

Family Caregiver Alliance

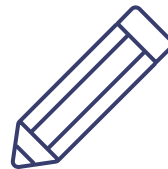
Medicare Basics

Medicare Rights Center

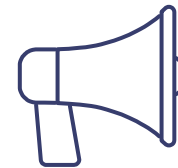
The Medicare Rights Center is a national not-for-profit consumer service organization that works to ensure access to affordable health care for older adults and people with disabilities through:



Counseling and
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Educational
programs



Public policy
initiatives

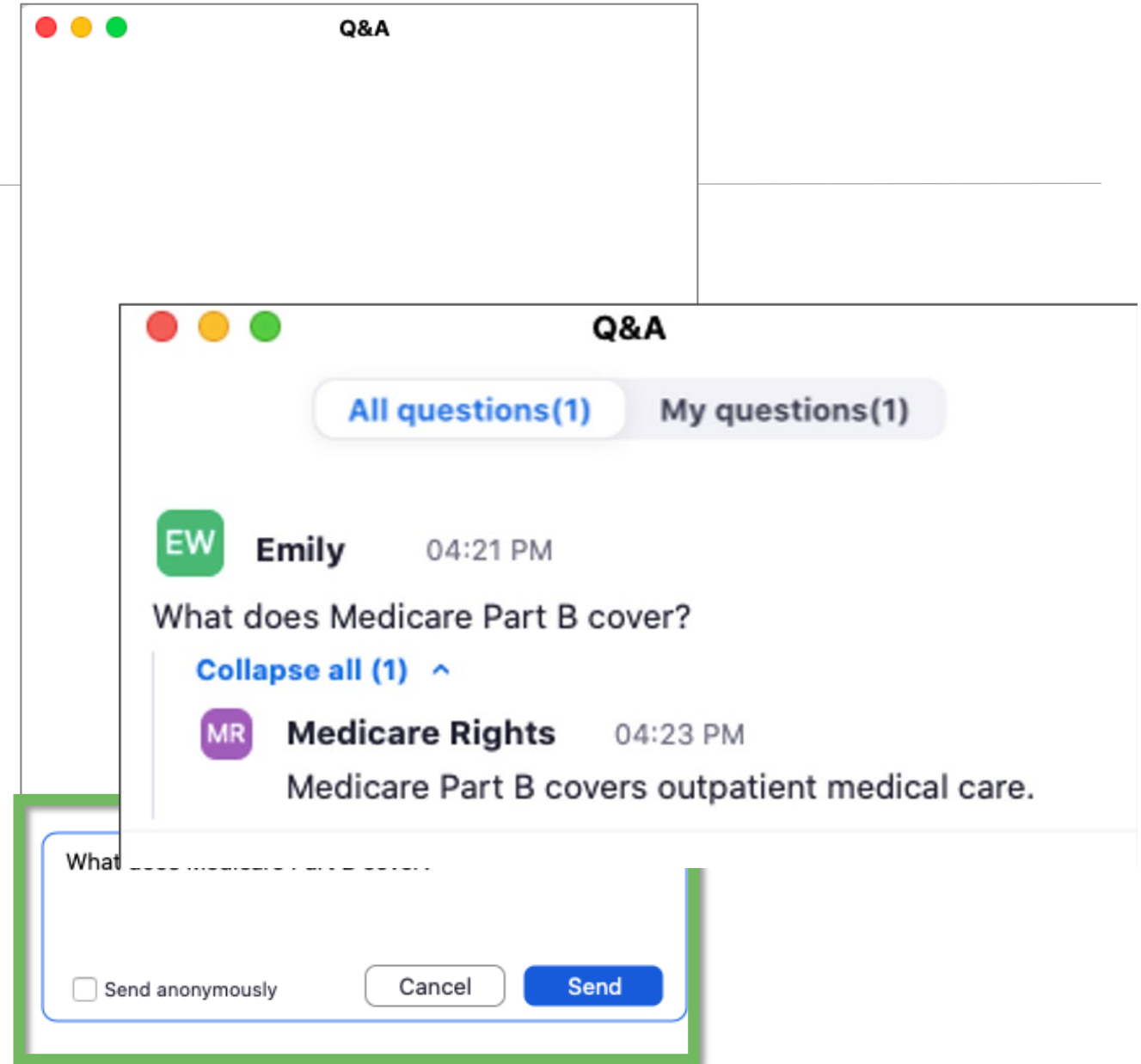
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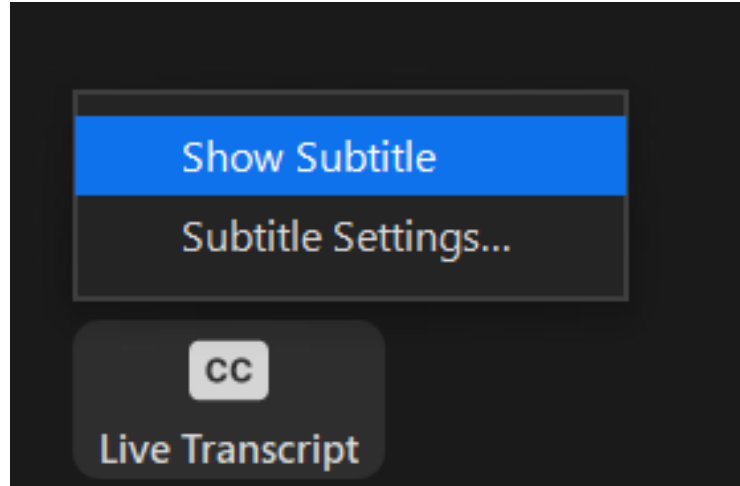
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What we will learn today

