



# MEDICARE 101

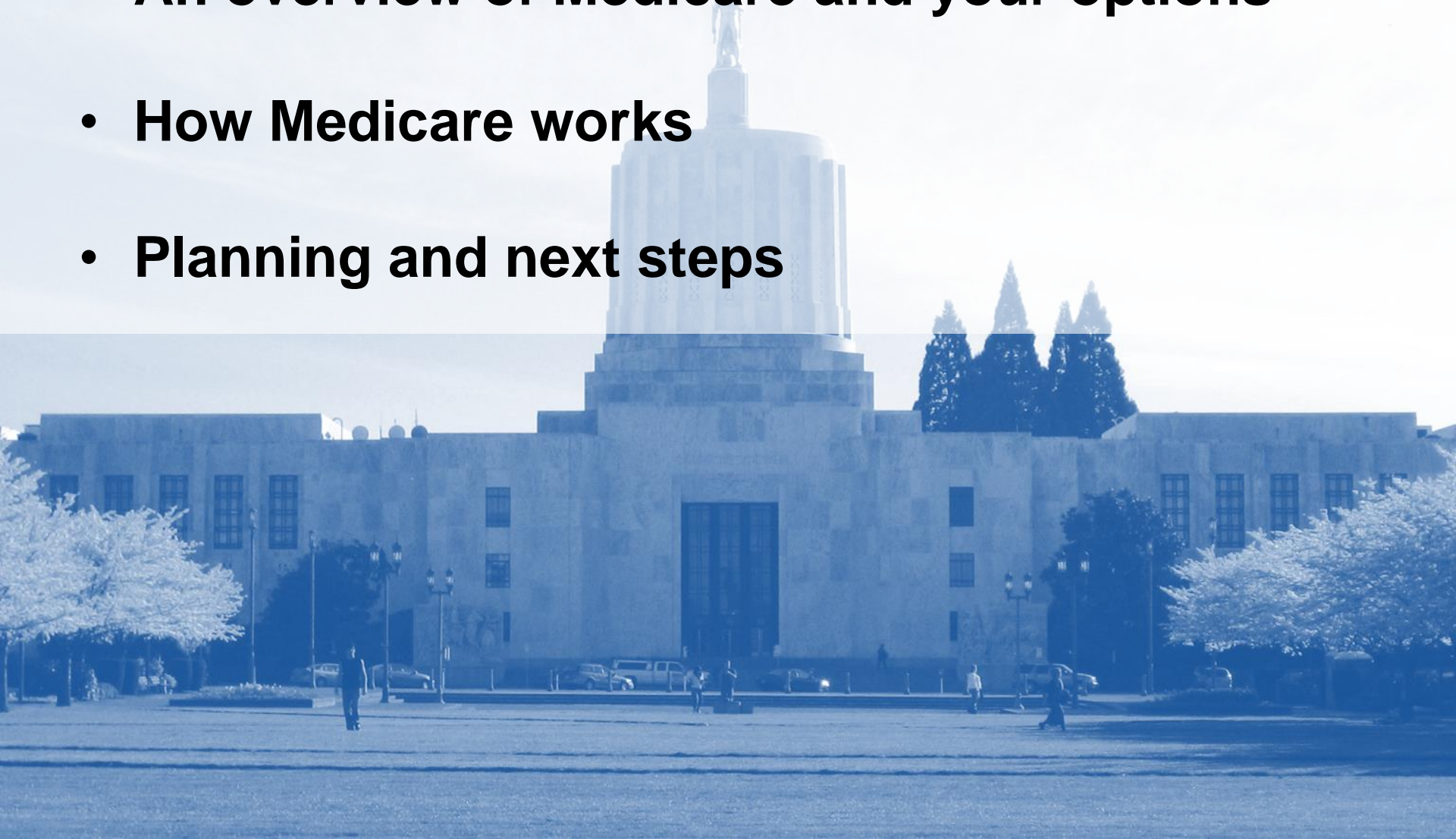
**Presented by:**

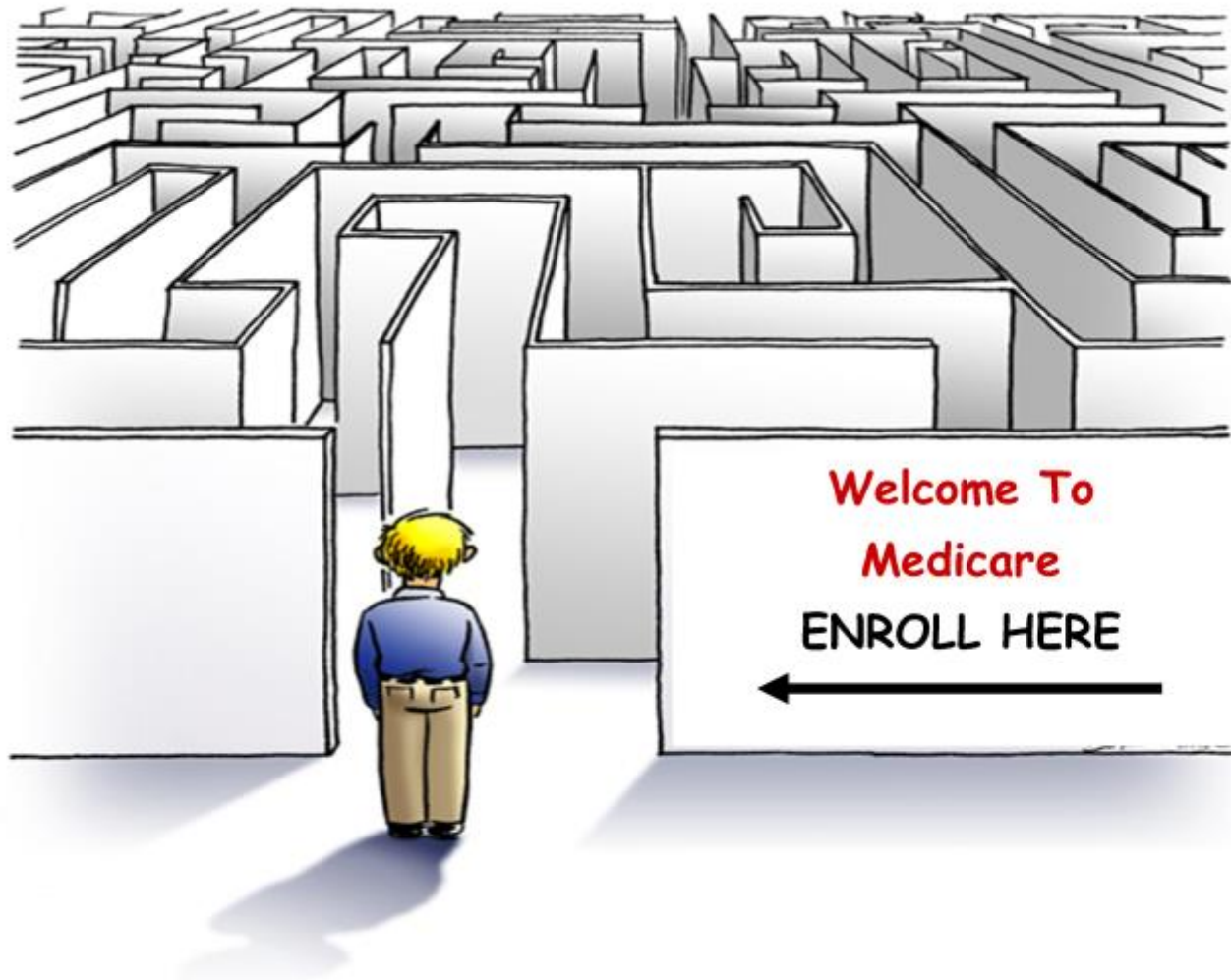
**Kaye Annis**

**Kaye Annis Insurance, LLC**

# TODAY'S PRESENTATION

- **An overview of Medicare and your options**
- **How Medicare works**
- **Planning and next steps**









# Regence

*your health, connected.<sup>SM</sup>*

***Regence is dedicated to helping our neighbors in Oregon understand their Medicare options. Thank you for spending time with us today.***

# WHAT IS MEDICARE?

# HISTORY




# Medicare has four parts: A, B, C and D

Medicare is divided into four different parts:

