

HEALTH CARE IN RETIREMENT MEDICARE 101

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WHAT IS MEDICARE?

- **Federal Health Insurance for:**
 - People 65 years of age or older
 - Some persons with disabilities, after a 24 month waiting period
 - People with End-Stage Renal Disease
 - People with Amyotrophic Lateral Sclerosis (ALS)
- **New to Medicare Enrollment**
 - Seven month enrollment period
 - Three months before, the month of and three months after the month of your 65th birthday
 - Penalty on Part B premium if no active employment insurance

MEDICARE PLAN CHOICES

- **Original Medicare**
 - Part A- Hospital Insurance
 - Part B- Medical Insurance
- **Medicare Advantage (MA) (Part C)**
 - Health Plan (HMO, PPO, PFFS) offered by private health plans - receive coverage through the plan rather than through Original Medicare
- **Part D- optional Prescription Insurance**
 - Stand alone plan added to Original Medicare
 - Coverage that is included with many MA plans

ORIGINAL MEDICARE - PART A

⦿ Part A- Hospital Insurance

- Hospital Costs (2013)
 - \$1184 deductible per hospital stay of 1-60
 - \$296 per day for days 61-90 hospitalization
 - \$592 per day for days 91-150
- Skilled Nursing Facility care after 3 day hospital stay for same condition
 - Cost:
 - Days 1-20: Medicare pays in full
 - Days 21-100: \$148 per day copay

ORIGINAL MEDICARE- PART A CONT.

- Home Health Care

- Medicare pays in full

- Hospice

- Medicare pays in full except for \$5 copay for palliative medications

ORIGINAL MEDICARE - PART B

○ Part B- Medical Insurance

■ Covers

- Outpatient services, such as doctor's visits, ambulance, lab, x-rays, medical equipment, preventative services

■ Costs

- \$104.90 monthly premium in 2013
- Annual deductible of \$147
- 20% co-pay for most services

MEDIGAP

- ◉ Sold by private insurance companies
- ◉ Fills the gaps of Original Medicare (copayments, coinsurance and deductibles)
- ◉ Plans are standardized nationally and are labeled with letters
- ◉ Set core benefits for each standard plan
- ◉ Costs vary by plan and by company
- ◉ Guarantee issue period for 6 months after start of Part B

MEDIGAP

- Helps pay the costs with Original Medicare
- Don't need Medigap if you are
 - In a Medicare Advantage plan (Can't have)
 - Have retiree coverage
 - Have Full Medicaid (Can't have)

WHAT MEDIGAP PAYS

- ◉ Co-insurance amounts for Part B (20%)
- ◉ Some policies cover deductibles for Part A and/or Part B
- ◉ Copayments for Part A
- ◉ Some policies offer additional benefits, like Foreign Travel Emergency

LANDSCAPE OF MEDIGAP PLANS AS OF JUNE 2010:

	A	B	C	D	F	G	K	L	M	N
Part A Coinsurance Plus 365 additional days	X	X	X	X	X	X	X	X	X	X
Part B Coinsurance	X	X	X	X	X	X	50%	75%	X	X*
Blood (First 3 Pints)	X	X	X	X	X	X	50%	75%	X	X
Part A Hospice Coinsurance	X	X	X	X	X	X	50%	75%	X	X
Part A SNF Coinsurance			X	X	X	X	50%	75%	X	X
Part A Deductible		X	X	X	X	X	50%	75%	50%	X
Part B Deductible			X		X					
Part B Excess Charges					X	X				
Foreign Travel Emergency			X	X	X	X			X	X
Out-of-Pocket Limit							\$4062	\$2,310		

* Plan N pays 100% Part B coinsurance except up to \$20 copay for office visits and up to \$50 copay for emergency department visits.

PART D- PRESCRIPTION COVERAGE

- Medicare Prescription Drug Coverage is part of the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA)
- First time Medicare provided coverage for outpatient prescription drugs

WHO IS ELIGIBLE FOR PART D?

