

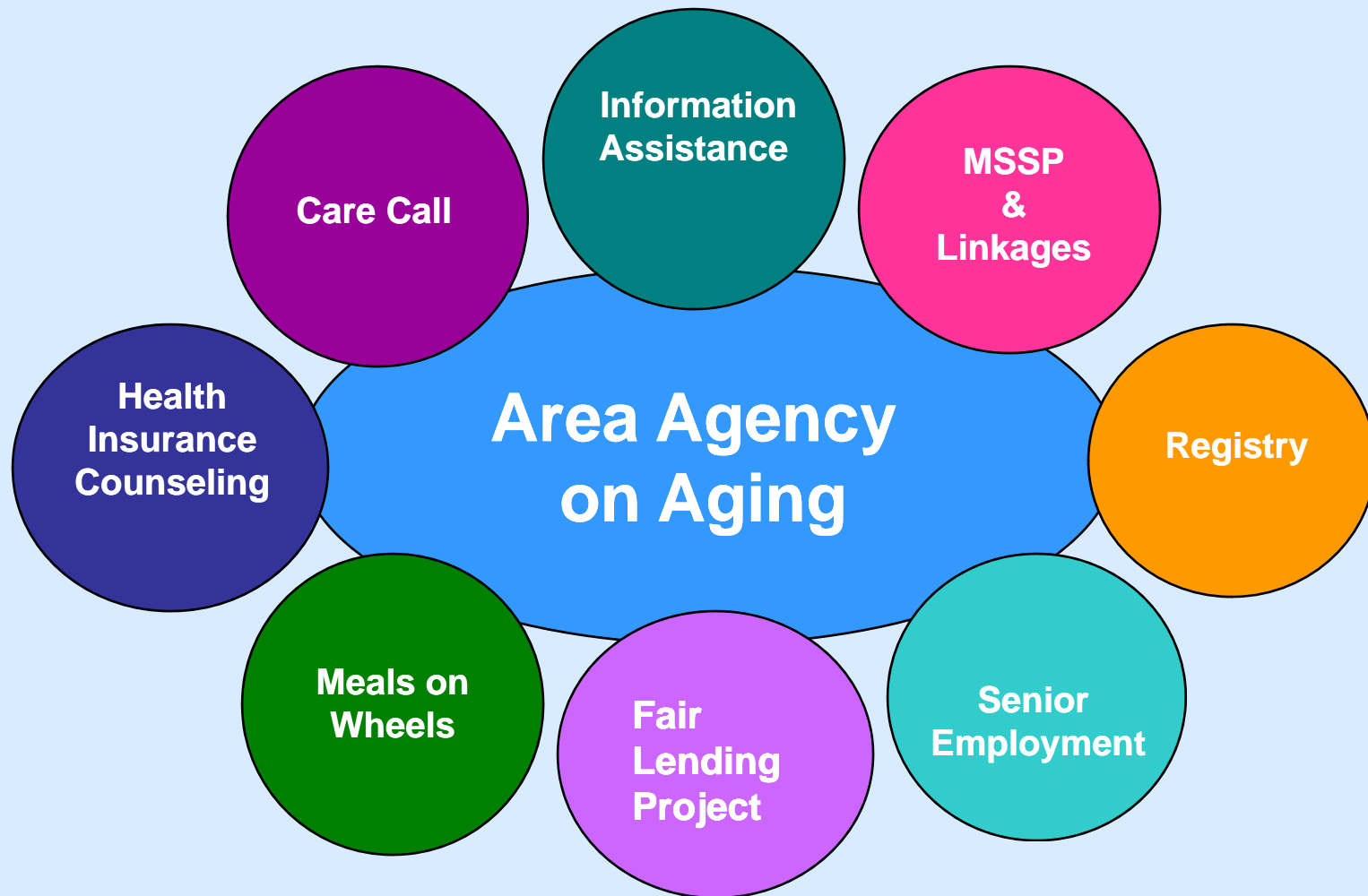
# Medicare 101

## 2010 Preliminary

*Connie Corrales*



# Council on Aging Program Chart



# WHAT IS HICAP ?

- **HHealth Insurance Counseling & Advocacy Program**
- **Free Counseling/Education**
- **Unbiased Information Source**

# HICAP Counselors

- **Volunteers**
- **Available by Appointment**
- **20+ Sites**
- **Trained & Registered**
- **Experienced**

# HICAP Focuses On:

- **Medicare**
- **Medigap (Medicare Supplemental Insurance)**
- **Medicare Advantage**
- **Long Term Care Insurance**

# Medicare 101

- Introduction to Medicare
- Original Medicare Plan
- Medicare Supplement Insurance (Medigap)
- Medicare Advantage and other Medicare plans
- Medicare prescription drug coverage