-  Medicare eligibility and enrollment
-  Original Medicare and Medicare Advantage coverage and costs
-  Medicare Part D drug benefit

Medicare basics



What is Medicare?

- Federal program that provides health insurance for those 65+, those under 65 receiving Social Security Disability Insurance (SSDI) for a certain amount of time, and those under 65 with kidney failure requiring dialysis or transplant
 - No income requirements

Two ways to receive Medicare benefits:



Original Medicare

Traditional program offered directly through federal government



Medicare Advantage

Private plans that contract with federal government to provide Medicare benefits

Parts of Medicare

- Medicare benefits are administered in three parts:

Part A – Hospital/inpatient benefits

Part B – Doctor/outpatient benefits

Part D – Prescription drug benefit

Parts of Medicare

- **Original Medicare includes Part A and Part B**
 - Part D benefits offered through stand-alone prescription drug plan
- **What happened to Part C?**
 - Part C: Medicare Advantage Plans (e.g., HMO, PPO)
 - Way to get Parts A, B, and D through one private plan
 - Administered by private insurance companies that contract with federal government
 - Not a separate benefit: everyone with Medicare Advantage still has Medicare

Medicare eligibility – 65+

- After turning 65, individual qualifies for Medicare if they
 - Collect or qualify to collect Social Security or Railroad Retirement benefits
 - **OR** are a current U.S. resident and either
 - » A U.S. citizen
 - » **OR** a permanent resident having lived in the U.S. for five years in a row before applying for Medicare

Note: Those who are immigrants can qualify for Medicare as long as they meet residency requirements

Medicare eligibility – under 65

- Individual not yet 65 qualifies for Medicare if
 - They have received Social Security Disability Insurance (SSDI) or Railroad Disability Annuity checks for total disability for at least 24 months
 - » If they have amyotrophic lateral sclerosis (ALS), there is no waiting period, and they are eligible for Medicare when they start receiving SSDI
 - OR, they have End-Stage Renal Disease (ESRD or kidney failure), and they or a family member have enough Medicare work history



