

## PROTECTING YOUR FUTURE

### Making Sense of Medicare

### *What You Can Expect....*

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### What Can You Expect?

- › Many Choices
- › Many Decisions
- › Different Agencies
- › Continual Changes

### Today's Presentation

- › Know which Agencies can Help You
- › Understand Original Medicare
- › Know How to Supplement Medicare
  - ◆ Medigap Policies
  - ◆ Medicare Advantage Plans
  - ◆ Retiree Plans
- › Understand the Prescription Drug Program
- › Know how Employer Group Health Plans works with Medicare
- › Medicare & Health Care Reform

July 30, 1965



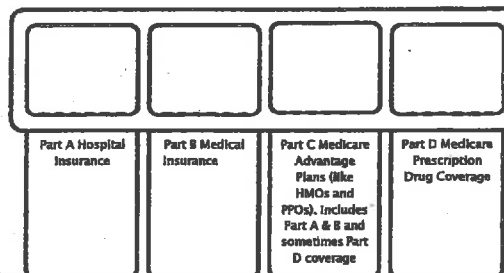
### What is Medicare?

- › Federal Healthcare Insurance Program
- › Pays for services in both facilities, like a hospital, and for services received from individual providers, like a physician
- › For people 65 years and older, people younger than 65 years old with disability or end stage renal disease (ESRD)
- › No income or asset requirements to be eligible

## Agencies that Help with Medicare

- › Social Security Administration (SSA) or Rail Road Board (RRB)
- › Centers for Medicare & Medicaid Services (CMS)
- › Health Insurance Counseling & Advocacy Program (HICAP)
- › Senior Medicare Patrol (SMP)

## The ABCD's of Medicare

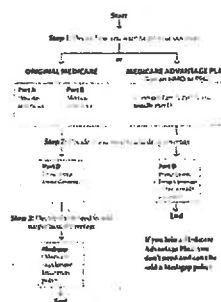


## Medicare Decisions



- › Original Medicare or Medicare Advantage?
- › Should I keep/sign up for Part A?
- › Should I take Part B? When?
- › What about Part D?
- › Do I need a Medigap policy?
- › Can I get help with Medicare costs?

Y N  
maybe?

## Medicare Coverage Choices



## Original Medicare

- › Has Part A – Hospital Insurance 
  - Hospital
  - Skilled Nursing Facility
  - Home health care
  - Hospice care
- › Has Part B – Medical Insurance 
  - Doctor's visits
  - Outpatient hospital services
  - Clinical lab tests
  - Durable Medical Equipment
  - Preventive services

## Medicare Part A (Hospital Insurance)

- › What does Part A cost?
  - Most people get Part A premium free
  - If you paid FICA taxes at least 10 years
  - If you paid FICA less than 10 years
  - You can pay a premium to get Part A
    - \$243 or \$441 per month
  - May have penalty
    - If not bought when first eligible

### Your Costs for Inpatient Hospital Stays

For each benefit period in 2013	You Pay
Days 1-60	\$1,184 deductible
Days 61-90	\$296 per day
Days 91-150	\$592 per day (60 lifetime reserve days)
All days after 150	All Costs

### Your Costs for Care in a Skilled Nursing Facility

For each benefit period in 2013	You Pay
Days 1-20	\$0
Days 21-100	\$148.00 per day
All days after 100	All Costs

### Monthly Part B Premium in 2013

If your Taxable Income in 2011 was		You Pay
File Individual Tax Return	File Joint Tax Return	
\$85,000 or below	\$170,000 or below	\$104.90
\$85,001-\$107,000	\$170,001-\$214,000	\$146.90
\$107,001-\$160,000	\$214,001-\$320,000	\$209.80
\$160,001-\$214,000	\$320,001-\$428,000	\$272.70
above \$214,000	above \$428,000	\$335.70

Note: Premiums are usually deducted from your Social Security benefit payment.

