
- ▶ Part B penalty-If you don't elect Part B when you're first eligible, you may have to pay a late enrollment penalty for as long as you have Part B. Your Part B premium may go up 10% for each full 12-month period you could've been enrolled and didn't.²

Medigap Plans or Supplements

- ▶ Medicare Supplement Insurance policies are sold by private companies and can help pay for health care costs that Original Medicare doesn't cover like copayments, coinsurance, and deductibles.
- ▶ Some offer coverage for services that Original Medicare doesn't cover like medical care when you travel outside the U.S.
- ▶ Generally they don't cover long-term care (nursing homes), vision, dental care, hearing aids, eyeglasses, or private-duty nursing.
- ▶ Medicare standardizes these plans and they are identified as plans lettered A through D, F through G, and K through N. They all offer basic benefits with some offering additional benefits so you can choose one that fits your specific needs. In Massachusetts, Minnesota, and Wisconsin they are standardized a little differently and you'll need check with the private insurance companies in those areas.
- ▶ You must be enrolled in Part A and Part B.
- ▶ These plans are completely voluntary.
- ▶ The 6 months after starting with your Part B effective date you have guarantee issue rights and can apply for any supplement plan being sold without being denied coverage. Outside of that window, you may have to apply and pass medical underwriting for approval.

Medicare Part C

- ▶ Medicare Part C are referred to as “Medicare Advantage Plan (MA Plans).” They are plans that are usually HMO’s or PPO’s and are offered through Medicare-approved private insurance companies that have to follow the rules set by Medicare. These plans must cover all services that Original Medicare covers. Some offer additional benefits like vision, hearing, dental, and other health and wellness programs.
- ▶ Most MA Plans will also offer Medicare prescription drug coverage (Part D).
- ▶ If you join a Medicare Advantage plan, you still have Medicare. However your Medicare A and B coverage will through the MA Plan and not Original Medicare.
- ▶ You’ll generally get services through the plan’s network of providers and not who accepts Original Medicare. You’ll use the insurance card that they provide and not your Medicare card. You’ll need to keep it in a safe place in the event you switch back to Original Medicare.
- ▶ Even if you’re enrolled in a MA Plan, you will still be paying your Part B premium. In addition you might also have to pay a monthly premium for the MA Plan.
- ▶ These plans DO NOT coordinate with Medigap(Supplement) plans. Agents are prohibited from selling these plans to members enrolled in MA Plans.
- ▶ You can sign up for a MA Plan when you’re first eligible for Medicare or each year during Annual Election Period (AEP) which is October 15-December 7. If coverage is elected during AEP, it’ll become effective on January 1st.

Medicare Part D

- ▶ Part D is the prescription drug coverage that Medicare offers to everyone with Medicare. They don't have plans directly through Medicare. They contract with private insurance companies.
- ▶ There are two ways to get Medicare prescription drug coverage:
 - ▶ Medicare Prescription Drug Plans (PDP's)-This a separate plan in addition to coverage you have through Original Medicare. You can have a stand alone PDP if you have a MA plan that does not include drug coverage. You must have Part A and/or Part B to join a Medicare Prescription Drug Plan.
 - ▶ Medicare Advantage Plans-These plans are sometimes call "MA-PDs." If you have a MA-PD plan, you don't have to enroll in a stand alone drug plan. You will have your health and prescription drug coverage all through one carrier and one insurance card to show at the doctor's office and pharmacy.
- ▶ In general, there will be much variation from one carrier to the next on their drug formularies, premiums, copays, and drug deductibles. Medicare does standardize the Part D limitations each year like the initial coverage limitation, coverage gap ("Donut Hole") percentages, TrOOP, and catastrophic coverage.
- ▶ Even when you meet your TrOOP, your prescriptions drugs will never be covered at 100%. Unless you qualify for extra help, you will always have cost-sharing on your medications.
- ▶ LEP (Late Enrollment Penalty) will apply if someone who is eligible for Medicare and doesn't elect it when they are first eligible. If you have creditable coverage such as group employer insurance, you should not incur the LEP. As long as there is not a gap of more than 63 days of when the group insurance ends and you sign up for Medicare Part D.¹
- ▶ It's important to note here that COBRA is not considered creditable coverage when it comes to Part D. It's not based on active employment and an employee would incur the LEP for any months they stayed on COBRA without signing up for a Medicare Part D plan.²

Coordination of Benefits

- ▶ If you are Medicare eligible, but are actively employed with creditable coverage you can opt out of Medicare. Most that do receive Part A for free will still enroll, but you can delay your Part B enrollment.
- ▶ If you do decide to elect Part B and stay on the group insurance, you'll have to do coordination of benefits with each carrier. Medicare decides who will be primary and who pays secondary according to these rules:
 - ▶ If you're 65 or older and have group health coverage based on you or a spouses' current employment and the employer has 20 or more employees, **the group health plan pays first.**
- ▶ If you have employer health insurance than you can also delay enrollment for Part D. As long the group health insurance is as good as Medicare Part D. The employer is responsible for sending out the annual Medicare Part D Creditable Coverage Disclosures. These must be provided to employees prior to October 15 each year.¹
- ▶ The disclosure that is due to CMS by the employer is due within 60 days after the start of each plan year. For calendar year plans, the deadline is March 1 and the plan sponsors are required to use CMS' online disclosure form.