Qualifying for premium-free Part A

- Part A is free for Medicare-eligible beneficiaries who:
 1. Have at least 40 calendar quarters (10 years) of work in any job where they paid Social Security taxes in the U.S.
 2. Are eligible for Railroad Retirement benefits
 3. Or, have a spouse that qualifies for premium-free Part A under 1 or 2
 - » NOTE: Differences between current spouse (married 12 months), ex-spouse (single and had been married 10 years) and deceased spouse (single and had been married 9 months)
- Beneficiaries who are Medicare-eligible but do not meet any of the criteria above must pay a monthly premium for Part A

Enrolling in Medicare for first time

Automatic enrollment

- Someone will be automatically enrolled in Medicare Parts A and B and mailed a Medicare card if:
 - They have enrolled to receive Social Security benefits before they turn 65
 - They have a disability and have been receiving SSDI for at least 24 months
 - OR, they are getting SSDI because they have ALS (people with ALS are automatically enrolled in Medicare the first month they receive SSDI benefits)

First-time enrollment periods

- If someone is not automatically enrolled in Medicare, they can enroll for first time during:



Initial Enrollment
Period



Part B Special
Enrollment Period

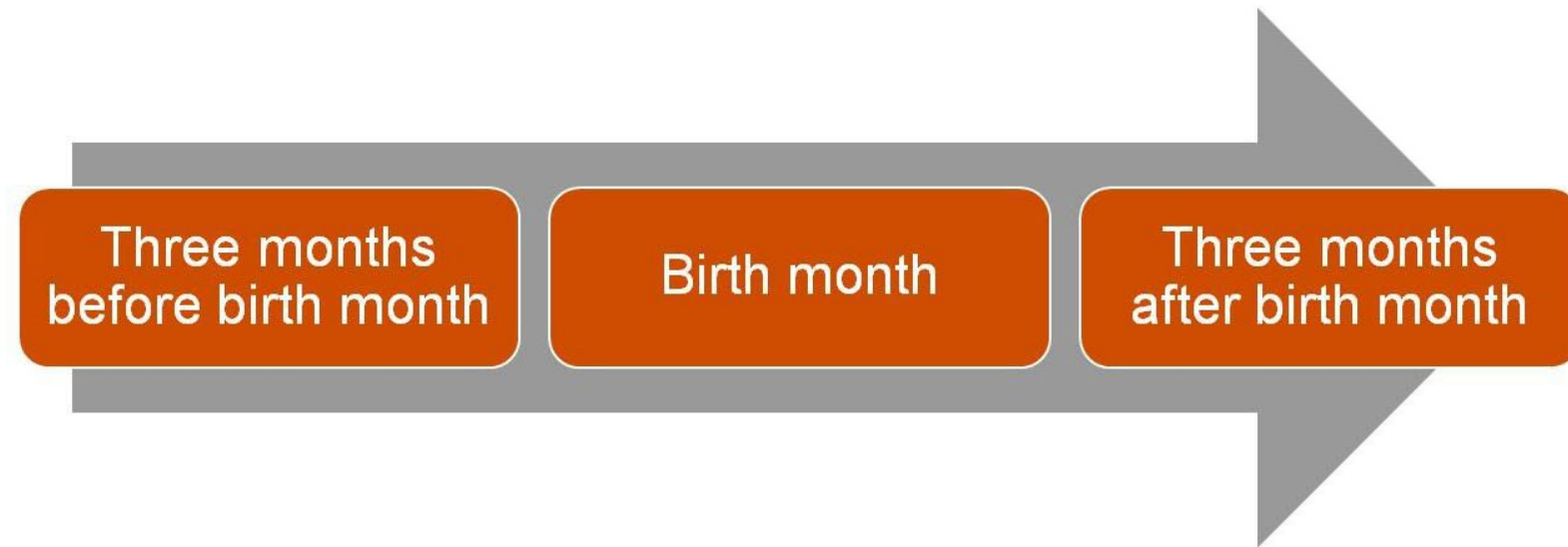


General
Enrollment Period



Initial Enrollment Period (IEP)