- ⦿ Anyone who has Medicare Part A and/or Part B
- ⦿ Enrollment is voluntary
- ⦿ In most cases, beneficiary must choose and join a Medicare drug plan to get coverage

WHEN TO ENROLL IN PART D

- **New to Medicare**
 - 7 Month period
- **Annual Election Period**
 - October 15th - December 7th
- **Special Enrollment Period**
 - Low income, **involuntary loss of credible coverage**, moved outside of plan's service area, etc.

CREDITABLE COVERAGE

- People who have other drug coverage that is at least as good as Medicare's drug coverage may keep their coverage and incur no penalty
- If someone involuntarily loses creditable coverage, there is a minimum 60 day Special Enrollment Period.
 - The SEP begins upon notification of coverage loss and ends 60 days after coverage ends.

PENALTY

- If a beneficiary does not enroll in Medicare Part D when they are first eligible and does not have creditable coverage, he/she is subject to a penalty
- Penalty is in the form of higher premiums should he/she elect to join a Medicare Part D plan later
- 1% of the National Average Premium (\$31.17 in 2013) applied monthly

MEDICARE PART D COSTS

- ▶ For coverage in 2013, beneficiaries will generally pay...
 - ▶ A monthly premium (\$15 to \$116)
 - ▶ \$325 deductible
 - ▶ 25% of yearly drug costs from \$325 to \$2,970
 - ▶ Donut Hole*: From \$2,970 beneficiary pays 86% for generic medications and 50% for brand name drugs
 - ▶ 5% of drug costs (or smaller co-payment) after \$4,790 true out-of-pocket expenses

* Prior to 2011 beneficiaries paid 100% of drug costs during this period. The Affordable Care Act is slowly reducing beneficiary out of pocket spending during in the donut hole until it is eliminated in 2020.

TYPES OF PART D PLANS

- Offered by private companies
- Approved by Medicare
- Two Types
 - Stand-Alone Prescription Drug Plans (PDP)
 - Medicare Advantage with Part D (MA-PD)

STAND ALONE PRESCRIPTION DRUG PLANS

- ◉ Adds drug coverage to Original Medicare
- ◉ Formulary- list of drugs a plan will cover
 - Vary from Plan to Plan

EXTRA HELP WITH PART D

- People with limited income/assets get help in paying for Part D
 - Helps pay Premium, copayments, and get rid of the gap in coverage (donut hole)
- Single \$16,755 income/ \$13,300 assets
- Married \$22,695 income/ \$26,580 assets
- Apply through Social Security Administration
www.ssa.gov

MEDICARE ADVANTAGE + PRESCRIPTION DRUG COVERAGE

- Offers comprehensive coverage for medical care, plus prescription drug coverage
- Coverage through the plan instead of through Original Medicare
- Drug coverage structured the same as Part D

MEDICARE ADVANTAGE

- ◉ Changes the structure of Medicare benefits
- ◉ MA Plan is primary
- ◉ Subject to co-pays
- ◉ Plans can be HMO, PPO, or Private Fee for Service
- ◉ Sold through Private Insurance companies
- ◉ Medicare Advantage wraps Medicare, supplement and prescription drugs into one policy
- ◉ Must be enrolled in both A & B

MEDICARE ADVANTAGE COSTS

- ◉ Still Pay Part B premium
- ◉ Pay Medicare Advantage Premium
- ◉ Pay associated co-pays for medical care and prescription drug co-pays

ENROLLMENT

- New to Medicare
 - 7 month window
- Annual Election Period
 - October 15th - December 7th
- Medicare Advantage Dis-enrollment Period
 - January 1st - February 14th
- Special Enrollment Periods that coordinate with Part D SEPs

MMAP

1-800-803-7174

- Michigan Medicare/Medicaid Assistance Program
- Provides individual counseling for people with Medicare
- We're here to help!
- A general online resource for Medicare information www.medicare.gov