

# MEDICARE MADE SIMPLE

10/19/2018

*BIA*

*Boone Insurance Associates Education Guide: New*

# About Boone Insurance Associates

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- Boone Insurance Associates provides health and life insurance products to clients all over Oregon. We specialize in Medicare, Group, Individual and sell Short Term Medical and Travel Insurance.
- We work directly with the companies to resolve any of your claim, benefit, & premium questions.
- Unlike a captive insurance producer who represents that insurance company alone, we are independent of a specific insurance company and represent a variety of different companies and products.
- Boone Insurance Associates provides this educational program today to help inform you. There is no obligation for you to purchase services from us.

**“Our pledge is to provide our clients with superior customer service and product knowledge in order to guide them in making the most informed decisions.”**

# Signing Up For Medicare?

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## □ **New to Medicare**

- Just go to [www.socialsecurity.gov](http://www.socialsecurity.gov)
- Review: [Guide on Signing Up for Medicare \(Click Here\)](#)

## □ **SEP (Special Election Period)**

- Contact Local Social Security Office for more information or go to [www.socialsecurity.gov](http://www.socialsecurity.gov)
- Get Forms: [CMS 40B](#) and [CMS L564](#) if you have Part A and have been deferring Part B
  - e.g. Loss of employer coverage

# Who gets Medicare?

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- **It is available to qualified individuals, including:**
  - ▣ People age 65 or older.
  - ▣ People under age 65 who have been declared disabled for 24 months.
  - ▣ People with End-Stage Renal Disease (ESRD), also known as kidney failure.

# Basic Medicare Terminology

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- **Deductible:** How much you have to spend for covered health services before your insurance company pays anything (except free preventive services)
- **Copay or Coinsurance:** Payments you make each time you get a medical service after reaching your deductible
- **OOP – Out of Pocket Maximum:** The most you have to spend for covered services in a year. After you reach this amount, the insurance company pays 100% for covered services.

# Medicare is comprised of:

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**Medicare Part A:** Hospital Care

(Government Program)

**Medicare Part B:** Outpatient Medical Care

(Government Program)

**Medicare Part C:** Medicare Advantage

(Offered by Insurance Carriers)

**Medicare Part D:** Medicare Prescription Drug coverage (Offered by Insurance Carriers)

# Medicare Part A: Cost

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## What do I pay for Medicare Part A?

- All taxpayers are contributing towards Medicare via payroll deductions.
- It has no premium cost for individuals who have worked at least 40 calendar quarters
- Includes a monthly premium for those who have worked fewer than 40 calendar quarters.

# Medicare Part A: Coverage

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## What does Part A cover?

- Hospital stays
- Home health services
- Hospice care
- Minimal care in a skilled nursing facility (SNF)
  - Cover the first 20 days in full days after a 3 day hospital stay, then cover days 21-100 at a daily rate. Then no coverage after 100 days.
  - Does not include intermediate or custodial coverage.



# Medicare Part A: Coverage Exposure

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## □ Part A Deductibles

### □ [2019] Hospital stay per benefit period:

- Days 1-60 [\$1364] per benefit period
- Days 61-90 [\$341] per day
- Days 91-150 [\$682] per day

### □ [2019] Skilled Nursing Facility:

- Days 1-20 [\$0] per benefit period
- Days 21-100 [\$170.50] per day
- Days 101 and beyond: [all costs]

# Medicare Part A: Benefit Period

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- Begins the day you go into a hospital or skilled nursing facility, ends when you have not received hospital or skilled nursing care for 60 days in a row
- If you go into the hospital after one benefit period has ended, a new benefit period begins
- There is no limit to the number of benefit periods you can have.

# Medicare Part B: Cost

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## What do I pay for Medicare Part B?

- Part B premium is based on annual income level.

<u>[2019] Part B Premium</u>	<u>Annual Income Individual</u>	<u>Annual Income Couple</u>
\$135.50	[\$85,000 or less]	[\$170,000 or less]
 IRMAA (Income Related Monthly Adjustment Amount)		
\$189.60	[\$85,001 to \$107,000]	[\$170,001 to \$214,000]
\$270.90	[\$107,001 to \$133,500]	[\$214,001 to \$267,000]
\$352.20	[\$133,501 to \$160,000]	[\$267,001 to \$320,000]
\$433.40	[\$160,000 to \$500,000]	[\$320,000 to \$750,000]
\$460.50	More than \$500,000	More than \$750,000

- Premiums are deducted from the Social Security benefits, or billed quarterly
- 10% yearly penalty for late enrollment unless working and covered by group insurance

# Medicare Part B: Coverage

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## What does Medicare Part B cover?