- **Part A** – Hospital Insurance
- **Part B** – Medical Insurance



## “Original Medicare”

MEDICARE  HEALTH INSURANCE	
1-800-MEDICARE (1-800-633-4227)	
NAME OF BENEFICIARY <b>JOHN Q. CUSTOMER</b>	
MEDICARE CLAIM NUMBER <b>000-00-0000-A</b>	SEX <b>MALE</b>
IS ENTITLED TO:	EFFECTIVE DATE
<b>HOSPITAL (PART A)</b>	<b>01- 01- 05</b>
<b>MEDICAL (PART B)</b>	<b>01- 01- 05</b>

- **Part C** – Medicare Advantage Plans
- **Part D** – Prescription Drug Coverage



# Eligibility

- **People who are at least 65 years of age, and:**
  - Have worked 10 or more years in Medicare-covered employment, and paid (or a spouse paid) Social Security for at least ten years
  - Are citizens of the United States
  
- **People who are under 65 and disabled:**
  - Have been receiving 24 months of Social Security Disability income
  - (or) Have been diagnosed with ESRD or ALS

If you have questions about your eligibility, call **1-800-MEDICARE.**



# HOW TO SIGN UP FOR MEDICARE

# Enrolling – Original Medicare Part A & B



**Parts A & B can begin as soon as the first day of the month you turn 65.**

# When to Enroll – Enrollment Periods

- **Initial Enrollment Period (IEP):**

- Seven-month window
- Begins three months before your 65<sup>th</sup> birthday month, the month of your 65<sup>th</sup> birthday, and three months after your 65<sup>th</sup> birthday month



# Enrollment Periods cont.

*“I’m still working, have group coverage through my employer, and do not intend to retire when I turn 65.”*

- **Special Enrollment Period (SEP)**

- During the 8-month period that begins the month after your employment ends (retire)

- **General Enrollment Period (GEP):**

- Jan. 1 – March 31, for a July 1 effective date
- A late enrollment penalty may apply





## *“What if I already receive Social Security and am turning 65?”*

- Enrollment in Parts A & B are automatic
- If you decline Part B and send back your Medicare card:
  - 10% penalty for each year you delay applying
  - May avoid penalty if you or your spouse is actively working AND you are covered by that group health insurance

# Note on Enrollment

Take special note of your health insurance coverage status as you approach 65. There are several instances where people often make mistakes and end up paying fines. These include:

- Not having sufficient “creditable” drug-coverage
- Not signing up in time

# ORIGINAL MEDICARE – HOW IT WORKS

# Part A – Hospital Insurance

## What it *Helps* Cover:

- Inpatient care in hospitals
- Skilled nursing facilities
- Hospice care
- Home health care services



**There is no cost** for Part A if you or your spouse paid into Social Security for ten years.





## Part A – Your Responsibility

Part A does not cover all inpatient expenses. You will be responsible for paying for some costs before your benefits apply (your deductible) and for a certain amount of costs after the deductible is met.

### 2016 PART A COST-SHARING

- **\$1,288** deductible (each benefit period)
- **\$322** co-pay (per day) days 61 – 90 at the hospital
- **\$644** co-pay (per day) days 90 – 150 at the hospital

# Part B – Medical Insurance

## What it *Helps* Cover:

- Services from doctors and other health care providers
- Outpatient care
- Home health care
- Durable medical equipment
- Some preventive services



**2015 BENEFITS**  
**Monthly premium: \$121.80**  
**Deductible: \$166**  
**Cost Sharing: \$20%, varies**

## Part B – Your Responsibility

- Monthly premium
- Paying some costs out of pocket until you meet your deductible
- Some cost sharing for the doctor's visits and medical services you receive (your coinsurance) – mostly 20% of all costs after your deductible is met

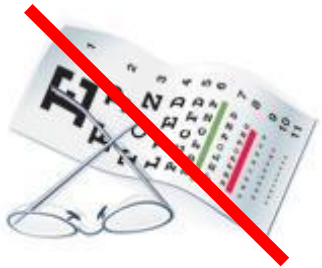
# Examples of what you will pay with only Original Medicare (Part A and B only)

