Presented by: Cheryl Boyles, RICP

MEDICARE: BE IN THE KNOW

Medicare: Understanding Original Medicare and Medicare Supplementation & Medicare Advantage

Summary

Medicare, managed and regulated by the US Centers of Medicare and Medicaid, is the US National Healthcare for Citizens that are aged 65 or older, not covered by Retiree Healthcare, younger citizens that are facing some form of disabling condition after 24 months or those on End-Stage Renal disease. Citizenship of 5 years or more are required or a spouse who has been a citizen and age 62.

Components of Medicare

There are four parts to Medicare: A, B, C, and D, and then possible Private Sector Supplementation to cover the cost sharing portion that Medicare requires of the recipients:

- Part A is more enrolled automatically and includes payments for treatment in a medical facility. There is an annual deductible that changes annually.
- Part B covers physician and out-patient services and is automatic if you do not have other healthcare coverage, such as through an employer or spouse, or individual. Part B requires a premium be paid to have access to payment of Part B services, and can be higher for higher income recipients.
- Part C, called Medicare Advantage (MA/MAPD), is a private-sector alternative to traditional Medicare. A recipient exchanges traditional Medicare A,B and D for Part C – Medicare Advantage. Part B must be enrolled and premiums paid to be eligible to have Part C. Medicare pays a portion of Part C premiums on behalf of the recipient and then carriers cost share with recipients for the rest of care with annual costs that have a out-of-pocket maximum per year.
- Part D covers prescription drug benefits, and is either combined with Part C- Medicare Advantage or a separate policy for Pharmacy Coverage alone.
- Medigap or Medicare Supplement is a private-sector policy that can be obtained for a premium to supplement the costs from the hospital deductible cost of Part A and the 20% remaining cost share of Part B for services, blood, physicians and out-patient facilities and services. Medicare Part B must be obtained and premiums paid to be eligible to purchase a Medigap policy.

Medicare Eligibility

Medicare follows strict guidelines for enrollment and effective dates for Medicare Parts A, B, C and D.

3 Eligible Enrollment Timeframes

- Initial enrollment (3months before, month of and 3 months after turning age 65)
- Late enrollment (after age 65 initial enrollment passes and delayed enrolling) includes a set time frame to enroll, usually Enroll in January and Effective July annually
- Special enrollment (loss of credible coverage after 65, disabled, end stage renal, entering hospice)

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Includes optional choice to delay enrollment if coming off other credible health coverage (Credible is defined as at least the coverage or better than what Medicare offers) during Special Enrollment Periods

Eligibility to enroll in Part A

- Turning age 65, unless not a citizen for at least 5 years and must fulfill 5 year minimum
- After 24 months of being disabled at any age
- End-stage renal failure
- Non-Working Spouse of a Working Spouse who is a Citizen and aged 62 or older
- Pricing is determined by work experience for Part A: 40 Quarters worked Part A is free, 30 to 39 is discounted and under 30 quarters worked is a full premium

**Enrolling in Medicare Part A is advisable upon age 65 as it is usually Free with Years of Employment

Eligibility to enroll in Part B

- Turning age 65, unless not a citizen for at least 5 years and must fulfill 5 year minimum
- After 24 months of being disabled at any age
- End-stage renal failure
- Non-Working Spouse of a Working Spouse who is a Citizen and aged 62 or older

** Some prefer to delay Part B enrollment if covered under other credible coverage to avoid paying the Part B premium until a loss of other coverage or a choice to begin Medicare Part B

Eligibility to Enroll in Part C or Part D

- Part C (Medicare Advantage) enrolls once enrolled in Part B and can occur either simultaneously during the eligibility periods or annually at Annual Enrollment Period (Oct 15 to Dec. 7th). No pre-existing conditions apply to obtaining coverage.
- Part D (Pharmacy Prescription) enrolls once enrolled in Part B and can occur either simultaneously during the eligibility periods or annually at Annual Enrollment Period (Oct 15 to Dec. 7th).

Eligibility to Enroll in a Medigap/Medicare Supplement

- Medigap or Medicare Supplement enrolls once enrolled in Part B and can occur eligible the initial eligibility periods or after. During initial or special eligibility periods, coverage can be obtained with no underwriting or exclusion of pre-existing conditions within the eligibility time frames not to be less than 63 days from eligibility. Medigap does not follow annual enrollment guidelines as a separate entity and can be applied for at any time with Part B enrollment, but could be subject to medical underwriting and exclusions or declines after.

Medicare Enrollment

Enrolling in Medicare Part A and Part B

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Automatic Enrollment

Automatic enrollment happens based on work history. If you are receiving Social Security upon eligibility or have worked for the Railroad or getting a retiree benefit or employer transition, you will likely be enrolled.