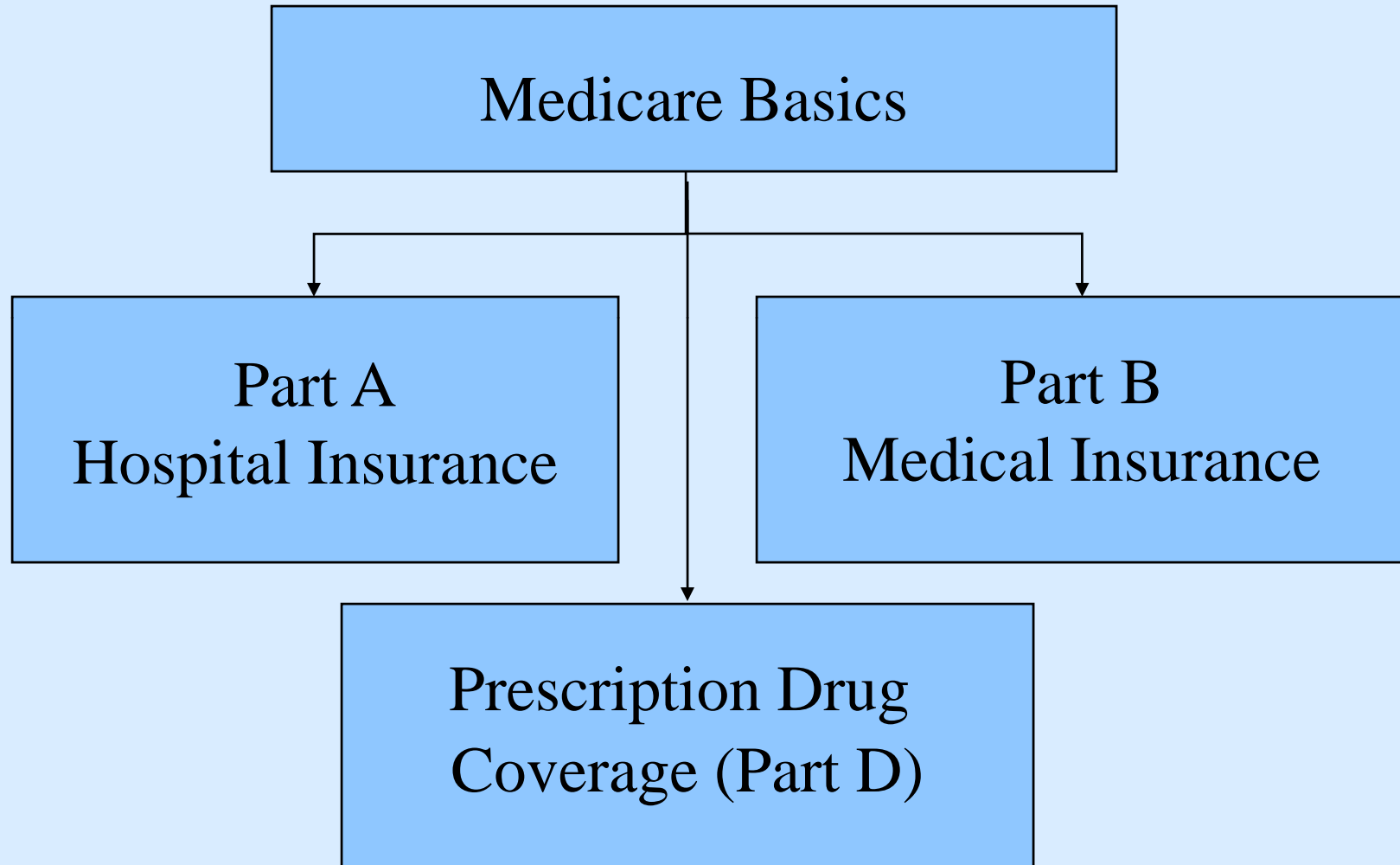
# What Is Medicare?

- A health insurance program for
  - People 65 years of age and older
  - People under age 65 with certain disabilities
  - People with End-Stage Renal Disease (ESRD)
- Administered by Centers for Medicare & Medicaid Services (CMS)
- Enrollment by Social Security Administration (SSA) or Railroad Retirement Board (RRB)

# Applying for Medicare

- Apply 3 months before age 65
  - Don't have to be retired
  - Contact the Social Security Administration
- Enrollment automatic if receiving Social Security or Railroad Retirement benefits

# Medicare



# Medicare

- Medicare has
  - Part A – Hospital coverage
  - Part B – Medical coverage
  - Part C – Medicare Advantage Plans (like HMOs and PPOs)
  - Part D – Prescription drug coverage
- You have choices in how you get your Medicare health and drug coverage