Type of Care	You Pay
1 day Hospital stay	\$1,288 – Part A deductible
150 consecutive day stay in a Hospital	\$48,300
100 consecutive day stay in a Skilled Nursing Facility	\$12,880
Doctor visits and outpatient surgeries	\$166 Part B deductible plus <b>20%</b> coinsurance of everything else

***There's no yearly limit for what you pay out-of-pocket***



# Original Medicare does not cover everything



## Examples of services NOT covered:

- Most prescription drugs
- Custodial care at home
- Most chiropractic services
- Care outside the U.S.
- Hearing aids
- Routine vision exams
- Routine dental care and dentures
- Experimental procedures
- Services that are not medically necessary



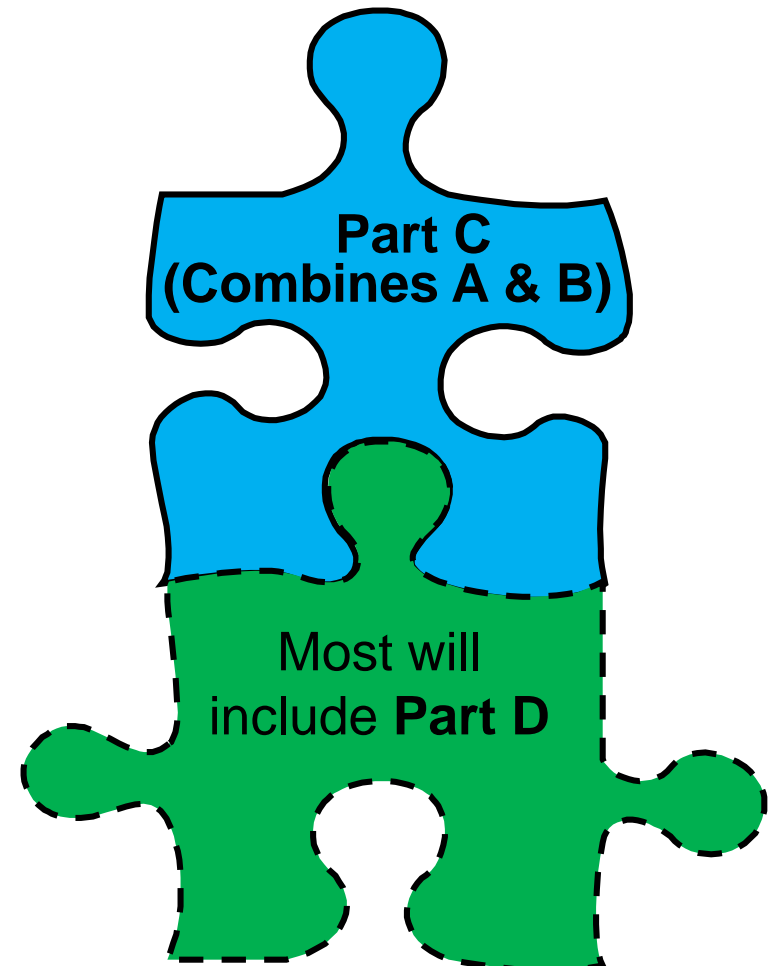
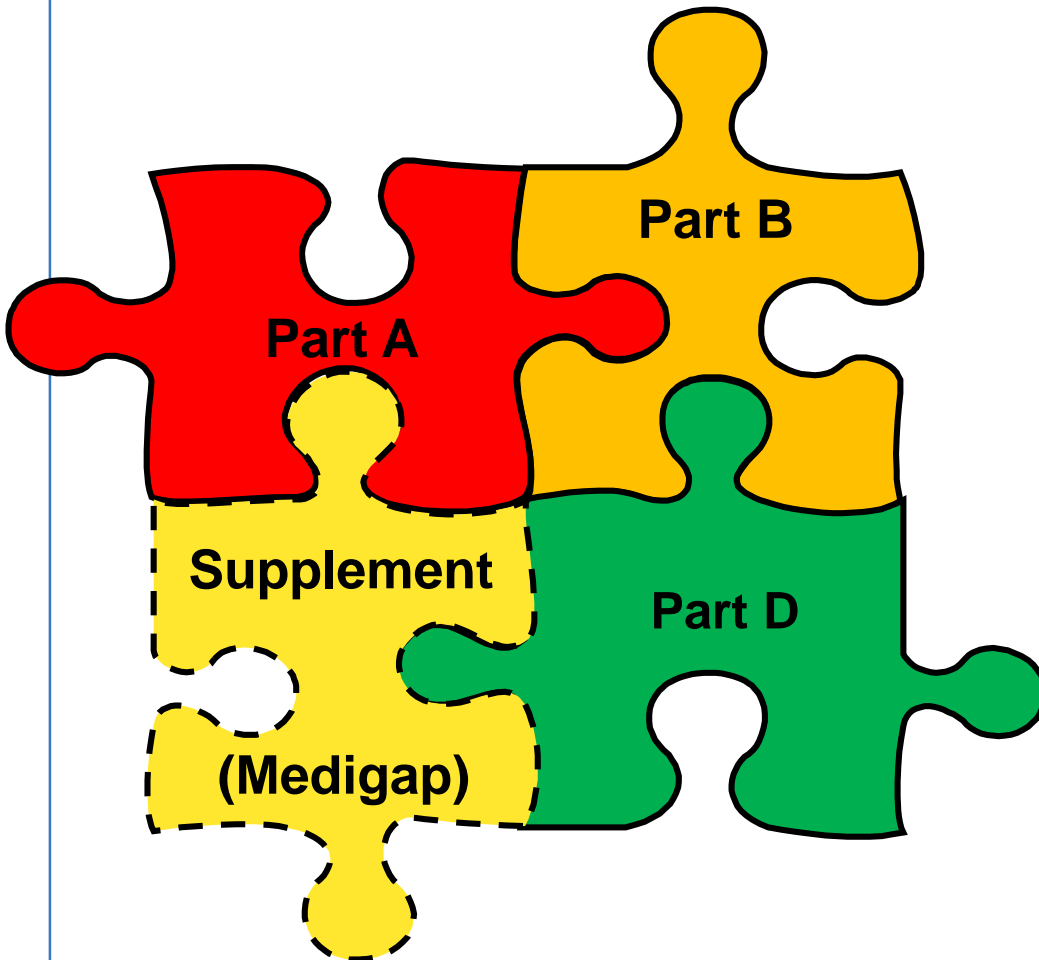
# COVERAGE BEYOND ORIGINAL MEDICARE