- Seven-month period including the three months before, the month of, and three months following a beneficiary's 65th birthday
 - Coverage starts depending on when in the IEP a person enrolls



Part B Special Enrollment Period (SEP)

- **Part B SEP starts:** When individual has coverage from current work (job-based insurance) and they are in their first month of eligibility for Part B
 - Individual does not qualify to use Part B SEP based on retiree coverage or COBRA
- **Part B SEP ends:** Eight months after individual loses coverage from current employment because employment or insurance ends
- Using Part B SEP also means individual will not have Part B late enrollment penalty

Using Part B SEP



- Individual must meet two criteria:
 1. They must have insurance from current work (from their job, their spouse's job, or sometimes a family member's job) or have had such insurance within the past 8 months
 2. And, they must have been continuously covered by job-based insurance or Medicare Part B since becoming eligible for Medicare, including the first month they became eligible for Medicare
 - » Note: Individual is ineligible for the Part B SEP if they are without Part B or job-based insurance for more than 8 consecutive months
- In most cases, individual should enroll in Medicare before losing job-based insurance to avoid gaps in coverage



General Enrollment Period (GEP)

- If someone who is eligible for Medicare misses their IEP or SEP, they can enroll **January 1 – March 31** of each year
- 2022: Coverage starts July 1
- **Beginning 2023:** Coverage will start the first of the month after the month of enrollment
- Note: People who use GEP may also have a Part B late enrollment penalty
 - Penalty is 10% of Part B premium for each 12-month period without Part B or certain types of other coverage

Medicare coverage and costs



What Part A covers



- **Inpatient hospital care**
 - Care provided to someone who is formally admitted into hospital by doctor
- **Inpatient skilled nursing facility care**
 - Short-term post-hospital extended care services
- **Home health care**
 - Care used to treat an illness or injury in the home
- **Hospice care**
 - Comprehensive care for people who are terminally ill



Part A costs

Medicare Part A Costs for 2023	
Premium	Free for those with 10 years of Social Security work history \$278/month if beneficiary or spouse worked and paid Medicare taxes for 7.5 to 10 years \$506/month if beneficiary or spouse worked and paid Medicare taxes for fewer than 7.5 years
Hospital deductible	\$1,600 for each benefit period
Hospital coinsurance	\$400 per day for days 61-90 each benefit period \$800 per day for days 91-150 (these are 60 non-renewable lifetime reserve days)
Skilled nursing facility coinsurance	\$200 per day for days 21-100 each benefit period

What Part B covers

- **Outpatient care**

- Care provided to a beneficiary by health care professionals if they were not formally admitted as hospital inpatient

- **Doctors' services**

- Medically necessary services provided to a beneficiary by a doctor

- **Preventive care**

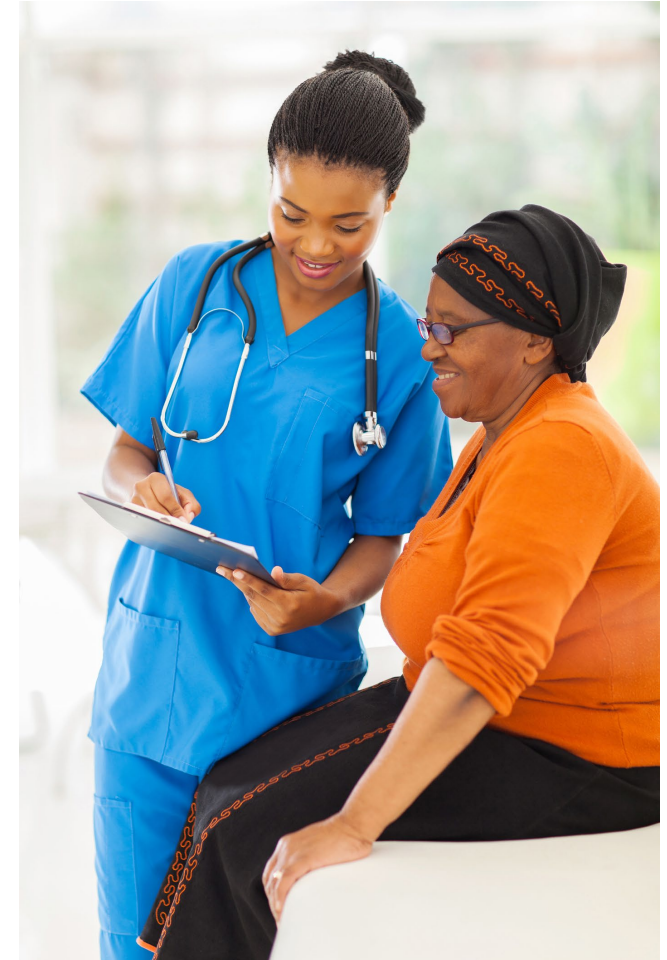
- Care to keep beneficiaries healthy or prevent illness