# Medicare Coverage Basics

Part A	<ul style="list-style-type: none"><li>■ Inpatient hospital care</li><li>■ Skilled nursing care</li><li>■ Home health care</li><li>■ Hospice care</li></ul>
Part B	<ul style="list-style-type: none"><li>■ Doctors' services and outpatient care</li><li>■ Preventive services</li><li>■ Diagnostic tests</li><li>■ Some therapies</li><li>■ Durable medical equipment</li></ul>
Part D	<ul style="list-style-type: none"><li>■ Outpatient prescription drugs</li></ul>

# Medicare Part A

- Most people receive Part A premium free
- People with less than 10 years of Medicare-covered employment
  - Can still get Part A
    - Will pay a premium
- For information about Part A entitlement
  - Call SSA
    - 1-800-772-1213
    - TTY users call 1-800-325-0778

# Enrolling in Medicare Part B

- Pay monthly Part B premium
  - \$96.40 in 2010 for most people
  - \$110.50 for new enrollee less than \$85,000 income
- Initial Enrollment Period (IEP)
  - 7 months starting 3 months before month of eligibility
- General Enrollment Period (GEP)
  - January 1 through March 31 each year
  - Coverage effective July 1
  - Premium penalty
    - 10% for each 12-month period eligible but not enrolled
    - Paid for as long as the person has Part B
    - Limited exceptions

# Enrolling in Medicare Part B

- Some people can delay enrolling in Part B with no penalty
  - If covered under employer or union group health plan
    - Based on current employment
      - Person or spouse
    - Will get a Special Enrollment Period (SEP)
      - Sign up within 8 months after coverage ends

# Paying the Part B Premium

- Taken out of monthly payments
  - Social Security
  - Railroad retirement
  - Federal government retirement
- For information about premiums
  - Call SSA, RRB, or Office of Personnel Management
- If no monthly payments
  - Billed every 3 months

# Paying for Medicare Part B

- Monthly Medicare Part B premium in 2010
  - Most people pay \$96.40

If Your Yearly Income is		You pay
File Individual Tax Return	File Joint Tax Return	
\$85,000 or below	\$170,000 or below	\$110.50
\$85,001-\$107,000	\$170,001-\$214,000	\$154.70
\$107,001-\$160,000	\$214,001-\$320,000	\$221.00
\$160,001-\$214,000	\$320,001-\$428,000	\$287.30
Above \$214,000	Above \$428,000	\$353.60


# Medicare Choices

- Original Medicare Plan
- Medicare Advantage Plans
- Other Medicare Plans
- Medicare Prescription Drug Plans

# Original Medicare Plan

- Red, white and blue Medicare card
- Part A and/or Part B
- Go to any provider that accepts Medicare
- You pay
  - Part B premium
    - Part A free for most people
  - Deductibles
  - Coinsurances or copayments

# The Medicare Card

	
MEDICARE	HEALTH INSURANCE
1-800-MEDICARE (1-800-633-4227)	
NAME OF BENEFICIARY <b>JANE DOE</b>	
MEDICARE CLAIM NUMBER <b>000-00-0000</b>	SEX
IS ENTITLED TO <b>HOSPITAL MEDICAL</b>	EFFECTIVE DATE <b>(PART A) 07-01-1986 (PART B) 07-01-1986</b>
Start HERE →	_____

# Paying for Hospital Stays

- For inpatient stays in 2010 you pay
  - Days 1 – 60 each benefit period
    - \$1100 Total
  - Days 61 – 90 each benefit period
    - \$275 per day
  - Days 91 – 150 (60 lifetime reserve days)
    - \$550 per day
  - All costs for each day beyond 150 days

# Skilled Nursing Facility Care

- For each benefit period in 2010 you pay
  - Days 1 – 20: \$0
  - Days 21 – 100: \$137.50 per day
  - All costs after 100 days
- Must meet requirements for Medicare covered stay
  - Does NOT include custodial care

# Paying for Part B

- In the Original Medicare Plan you pay
  - Monthly Part B premium
    - \$96.40 in 2010 for most people
    - \$110.50 for new enrollee
  - Yearly deductible
    - \$155 in 2010
  - 20% coinsurance for most services
  - Some copayments

# Medigap

## ■ Health insurance policy

- Sold by private insurance companies
- Must say “Medicare Supplement Insurance”
- Covers “gaps” in the Original Medicare Plan
  - Deductibles, coinsurance, copayments
  - Does not work with Medicare Advantage Plans
- Up to 12 standardized plans A – L

# How Medigap Works

- People can buy a Medigap policy
  - Within 6 months of enrolling in Part B
    - Must be age 65 or older
  - If they lose certain kinds of health coverage
    - Through no fault of their own
  - If they leave MA Plan under certain circumstances
  - Whenever the company will sell them one
- Monthly premium
- Generally go to any doctor or specialist