# Putting it all together – your Medicare choices

“Original Medicare”

or

Medicare Advantage



# Private Insurance Offerings

- Medigap Plans, Part D and Medicare Advantage Plans
- Highly regulated by Medicare (CMS)
- Premiums vary depending on plan, company and location
- Plan availability will vary on a county level



# MEDIGAP PLANS

# Bridge the Gap



Medicare Supplement or Medigap plans are sold by private companies and help pay for some of the health care costs that Original Medicare doesn't cover, like copayments, coinsurance and deductibles.



# When to Enroll – Medigap Plans



- Must be enrolled in Medicare Part A and B
- Guarantee issue within 6 months of your Part B effective date
- If you sign-up past your initial 6 months of starting Part B, you may be subject to underwriting
  - Possible exceptions: Ending your group coverage or moving out of the service area





# Medigap Plans cont.

- Best time to buy a Medigap plan is when you first become eligible, which enables you to purchase a plan without regard to preexisting conditions and is the only time you are guaranteed to be accepted.
- Your coverage begins the same day that your Medicare Part B coverage starts.
- Medigap plans do not include prescription drug coverage.
- You will still need to add a Medicare Part D Plan to avoid a penalty.

# Medigap Plans at a glance

Medigap Benefits	Medigap Plans									
	A	B	C	D	F*	G	K	L	M	N**
Part A Coinsurance up to an additional 365 days	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B Coinsurance	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Blood	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Hospice Care Coinsurance	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled Nursing Coinsurance			✓	✓	✓	✓	50%	75%	✓	✓
Part A Deductible		✓	✓	✓	✓	✓	50%	75%	50%	✓
Part B Deductible			✓		✓					
Part B Excess Charges					✓	✓				
Foreign Travel Emergency (Up to Plan Limits)			✓	✓	✓	✓			✓	✓
*Plan F has a high-deductible option							<b>Out-of-Pocket Limit</b>			
**Plan N pays 100% Part B coinsurance except for a copay up to \$20 for some office visits and up to \$50 for emergency room visits not resulting in an inpatient admission							<b>\$4,660</b>	<b>\$2,330</b>		

# PART D – PRESCRIPTION DRUG COVERAGE

# Part D – Prescription Drug Plan (PDP)

- Part D helps pay for your prescription drug costs
- Purchased from private companies (approved by Medicare)
  - PDP (works great with Medigap or Original Medicare)
  - MAPD (combines Parts A, B, C and D)
- Responsible for coinsurance and co pays



# What to look for in prescription drug benefits

- Drug list: Also known as a “formulary”
  - “Are my drugs covered?”
  - Drug Tiers
- Participating pharmacies
  - Retail
  - Mail order
- Restrictions such as
  - Prior Authorization
  - Quantity limits
  - Step therapy



# How Part D Prescription Drug Coverage Works

## Initial Benefit Period



— **\$3,310**  
Retail drug-cost

Plan pays most

You pay a little

You pay a little and the Plan pays the most, depending on the drugs

## Coverage Gap



Drug company discounts 50%,  
**brand only**

— **\$4,850**  
Out-of-pocket

You may pay all other drug costs

The amount paid from your initial benefit period rolls over

You pay 58% generic, 45% brand-name

## Catastrophic Coverage

**No limit**

(you will pay the greater of)  
**5% or \$2.95 generic / \$7.40 brand name**

# Extra Help – Low-income-subsidy

Depending on your income, you may qualify for a Low Income Subsidy (LIS) that can be used to pay for your Medicare Part D drug coverage:

## Low Income Subsidy (LIS)

- Helps cover you prescription drug plan premiums, reduces other out-of-pocket drug costs (deductibles, co pays, co insurance), and eliminates the donut hole
- Can apply for extra help at anytime

Contact Social Security to see if you might be eligible





# Part D – Prescription Drug Coverage cont.

## What if I'll have prescription coverage when I retire?

**NOTE:** Unless you already have “creditable” prescription drug coverage through an employer, union, VA or other means, you must obtain Part D coverage when you are first eligible. You will pay a **late enrollment penalty** if you choose to enroll later. This penalty is set by the federal government each year.



# PART C / MEDICARE ADVANTAGE PLANS

# Part C – Medicare Advantage Plans

$$A \& B \& (D) + \text{Additional Benefits} = C$$

## Some offer additional, richer benefits like:

- Vision
- Dental
- Fitness membership
- Hearing
- Prescription drug coverage
- Coverage when you travel