- Physician Services
- Laboratory, X-rays, MRI, CT Scans
- Chemotherapy
- Ambulance, Emergency Room Care
- Outpatient Surgery
- Preventive Care
- Part B Medications

# Medicare Part B: Coverage Exposure

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## Deductibles & Coinsurance for

### □ **Deductible:**

- 2019 [\$185] per year

### □ **Other Services:**

- Patient pays [20%] of approved amount, after deductible. {Medicare pays 80%}
- [50%] for most Outpatient mental healthcare services.
- There is no OOP maximum, risk is unlimited

# Original Medicare Does Not Cover

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- Out-of-pocket maximum spending safety net
- Certain deductibles and coinsurances
- Routine physical (beyond one-time initial physical and annual wellness visit)
- Dental (except if medically necessary)
- Vision (except if medically necessary)
- Access to complementary (alternative) care benefits
- Gym Memberships or professional health coaches

# Covering Medical & Prescription Gaps

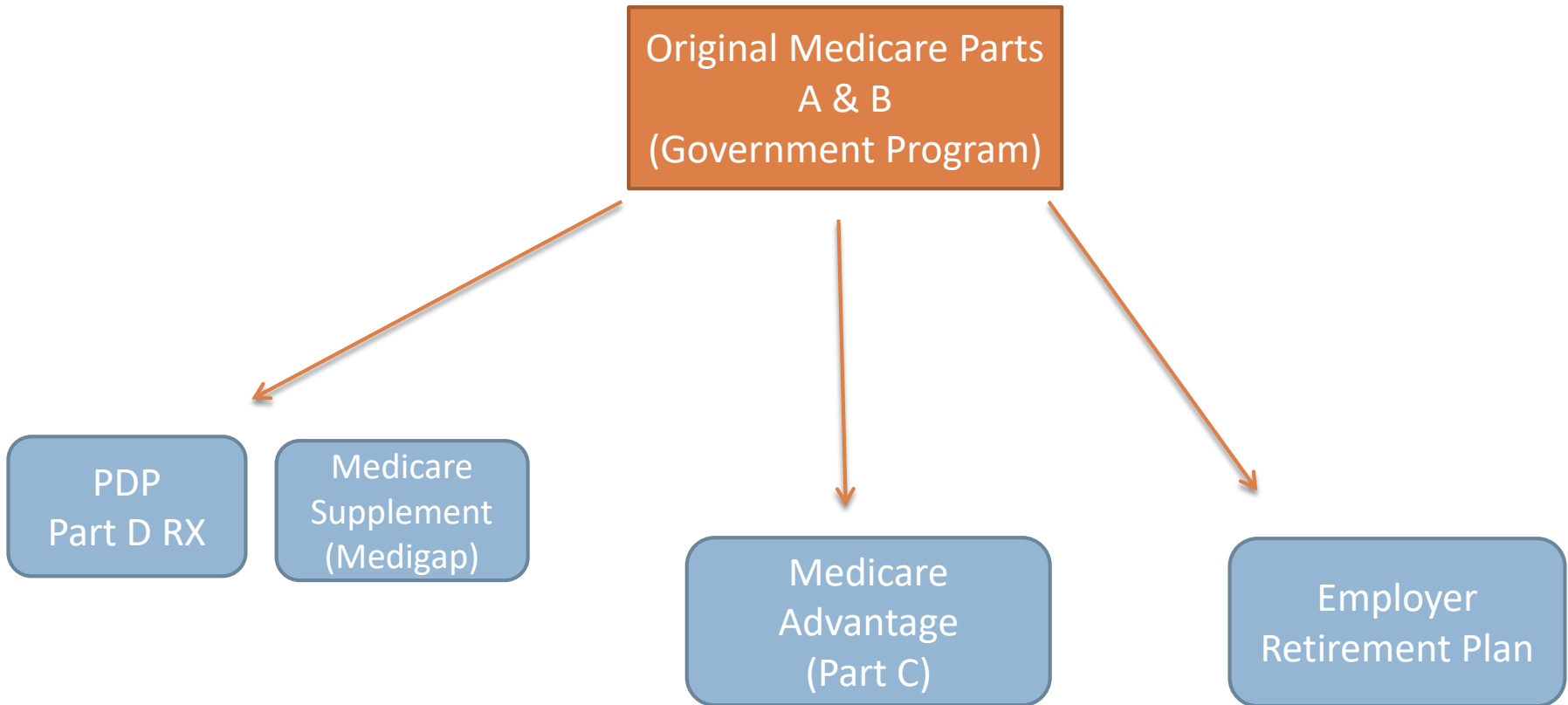
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## ▣ **Three main options available**

- Traditional Medicare Supplement Plans (Medigap) and/or Medicare Part D Prescription Drug Plans (PDP)
- Medicare Part C (Medicare Advantage Plans)
- Employer-Sponsored Retiree Plans
  - e.g. PERS

# Covering Medical & Prescription Gaps

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# Medicare Supplements(Medigap): Features

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- **Private companies sell Medicare Supplement plans (also known as MediGap plans).**
  - ▣ After initial enrollment, may require health statement underwriting. **(exception is birthday rule)**
- **Nationally standardized plan designs (Plans A-N).**
  - ▣ Prescription drugs are not included in plans sold after 1/1/2006.
- **Medicare pays for Medicare-eligible benefits. Then MediGap pays plan's portion.**
  - ▣ MediGap also pays some benefits not covered by Medicare. Benefits vary between plans A-N.