# Medicare Advantage Plans

- Health Maintenance Organization (HMO) Plans
- Preferred Provider Organization (PPO) Plans
- Private Fee-for-Service (PFFS) Plans
- Special Needs Plans
- Medicare Medical Savings Account (MSA) Plans

# Eligibility for MA Plans

- Live in plan's service area
- Entitled to Medicare Part A
- Enrolled in Medicare Part B
  - Continue to pay Part B premium
  - May also pay monthly premium to plan
- Don't have ESRD at enrollment
  - Some exceptions

# How MA Plans Work

- Usually get all Part A and B services through plan
  - May have to use providers in plan's network
  - Generally must still pay Part B premium
- May get extra benefits
  - Vision, hearing, dental services
  - Prescription drug coverage
- Still in Medicare program
  - Get all Part A and Part B services
  - Have Medicare rights and protections

# Medicare HMO Plans

- Copayment amounts set by plan
- Generally must get care and services from plan's network
  - Use doctors and hospitals that join the plan
  - May have to pay in full for care outside plan's network
    - Covered if emergency or urgently needed care

# Medicare HMO Plans (cont'd)

- May need to choose primary care doctor
  - Usually need a referral to see a specialist
  - Doctors can join or leave
- May get Medicare drug coverage

# Medicare PPO Plans

- Can see any doctor or provider that accepts Medicare
  - Don't need referral to see specialist
  - Don't need referral to see out-of-network provider
  - Copayment amounts set by plan
    - Will usually pay more for out-of-network care
- May get Medicare drug coverage

# Medicare PFFS Plans

- Can see any Medicare-approved doctor or hospital that accepts the plan
  - Can get services outside service area
  - Don't need referral to see a specialist
  - Plan sets copayment amounts
- Can get emergency care anywhere
  - Without prior approval
- If offered, can get Medicare prescription drug coverage
  - If not offered, can join a Medicare Prescription Drug Plan

# Medicare Prescription Drug Coverage

- Coverage began January 1, 2006
- Available to all people with Medicare
- Provided through
  - Medicare Prescription Drug Plans
  - Medicare Advantage and other Medicare plans
  - Some employers and unions

# Enrollment Periods

- Initial Enrollment Period (IEP)
  - 7 months
  - Starts 3 months before month of eligibility
- Annual Coordinated Election Period (AEP)
  - November 15 through December 31 each year
  - Can join, drop, or switch coverage
    - Effective January 1 of following year
- Special Enrollment Period (SEP)

# Late Enrollment

- People who wait to enroll may pay penalty
  - Additional 1% of national base premium for every month eligible but not enrolled
  - Must pay the penalty as long as enrolled in a Medicare drug plan
- Unless they have other coverage at least as good as Medicare drug coverage
  - “Creditable coverage”

# Prescription Drug Plans

- At a minimum, must offer standard benefit
  - In 2010 members may pay
    - Monthly premiums
    - Annual deductible, no more than \$310
    - Copayments or coinsurance
    - Very little after \$4,550 out-of-pocket
- May offer supplemental benefits
- Plan information and costs available
  - [www.medicare.gov](http://www.medicare.gov)
  - 1-800-MEDICARE (1-800-633-4227)

# Medicare Part D Costs 2010

(Standard Plan)

**Total out-of-pocket (TrOOP)=\$4,550 (\$310+\$630 + \$3,610) before reaching catastrophic coverage**

	<b>Drug costs</b>	<b>Beneficiary Pays (TrOOP)</b>	<b>Plan Pays</b>
Before meeting deductible	0 - \$310	100% = \$310	0%
Initial coverage	\$310 - \$2,830	25% = \$630	75%
Coverage gap (doughnut hole)	\$2,831 - \$6,440	100% = \$3,610	0%
Catastrophic coverage	>\$6,441	Greater of 5% or \$2.50 / \$6.30	95%

# Extra Help With Drug Costs

- Available for many people with limited income and resources
    - Income limit in 2009
      - \$16,245 per year (individual)
      - \$21,855 per year (married couple)
    - Resource limit
      - \$12,510 (individual)
      - \$25,010 (married couple)
- These numbers change in 2010

# Summary

- Medicare coverage
- Original Medicare Plan
- Medicare Supplement Insurance (Medigap)
- Medicare Advantage and other Medicare plans
- Medicare prescription drug coverage

# For More Information

- 1-800-MEDICARE (1-800-633-4227)
  - TTY users call 1-877-486-2048
- [www.medicare.gov](http://www.medicare.gov)
- [www.cms.hhs.gov](http://www.cms.hhs.gov)
- State Health Insurance Assistance Program (SHIP)
- *Medicare & You* handbook
  - Other publications

# ***For More Information***

## **HICAP**

**Santa Clara County: 408-296-8290**

**Toll Free: 1-800-434-0222**

**HSAG: 1-800-841-1602**

**[www.medicare.gov](http://www.medicare.gov)**