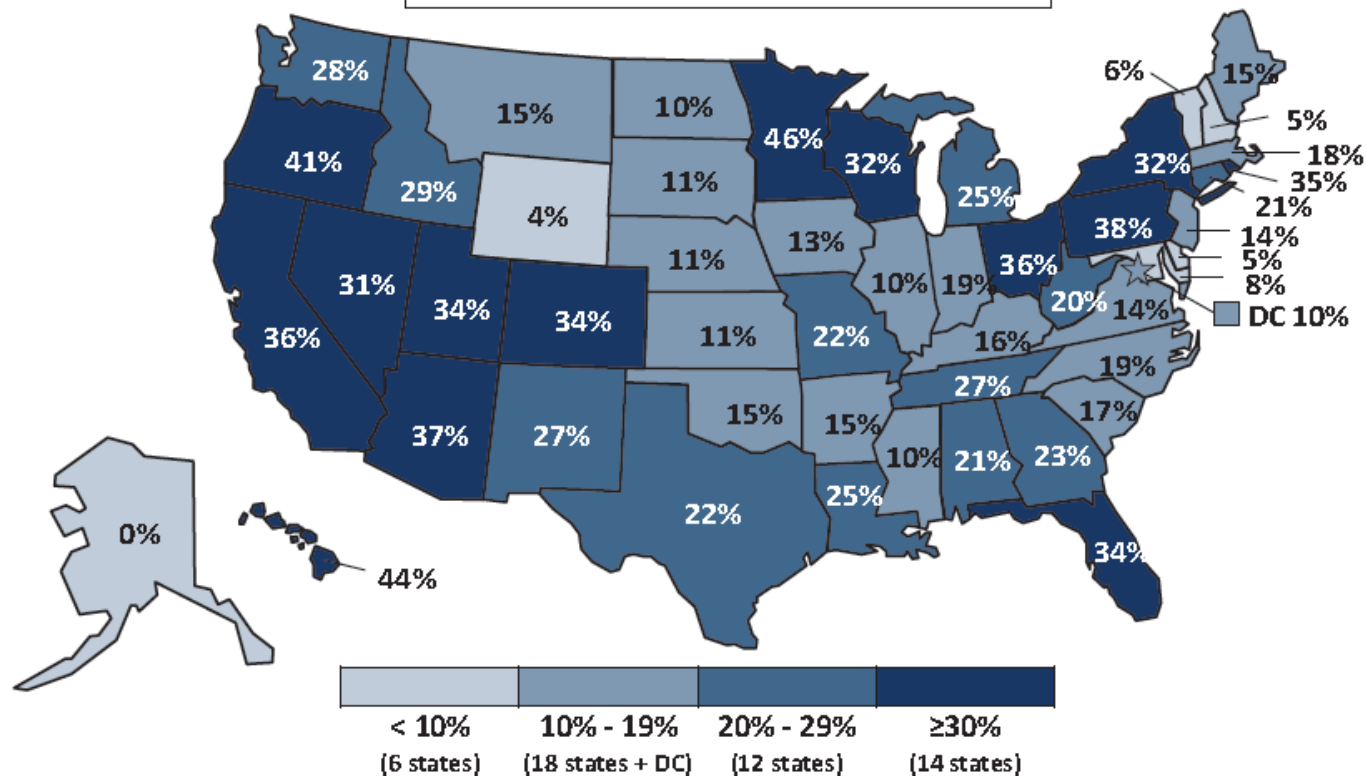
If you purchase a MA Plan, you pay a **monthly premium** and a percentage of some costs. You will also be required to **continue paying for your Part B premium**.

**Availability will vary by county**

# Medicare Advantage plans are a popular option

## Share of Medicare Beneficiaries Enrolled in Medicare Advantage Plans, by State, 2012

National Average, 2012 = 27%



**NOTE:** Includes cost and demonstration plans, and enrollees in Special Needs Plans as well as other Medicare Advantage plans.  
**SOURCE:** MPR/Kaiser Family Foundation analysis of CMS State/County Market Penetration Files, 2012.

# Types of Medicare Advantage plans

- **PPO** (Preferred Provider Organization)
- **HMO** (Health Maintenance Organization)
- **PFFS** (Private Fee-for-Service)

# When to Enroll – Medicare Advantage Plans



- **Initial Enrollment Period (IEP/ICEP):**
  - Same 7-month window as Original Medicare when you first turn 65.
- **Annual Enrollment Period (AEP):**
  - Change from Original Medicare to a Medicare Advantage plan Switch Medicare Advantage plans.
- **Special Election Period (SEP):**
  - If you are moving into a new service area, you have one month before you move and two-months after you move to sign up for a new plan
  - If your current Medicare Advantage plan terminates for the next year, you have from October 15 to the end of February to sign up for a new plan.
  - If you lose your employer coverage or decide to retire after you have turned 65

# How to enroll for Medicare coverage?

- Original Medicare
  - Contact Social Security to sign up for **Part A** & **Part B** at [www.socialsecurity.gov/retirement](http://www.socialsecurity.gov/retirement)
- Medicare Advantage, Part D and Medicare Supplement Plans
  - Enroll on the plans website or [www.medicare.gov](http://www.medicare.gov)
  - Completing a paper application form
  - Calling the plan
  - Calling 1-800-MEDICARE
  - (NOTE: You must live in the plan's service area)



# Resources

- [www.medicare.gov](http://www.medicare.gov) – see Medicare personal plan finder
- Call Medicare at **1-800-633-4227** (TTY users 1-877-486-2048)
- Senior Health Insurance Benefits Assistance (SHIBA) program:  
**1-800-722-4134**
- Review your “Medicare and You” handbook

**THANK YOU**