- **Home health care**

- Care used to treat an illness or injury in the home

- **Durable medical equipment (DME)**

- Medical equipment provided to beneficiaries on an outpatient basis





Part B costs

Medicare Part B Costs for 2023	
Annual deductible	\$226
Monthly premium	<p>\$164.90 will be the standard premium.</p> <p>People with high incomes pay more for the monthly premium</p>
Coinsurance	Medicare pays 80% of Medicare-approved amount for a doctor's service; beneficiary pays 20% coinsurance




What Medicare does not cover

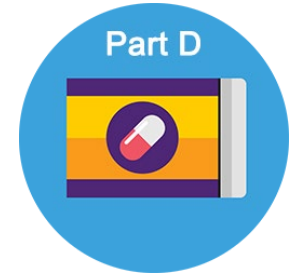
- Most dental care
- Most vision care
- Routine hearing care
- Most foot care
- Most long-term care
- Alternative medicine
- Most care received outside the U.S.
- Personal care or custodial care if there is no need for skilled care
- Most non-emergency transportation

Note: Medicare Advantage Plans (or Medicaid if a beneficiary qualifies) may cover these services

Medicare drug coverage: Part D



Medicare Part D



- Outpatient prescription drug benefit for anyone with Medicare
 - Individual is eligible for Part D if they have Part A or Part B
 - Only available from private insurance companies
- Individuals can get Part D coverage in two ways:

Stand-alone Part D plan

that works with Original
Medicare

Medicare Advantage Plan

that includes prescription
drug coverage

- Beneficiaries can enroll in a Part D plan during their Initial Enrollment Period (after taking either Part A and/or Part B)
 - They can also enroll in Part D for the first time during Fall Open Enrollment, but they may have a late enrollment penalty

Part D coverage

- Each Medicare drug plan has its own **formulary**, or list of covered drugs
 - Plan only covers drugs on the formulary
- Plans must offer at least two drugs under each type of drug class
- Plans must cover substantially all drugs from a few classes
- A few classes of drugs are excluded from Medicare coverage by law



Part D costs



- Each plan charges different premiums, deductibles, and copays
- National average premium: \$33.37 in 2022 (\$32.74 in 2023)
 - Used to calculate a person's Part D late enrollment penalty (1% for every month that a person goes without Part D coverage or creditable drug coverage)
- Prescription copays vary
 - Pay less for drugs in lower tiers, for example structure could be:
 - Tier 1: Generics
 - Tier 2: Preferred Brand-Name
 - Tier 3: Non-Preferred Brand-Name
 - Tier 4 and above: Specialty Drugs



Part D costs

- Beneficiary may also have different costs throughout the year, depending on which coverage period they are in
- Part D coverage periods:
 1. Deductible Period
 2. Initial Coverage Period
 3. Coverage Gap
 4. Catastrophic Coverage

Original Medicare and Medicare Advantage



Original Medicare overview



- **Coverage**

- Includes Part A (hospital insurance) and Part B (medical insurance)
- Drug coverage available through stand-alone Part D plan
- Does not cover certain services, such as routine dental care