### Your Costs for Part B Services

- ▶ In Original Medicare you pay
  - Yearly deductible of \$147 in 2013
  - 20% coinsurance for most services
- ▶ Programs may help pay these costs
  - For people with limited income and resources
  - Medicare Savings Programs

### How to Enroll in Medicare

- ▶ Enrollment is automatic
  - If you get Social Security or RRB benefits
- ▶ If enrollment is not automatic
  - For instance, you're still actively working
  - You need to enroll with Social Security
    - Visit local office
    - Call 1-800-772-1213
    - Online at [socialsecurity.gov](http://socialsecurity.gov)
- ▶ If retired from Railroad enroll with RRB
  - Call your local RRB office or 1-877-772-5772

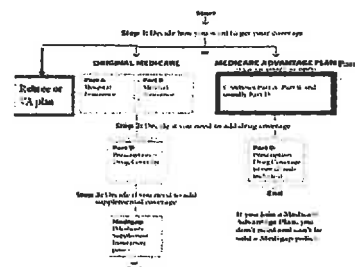
### When to Enroll in Medicare

- ▶ You don't have to be retired
- ▶ Your Initial Enrollment Period lasts 7 months
  - Begins 3 months before your 65<sup>th</sup> birthday
  - Includes the month you turn 65
  - Ends 3 months after you turn 65
- ▶ There are other times you may enroll
  - But you may pay a penalty if you delay

## General Enrollment Period (GEP)

- January 1 through March 31 each year
- Coverage effective July 1
- Premium penalty
  - 10% for each 12-months eligible but not enrolled
  - Must pay as long as you have Part B
    - Limited exceptions

## Ways to Supplement Medicare



## What is a Medigap policy?

- ▶ Medicare Supplement Insurance Policies
  - Sold by private companies
- ▶ Fill the gaps in Original Medicare
  - Deductibles, coinsurance, copayments
- ▶ Standardized plans in all but three states
  - Minnesota, Massachusetts, Wisconsin
- ▶ All plans with same letter
  - Have same coverage
  - Only the costs are different
- ▶ Does Not Work with Medicare Advantage Plans

## Do You need a Medigap policy?

- ▶ Consider
  - It only works with Original Medicare
  - Do you have other supplemental coverage?
    - You might not need Medigap
  - Can you afford Medicare deductibles and copayments?
  - What does the monthly Medigap premium cost?

## When is the best time to buy Medigap?

Usually during your  
Medigap Open Enrollment Period

- ▶ Consider
  - Your Medigap Open Enrollment Period begins when you're 65 or older AND enrolled in Part B
  - Lasts 6 months (may vary by state)
  - You have protections – plans MUST sell you a plan
  - You can buy a Medigap policy whenever a company agrees to sell you one
  - If later, there may be restrictions

## Which Medigap policy should you buy?

- ▶ Consider
  - The coverage under each standardized plan
  - The cost of each plan – be sure to shop
  - Your individual health care needs

Medigap Benefits	Medigap Plans									
	A	B	C	D	F*	G	K**	L**	M	N
Part A Coinsurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Up to 365 Days	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B Coinsurance	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Blood	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Hospice Care Coinsurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
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  
 \*\* Plans K and L have out-of-pocket limits of \$4,660 and \$2,330 respectively

## How to find the right Medigap policy

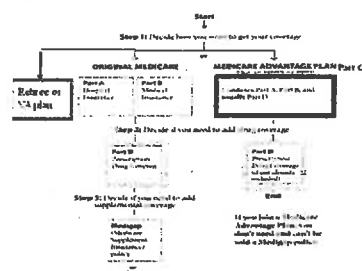
### ► By computer or phone

- Call 1.800.MEDICARE (1-800-633-4227)
- TTY users should call 1-877-486-2048

- Visit [medicare.gov](http://medicare.gov) and use the compare tool

- Call 1-800-434-0222 for the local HICAP office

## Ways to Supplement Medicare



## Retiree Insurance

- Pays after Medicare pays
- May or may not cover the Medicare deductibles or coinsurance payments
- May pay for services not covered by Medicare
- May include an annual out-of-pocket limit (which Original Medicare does not have)
- For those covered by CalPERS
  - Request the CalPERS Medicare Enrollment Guide
  - Call 1-888-225-7377 (1-888-CalPers)
  - Write: CalPERS, P.O. Box 942714  
Sacramento, CA 94229-2714