# Medicare Supplements(Medigap): Features

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- You may see any Medicare provider in the United States. You do not have a Primary Care physician and can see any specialist.
- All of your care is subject to what Medicare allows. It must be medically necessary. The doctor codes it, when the claim is submitted to Medicare. If Medicare pays on the claim, then the secondary insurance pays on it as well.
- If the claim is denied – the secondary insurance cannot pay it.

# Medicare Part C (MAPD): Eligibility

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## Who is eligible?

- ❑ Must be enrolled in Medicare Part A & B?
- ❑ Permanent resident in plan service area?
- ❑ Cannot have End Stage Renal Disease (ESRD)?

# Medicare Part C (MAPD): Options

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- **Choose from options with or without integrated Part D prescription drug coverage.**
  - ▣ No drugs included: Medicare Advantage (MA) only
  - ▣ Prescription drugs included: Medicare Advantage with drugs (MA-PD)

# Medicare Part C (MAPD): Networks

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- **Preferred Provider Organization (PPO)** Defined network of providers; Flexibility to use providers who are not part of the network but cost are higher; No referral needed.
- **Health Maintenance Organization (HMO)** Defined network of providers; Primary Care Physician (PCP) manages all of your care; You must have a referral from your PCP to see a Specialist and must use in-network providers for all scheduled care. Out of network covered for only urgent and emergency.
- **Private Fee For Service (PFFS)** No plan network; Plan works similar to Original Medicare except the insurance company pays; Providers must be willing to accept the PFFS plan's terms.

# Medicare Part C (MAPD): Features

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- They are health plan options that are part of the Medicare program
- Medicare pays the plan a set amount every month for your care
- MA plans must offer all benefits of Original Medicare and coverage can include Part D prescription drug coverage
- You may have to use a network of providers that participate with the plan

# Medicare Part C (MAPD): Features

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- ❑ In most plans, there are generally extra benefits and out-of-pocket costs that are lower than with Original Medicare.
- ❑ Plans cover everything Medicare covers, at a minimum.
- ❑ Plans typically have copay and coinsurance that are paid when client goes in for services.
- ❑ Plans may cover extra benefits such as routine vision exams, preventive dental, alternative care, gym membership, etc.

# Employer Sponsored Retiree Plans

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- **Employers may continue to offer coverage to retirees**
  - ▣ If you currently have health coverage from an employer or union, joining a Medicare Advantage plan or a stand-alone prescription drug plan could affect your employer or union health benefits and may change how your current coverage works.
  - ▣ Read the communications your employer or union sends you. If you have questions, visit their website, or contact the office listed in their communications. Work with your plan administrator.
  - ▣ Plan may or may not include Part D creditable drug coverage.



# Medicare Part D (RX Coverage):Options

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- Private companies must be approved by The Centers for Medicaid and Medicare Services (CMS) to offer Part D prescription drug coverage. Two ways to get RX coverage.
- **(MAPD)** People with a *Medicare Advantage* plan (such as PPO or HMO) may obtain Part D drugs integrated with their health plan.
- **(PDP)** People with other insurance, such as *Original Medicare, Medicare Supplements*, may obtain a stand-alone prescription drug plan in addition to their health coverage.

# Medicare Part D (RX Coverage):Options

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- Medicare Part D prescription drug plans (PDP) may be paired with health plans such as:
  - Medicare Supplement(Medigap)
  - Only Original Medicare
  - Private Fee for Service (not most MAPD plans)
  - Some (not all) other private health coverage that doesn't include Part D creditable coverage

# Medicare Part D (RX Coverage):Coverage

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- In 2019:
  - **Deductible for Rx is \$415**
  - **Initial coverage is \$3820**
  - **Doughnut Hole/Coverage Gap:** Most Medicare drug plans have a coverage gap (also called the “donut hole”). This means that after you and your drug plan have spent \$3820, you have to pay 37% for generics and 25% for brand name prescriptions up to a yearly limit.
  - **Catastrophic Coverage: Once paid \$5100 then plan pays 95%**
  - **Medicare.gov plan report is simply an estimate of the plans available to you.**

# Medicare Part D (RX Coverage):Features

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- Medicare has designed a template plan and provided it to private health insurance companies.
- Basic Plan has four elements.
  - Deductible, Initial Coverage, Coverage Gap and Catastrophic coverage.
- You or an agent should run your prescriptions through the Medicare.gov web-site for a plan coverage comparison.
- Plans can change every year.