Enrolling in Medicare Part A is advisable upon age 65 as it is usually Free with Years of Employment. If you have employer coverage with an employer of over 20 employees you can delay Part A but not necessary.

Part A and Part B are enrolled in one of 3 ways:

- Social Security Online (ssa.gov)
- Local Social Security Office (by appointment)
- Call 1-800-772-1213 (Medicare Call Center)

**PART B Enrollment:
Must complete CMS-40B "Application for Enrollment in Medicare –Part B" and CMS-L564 "Request for Employment Information" forms in order to enroll during your "SPECIAL ENROLLMENT PERIOD" with no waiting penalty if not enrolling during your initial enrollment period. Your employer will need to complete Section B of the L564 form.

Enrolling in Medicare Part C – Replacing Medicare Parts A and B and Usually D

- Must have enrolled in Parts A and B to be eligible for Part C (Combines Original Medicare (Part A and Part B) benefits into one plan and is offered by service area
- Private Sector Insurance Carrier contracted with Medicare
- Enrollee chooses best plan and benefits, so each product must be vetted by recipient
- Most, but not all, include Pharmacy Part D benefits so a separate Part D plan is not usually necessary
- Options include up to 5 main options of plans, not all are available in all locals and each plan and carrier offers different plan designs and network of facilities and services. One must vet each carrier to be sure the coverage is sufficient and offers least out of pocket costs.
- Can enroll at the initial enrollment (3 months before, month turning, and 3 months age 65)
- If not in initial or special enrollment must enroll during or the Federal Annual Enrollment Period (Oct 15 to Dec 7 annually)
- All changes in plans take place during Annual Enrollment Period, unless a move to a new locale, a chronic condition that can be covered better under a Chronic plan, or a 5-Star Rated plan is offered that would offer better coverage. Otherwise, only changes are allowed during Annual Enrollment
- The plans become effective January 1 the year following Annual Enrollment
- If you are not satisfied with the Medicare Advantage plan, during Open Enrollment (January 1 to March 30) you can switch back to Original Medicare and a Part D plan

Enrolling in Part D (Pharmacy Prescription)

- Must have enrolled in Part A - or - Part B to be eligible for Part D.
- Part D is optional but waiting to enroll could create permanent penalties added to the premiums of the plan if you have either gone without creditable prescription coverage for 63 days or more in a row after being first eligible (initial or special enrollment period) or chose to purchase later

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- Medicare Part D benefits are available from either a stand-alone Medicare Prescription Drug Plan or a Medicare Advantage Prescription Drug plan, which combines Original Medicare (Part A and Part B) benefits with prescription drug coverage.
- Private Sector Insurance Carrier contracted with Medicare and offered service area, must be vetted by recipient for pharmacy retail or mail order options and formulary of prescriptions to determine if certain pharmaceuticals are covered
- Changes to plans can be made during Annual Enrollment or Open Enrollment unless special circumstances prevail as in leaving the service area, returning to employer coverage, etc.

Enrolling in a Medigap or Medicare Supplement Plan

- Must have Part A and Part B
- Private Sector Insurer, all coverages are dictated by Medicare and recipient chooses
- Coverage for Facilities and services approved as long as contracted with Medicare
- During initial or special eligibility periods, coverage can be obtained with no underwriting or exclusion of pre-existing conditions within no less than 63 days of eligibility time
- Can enroll at any time with underwriting and premiums are age based

Medicare Coverage - Part A and Part B

Medicare Parts and B do not allow for pharmacy prescriptions coverage or Part D. Part D must be obtained separately in or in combination with Part C Medicare Advantage plans that replace Parts A and B.

2021 MEDICARE PART A

Part A is Hospital Insurance for confinement in a hospital or skilled nursing facility per benefit period.

*A benefit period begins on the first day you receive service as an inpatient and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

WHEN YOU ARE HOSPITALIZED* FOR:	MEDICARE COVERS	YOU PAY
1-60 DAYS	Most confinement costs after the required Medicare deductible	$1,484 DEDUCTIBLE
61-90 DAYS	All eligible expenses after patient pays a per-day coinsurance	$371 A DAY COINSURANCE as much as: $11,130
91-150 DAYS	All eligible expenses after patient pays a per-day coinsurance (These are Lifetime Reserve Days that may never be used again)	$742 A DAY COINSURANCE as much as: $44,520
151 DAYS OR MORE	NOTHING	YOU PAY ALL COSTS
*SKILLED NURSING CONFINEMENT: Following an inpatient hospital stay of at least 3 days and enter a Medicare-approved skilled nursing facility within 30 days after hospital discharge and receive skilled nursing care	All eligible expenses for the first 20 days; then all eligible expenses for days 21-100 after patient pays a per-day coinsurance	After 20 days $185.50 A DAY COINSURANCE as much as: $14,840
HOSPICE CARE: Must meet Medicare's requirements, including a doctor's certification of terminal illness	All but very limited copayment for outpatient drugs and inpatient respite care	Medicare CO-PAYMENT
BLOOD	100% of approved amount after first 3 pints of blood.	First 3 pints

2021 MEDICARE PART B

Part B is Medical Insurance and covers physician services, outpatient care, tests, and supplies - per calendar year.