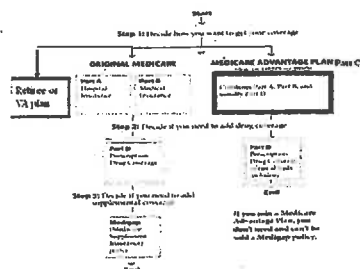
## Veteran's Administration (VA) Coverage

- Veteran's Administration (VA) Coverage
  - People with Medicare and VA benefits
    - Can obtain treatment under either program.
  - Medicare pays first when you choose to get your benefits from Medicare
  - To receive services under VA benefits
    - Must receive your health care at a VA facility or
    - Have the VA authorize services in a non-VA facility
  - Medicare and VA cannot pay for the same service

## TRICARE For Life Coverage (TFL)

- TRICARE For Life Coverage
  - Military retiree coverage
    - For services covered by Medicare and TFL
      - Medicare pays first/TFL pays remaining
    - For services covered by TFL but not Medicare
      - TFL pays first and Medicare pays nothing
    - For services received in a military hospital or other Federal provider
      - TFL pays, Medicare generally pays nothing

## Ways to Supplement Medicare



## Medicare Advantage (MA) Plans

- ▶ Health plan options approved by Medicare
- ▶ Also called Medicare Part C
- ▶ Run by private companies
- ▶ Medicare pays amount for each member's care
- ▶ Another way to get Medicare coverage
- ▶ Part of the Medicare program
- ▶ May have to use network doctors or hospitals

## How Medicare Advantage Plans Work

- ▶ Still in Medicare with all rights and protections
- ▶ Still get regular Medicare-covered services
  - Some plans may provide additional benefits
- ▶ Plan may include prescription drug coverage
- ▶ May include extra benefits like vision or dental
- Benefits and cost-sharing may be different

## Types of Medicare Advantage Plans

- ▶ Medicare Advantage Plans include
  - Health Maintenance Organization (HMO)
  - Preferred Provider Organization (PPO)
  - Private Fee-for-Service (PFFS)
  - Special Needs Plan (SNP)
  - HMO Point-of-Service Plan (HMOPOS)
  - Medicare Medical Savings Account (MSA)
- ▶ Not all types of plans are available in all areas

## Medicare Advantage Plan Costs

- ▶ Must still pay Part B premium
  - Some plans may pay all or part for you
  - Some people may be eligible for state assistance
- ▶ You may also pay monthly premium to plan
- ▶ You pay deductibles/coinsurance/copayments
  - Different from Original Medicare
  - Varies from plan to plan
  - Annual Maximum Out-of-Pocket Expense

## Medicare Advantage Eligibility Requirements

- ▶ You must live in plan's service area
- ▶ You must have Medicare Part A **AND** Part B
- ▶ You must not have ESRD when you enroll
  - Some exceptions
- ▶ You must provide necessary information
- ▶ You must follow plan's rules
- ▶ You can only belong to one plan at a time

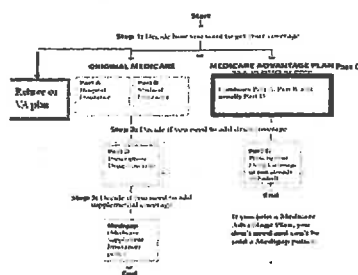
### When You Can Join or Switch MA Plans

Initial Enrollment Period	<ul style="list-style-type: none"> <li>7 month period begins 3 months before the month you turn 65</li> </ul>
Medicare's Open Enrollment Period	<ul style="list-style-type: none"> <li>October 15 – December 7</li> <li>Coverage begins January 1</li> </ul>
Special Enrollment Period	<ul style="list-style-type: none"> <li>Move from the plan service area               <ul style="list-style-type: none"> <li>And cannot stay in the plan</li> </ul> </li> <li>Plan leaves Medicare program</li> <li>Other special situations</li> </ul>