# Medicare Part D (RX Coverage): Penalty

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- You may owe a late enrollment penalty if, for any continuous period of 63 days or more after your Initial Enrollment Period is over, you go without one of these:
  - A Medicare Prescription Drug Plan (Part D)
  - A Medicare Advantage Plan (Part C) (like an HMO or PPO)
  - Another Medicare health plan that offers Medicare prescription drug coverage
  - Creditable prescription drug coverage
- The late enrollment penalty is calculated by multiplying 1% of the “national base beneficiary premium” (\$33.19 in 2019) times the number of full, uncovered months you were eligible but didn’t join a Medicare Prescription Drug Plan and went without other creditable prescription drug coverage. The final amount is rounded to the nearest \$.10 and added to your monthly premium.
- Group Retirement RX and Veterans Benefits RX are excluded from penalty

# Enrollment Periods

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- **(IEP) Initial Enrollment in Medicare:** Three months before, the month of and three months after the month you become eligible.
- **(AEP) Annual Enrollment Period Oct 15 – Dec 7:** Switch MA and MAPD plans, add or delete Part D drug coverage for Jan 1.
- **(MADP) Medicare Advantage Disenrollment Period Jan 1 – Feb 14:** Dis-enroll from a Medicare Advantage and return to original Medicare and a stand alone prescription drug plan.
- **(SEP) Special Election Period:** Medicare beneficiaries may still qualify for additional enrollment periods outside Annual Enrollment (examples: change residence, loss of group coverage, LIS, and more)
- **(Birthday Rule) Month of Birthday:** This rule gives you the option of changing your Medicare supplement plan with no medical underwriting for up to 30 days following your birthday.

# Medicare Planning: Next Steps

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- **90 days prior to 65th birthday or SEP:** Contact Social Security to get enrolled in Medicare.
- **60 days prior to 65th birthday or SEP:** Contact BIA to start researching your options. You can start by completing our [New Client Packet](#) to provide the information that will help us work with you to review:
  - Risk Tolerance-measure your financial and emotional ability to withstand losses
  - Cost – Compare the out-of-pocket costs (MAPD vs Medicare Supplement)
  - Providers – Will the plan allow me to see the providers I need or want to see (HMO vs PPO)?
  - Benefits – Does the plan offer you the coverage and benefits you need? (RX, Dental, etc.)

# Medicare Planning: Common Mistakes

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- ❑ Fail to enroll in Medicare Part B when you should.
- ❑ Believing you don't need Medicare Part B if you have retiree or Cobra health coverage.
- ❑ Think you must reach full Social Security retirement age before signing up.
- ❑ Not signing up for Part D because you don't take any prescription drugs.
- ❑ Not understanding your enrollment periods.
- ❑ Not reading your ANOC "Annual Notice of Change".



# Medicare Planning (RX Coverage):LIS

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- **People with Medicare may be able to get extra help to pay for prescription drug premiums and costs.**
  - In 2019, you may qualify if your combined savings, investments, and real estate are not worth more than \$28,150 if you are married and living with your spouse; or \$14,100 if you are not currently married or not living with your spouse. (Do NOT count your home, vehicles, personal possessions, life insurance, burial plots or irrevocable burial contracts or back payments from Social Security or SSI.) If you have more than those amounts, you may not qualify for the extra help.
  
- **The state of Oregon offers a prescription drug program (Oregon Prescription Drug Plan) to Oregon residents who do not have prescription drug coverage, or who are in a coverage gap.**
  - For more information: Visit [www.OPDP.org](http://www.OPDP.org) or call 1-800-913-4146

# Medicare Planning: Medicaid Information

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## □ What is Medicaid?

- Medicaid is a joint federal and state program that helps with medical costs for some people with limited income and resources. Medicaid also offers benefits not normally covered by Medicare, like nursing home care and personal care services.

## □ Dual eligibility

- Some people who are eligible for both Medicare and Medicaid are called “dual eligible.” If you have Medicare and full Medicaid coverage, most of your health care costs are likely covered.
- You can get your Medicare coverage through Original Medicare or a Medicare Advantage Plan (Part C). If you have Medicare and full Medicaid, you'll get your Part D prescription drugs through Medicare. And, you'll automatically qualify for Extra Help paying for your Medicare prescription drug coverage (Part D). Medicaid may still cover some drugs and other care that Medicare doesn't cover.