ON EXPENSES INCURRED FOR:	MEDICARE COVERS	YOU PAY
ANNUAL DEDUCTIBLE	Incurred Expenses after the required Medicare deductible	$203 ANNUAL DEDUCTIBLE
MEDICAL EXPENSES Physicians' services for inpatient and outpatient medical/surgical services; physical/speech therapy; and diagnostic tests	80% of approved amount	20% of approved amount*
EXCESS DOCTOR CHARGES** (Above Medicare Approved Amounts)	0% above approved amount	ALL COSTS
CLINICAL LABORATORY SERVICES	Generally 100% of approved amount	Nothing for services
HOME HEALTHCARE	100% of approved amount; 80% of approved amount for durable medical equipment	Nothing for services; 20% of approved amount* for durable medical equipment
OUTPATIENT HOSPITAL TREATMENT	Medicare payment to hospital, based on outpatient procedure payment rates	Coinsurance based on outpatient payment rates
BLOOD	80% of approved amount after first 3 pints of blood.	First 3 pints plus 20% of approved amount for additional pints

*On all Medicare-covered expenses, a doctor or other healthcare provider may agree to accept Medicare assignment. This means the patient will not be required to pay any expense in excess of Medicare's approved charge. The patient pays only 20% of the approved charge not paid by Medicare.

**Physicians who do not accept assignment of a Medicare claim are limited as to the amount they can charge for a covered service. In 2021, the most a physician can charge for a service covered by Medicare is 115% of the approved amount for nonparticipating physicians (may vary by state). *Note: In New York, the most a physician can charge for services covered by Medicare is 105% of the approved amount for nonparticipating physicians. For routine office visits covered by Medicare, a nonparticipating physician can charge up to 115% of the fee schedule amount.*

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Medigap or Medicare Supplements

Once Original Medicare has paid its cost sharing portion, then a recipient can choose to purchase a private-sector Supplemental policy to help offset the remaining balance - or gap – that Parts A and B do not pay. The recipient chooses whether to enroll and pay for a supplemental plan and then has cost-sharing based on the type of policy purchased. All plans are dictated and approved by Medicare as to the options of coverage that can be offered and covered in Medigap policies.

Medicare Medigap or Medicare Supplements required plan options and coverage:

MEDICARE PLANS / BENEFITS	Plans Available to All Applicants							Medicare First Eligible Before 2020 Only	
	A	B	D	G▼	K■	L■	N●	C	F▼
Basic Benefits									
Hospitalization (Part A Coinsurance)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medical Expenses (Part B Coinsurance or Copayment)	100%	100%	100%	100%	50%	75%	Copay●	100%	100%
Blood (first three pints)	✓	✓	✓	✓	50%	75%	✓	✓	✓
Part A Hospice Care Coinsurance or Copayment	✓	✓	✓	✓	50%	75%	✓	✓	✓
Skilled Nursing Facility Coinsurance			✓	✓	50%	75%	✓	✓	✓
Part A Deductible		✓	✓	✓	50%	75%	✓	✓	✓
Part B Deductible								✓	✓
Medicare Part B Excess Charges				100%					100%
Foreign Travel Emergency			✓	✓			✓	✓	✓
Out-of-Pocket Annual Limit■					$5,880	$2,940			

▼ Plans F and G also have a high deductible option which requires first paying a plan deductible of *($2,340 in 2020)* before the plan begins to pay. Once the plan deductible is met, the plan pays 100% of covered services for the rest of the calendar year. Plan HDG does not cover the Medicare Part B deductible. However, Plan HDG counts your out-of-pocket payment of the Medicare Part B deductible toward meeting the plan deductible. An additional $198 (Part B deductible) may be payable by the patient.

■ Plans K and L pay 100% of covered services for the rest of the calendar year once you meet the out-of-pocket yearly limit *($5,880 for Plan K, $2,940 for Plan L in 2020)*. The out-of-pocket annual limit does NOT include the charges from your provider that exceed Medicare-approved amounts, called 'excess charges'. You will be responsible for paying excess charges. The out-of-pocket annual limit may increase each year for inflation.

● Plan N pays 100% of Medical Expenses *(Part B Coinsurance)* except for a copayment of up to $20 for some office visits and up to $50 copayment for emergency room visits that do not result in an inpatient admission. The emergency room copayment is waived if the insured is admitted to any hospital, and the emergency visit is covered as a Medicare Part A expense.