- **Provider access**

- No network of providers
- Can receive covered services from any provider in the U.S. who accepts Medicare

- **Referral requirements**

- No primary care physician referral for specialist

- **Costs**

- No limit on out-of-pocket costs
- Can purchase Medigap policy to cover Medicare cost-sharing

Medigap policies



- Supplemental plans that pay part or all of remaining costs after Original Medicare pays first
 - Example: Medigap policy can pay for an individual's 20% Part B coinsurance
- **Only work with Original Medicare**
- 10 standardized plans (Plans A, B, C, D, F, G, K, L, M, and N)
 - Beneficiaries newly eligible for Medicare on or after 1/1/20 cannot purchase Medigap Plan C or Plan F
 - Those eligible for Medicare before 1/1/20 can still purchase Plan C or Plan F if they are in their Medigap open enrollment period or have guaranteed issue right
- Provided by private insurance companies
- Charge a monthly premium for coverage

Medigap basic benefits

All 10 plans cover

- **Part A hospital coinsurance**

- Full cost of Medicare-covered days in benefit period
- Full cost of 365 additional lifetime days

- **Part B coinsurance**

- Part or all of cost of 20% Part B coinsurance

- **Cost of blood**

- Part or all of cost of first 3 pints of blood needed each year

- **Hospice care coinsurance**

- Full cost of hospice care coinsurances if Medigap was purchased on/after June 1, 2010

Medicare Advantage Plan overview



- **Coverage**

- Includes Parts A, B, and usually D benefits under one plan
- May cover services excluded by Original Medicare, such as dental cleanings (but restrictions may apply)

- **Provider access**

- Beneficiary may have to see in-network providers in order to receive covered care or care at lowest cost

- **Referral requirements**

- Plan may require primary care physician referral to see specialist

- **Costs**

- Limit on out-of-pocket costs
- Costs vary by plan

Medicare Advantage Plan coverage

- Medicare Advantage Plans must offer same benefits as Original Medicare Parts A and B, but can do so with different costs and coverage restrictions
 - Example: Beneficiary is required to get prior authorization for certain services
- Can offer benefits not available in Original Medicare
 - Example: Coverage for dental cleanings or gym memberships
- Individual should contact plan directly to learn about coverage specifics



Medicare Advantage Plan costs

- Individual generally must pay Part B **premium**
 - Plan may charge additional monthly premium
- Most plans have a **deductible** and then **fixed copayments**, rather than coinsurances
- All MA Plans must have **maximum out-of-pocket limit**
 - Annual maximum that individual will pay in deductibles, coinsurance, and copayments (\$8,300 in 2023)
 - Plan pays 100% of cost of Part A- and Part B-covered services for rest of the year
- Beneficiary may pay more if they:
 - Get care outside the plan's network or service area
 - Don't ask the plan's permission to get certain types of care or don't follow plan rules

Medicare Advantage Plan networks

- In-network providers contract with the plan to provide health care services
- Out-of-network providers do not contract with the plan
- Certain plans may offer coverage for out-of-network services
 - In these cases, the beneficiary is normally responsible for a larger portion of the cost-sharing



Original Medicare and Medicare Advantage

Original Medicare	Medicare Advantage
Can see any doctor that accepts Original Medicare	Networks of doctors, service areas
No referrals for specialists	May need referral for specialist
Does not include hearing, vision, or dental coverage	May offer additional benefits, including hearing, vision, dental
No limit on out-of-pocket costs	Limit on out-of-pocket costs
Can purchase a Medigap	Medigap plans cannot be used with Medicare Advantage

Resources



State Health Insurance Assistance Program

California Health Insurance Counseling and Advocacy Program (HICAP)

1-800-434-0222

www.aging.ca.gov/hicap/



Medicare Rights Center



Medicare Interactive

www.medicareinteractive.org

Free online resource developed by Medicare Rights with answers to Medicare questions in clear, simple language



National helpline: **800-333-4114**

Thank you!