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Medicare Coverage - Part C

Part C- Medicare Advantage cover all Original Medicare benefits. Plans differ by cost sharing and restriction to in or out of network coverage. The private carrier offers various plan designs to include:

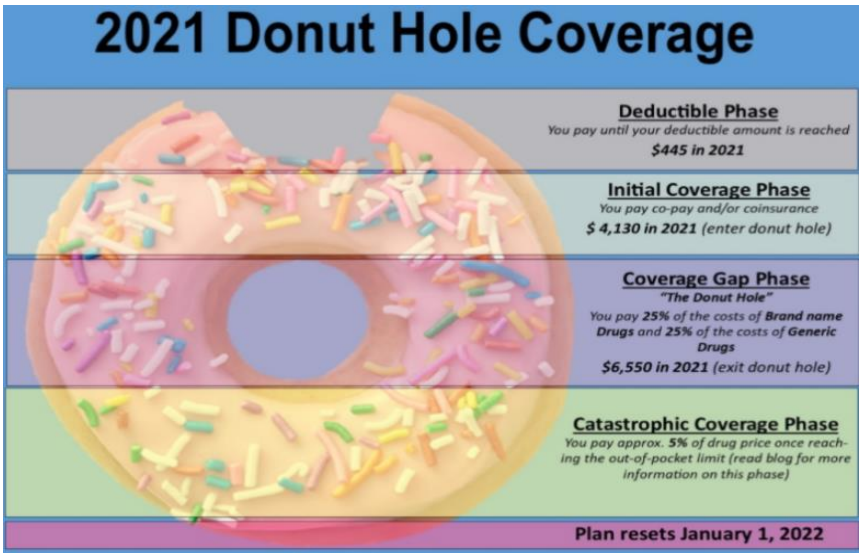
- Mandated and Medicare approved maximum out-of-pocket stop loss
- Co-pay Driven – pay as you go - Can include co-insurance or deductibles
- Many include pharmacy benefits
- Usually always has a network and plans are based on the local service area network/contracts
- Additional coverages beyond Original Medicare and Pharmacy can be offered such as dental, vision, hearing, additional chiropractic, transportation, meals delivered after services, and other options.

*** Each recipient MUST vet the carrier and product offered by network of hospitals, facilities, services and physicians to decide if the plan is best for each recipient.

Medicare Coverage - Part D

Original Medicare does not cover any pharmaceuticals. Part D Pharmaceutical are an add on benefit that is optional and purchased through a private sector insurer. The pharmaceutical benefits are based on the contracts each carrier negotiates with retail and wholesale pharmacies and all pharmaceuticals are approved by Medicare and does not cover every drug. No pre-existing conditions exclusion.

- Co-pays & Deductible can be waived or required based on carrier and premiums
- Annual "Donut-Hole" exclusion is mandated by Medicare
- Recipient must research all pharmaceuticals within a Part D carrier to ensure covered benefits



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Comparing Plan Options:
Medicare Part A, B, D/ Medigap vs. Medicare Advantage

Choosing the Best Plan

When choosing between a Medicare Advantage Plan and a Medigap or Medicare Supplement, there are certain factors that must be considered. Some of those important ones are touched below. Determining what fits each of your individually will create the most benefits and the most calm in utilizing medical services and the costs that accompany them.

- Are you willing to Self-Insure and pay the 20% Remaining Balance from Original Medicare & Prescription Costs on your Own– Then No Supplemental Plan is Needed
- No One Plan fits Everyone – Each person decides on a plan separate than any other
- Do you Travel Around (US or Foreign) or Settle in 1 or 2 places?
- Are you willing to utilize care in just one service area?
- Do you have a Pre-Existing Condition or Ongoing Chronic Illness?
- Do you like the freedom to go to Specialists without a referral?
- Do you prefer to pay one set cost monthly and know you have benefits, or do you prefer to save costs and pay as you go knowing it could be most costly in high medical years?
- Is cost a concern and you need to keep it to a minimum?
- Do your Doctor's have certain insurances they take?
- Do you have lots of meds? Or none?
- Do you want dental, vision, hearing, and a gym included in your plan?

Quick Overview to Compare Plans

Medigap – Seen like a Buffet – One Set Price Inclusive

- Can see ANY provider contracted to Medicare
- Monthly premium
- National & some International coverage
- Must add own Part D Drug Plan
- Must add own Dental & Vision plans
- No Gym membership included
- Does not have additional benefits not given in Original Medicare

Medicare Advantage – Ala Carte – Pay as Go

- Must stay in Carriers Network
- Must utilize in one service area
- Many include Pharmacy coverage
- Minimum Availability in rural areas
- HMO's & PPO's can keep costs down if healthy or Chronic care can budget
- Premiums can be none or ongoing
- Many PPOs do allow access among states but in more urban areas
- Dental, Vision, Hearing, gym membership may be included

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