### 5-Star Special Enrollment Period (SEP)

- Can enroll in 5-Star MA, MA-PD, or PDP
- Enroll at any point during the year
  - Once per year
- New plan starts first of month after enrolled
- Plan ratings granted on calendar basis
  - Ratings assigned in October of the preceding year
  - Use Medicare Plan Finder to view plan ratings
  - Look at Overall Plan Rating to identify eligible plans

### Ways to Supplement Medicare



### Medicare Prescription Drug Coverage

- Also called Medicare Part D
- Prescription drug plans approved by Medicare
- Run by private companies
- Available to everyone with Medicare
- Must be enrolled in a plan to get coverage
- Two sources of coverage
  - Medicare Prescription Drug Plans (PDPs)
  - Medicare Advantage Plans with Rx coverage (MA-PDs)

### Medicare Drug Plan Costs

- Costs vary by plan
- In 2013, most people will pay
  - A monthly premium
  - A yearly deductible (\$325)
  - Copayments or coinsurance
  - 47.5% for covered brand name drugs in coverage gap (aka "donut hole")
  - 79% for generic drugs in coverage gap
  - Very little after spending \$4,750 out-of-pocket

Ms. Smith joins the ABC Prescription Drug Plan. Her coverage begins on January 1, 2013. She doesn't get Extra Help and uses her Medicare drug plan membership card when she buys prescriptions.

Monthly Premium – Ms. Smith pays a monthly premium throughout the year.

1. Yearly Deductible	2. Copayment or Coinsurance	3. Coverage Gap	4. Catastrophic Coverage
Ms. Smith pays the first \$325 of her drug costs before her plan starts to pay its share.	Ms. Smith pays a copayment, and her plan pays its share for each covered drug until their combined amount (plus deductible) reaches \$2,970.	Once Ms. Smith and her plan have spent \$2,970 for covered drugs, she is in the coverage gap. In 2013, she gets a 47.5% discount on covered brand-name prescription drugs that counts as out-of-pocket spending, and helps her get out of the coverage gap. For 2013, she also gets a 21% discount on covered generic drugs while in the coverage gap.	Once Ms. Smith has spent \$4,750 out-of-pocket for the year, her coverage gap ends. Now she only pays a small coinsurance or copayment for each drug until the end of the year.

### Medicare Prescription Drug Coverage Premium

- ▶ A small group may pay a higher premium based on income
  - Fewer than 5% of all people with Medicare
  - Uses same thresholds used to compute income-related adjustments to Part B premium
  - As reported on your IRS tax return from 2 years ago, i.e., for 2013 it is your tax return for 2011
- ▶ Required to pay if have Part D coverage

### Income-Related Monthly Adjustment Amount (IRMAA)

If Your Yearly Income in 2011 was		In 2013 You Pay
File Individual Tax Return	File Joint Tax Return	Your Plan Premium (YPP)
\$85,000 or less	\$170,000 or less	YPP + \$11.60*
\$85,000.01 - \$107,000	\$170,000.01 - \$214,000	YPP + \$29.90*
\$107,000.01 - \$160,000	\$214,000.01 - \$320,000	YPP + \$48.30*
\$160,000.01 - \$214,000	\$320,000.01 - \$428,000	YPP + \$66.60*
Above \$214,000	Above \$428,000	YPP + \$66.60*

\*per month

### Part D Eligibility Requirements

- ▶ To be eligible to join a Prescription Drug Plan
  - You must have Medicare Part A or Part B
- ▶ To be eligible to join a Medicare Advantage plan with drug coverage
  - You must have Part A and Part B
- ▶ You must live in plan's service area
  - You cannot be incarcerated
  - You cannot live outside the United States
- ▶ You must be enrolled in a plan to get drug coverage

### When you can Join or Switch Medicare Prescription Drug Plans

Initial Enrollment Period (IEP)	<ul style="list-style-type: none"> <li>• 7 month period</li> <li>• Starts 3 months before month of eligibility</li> </ul>
Medicare's Open Enrollment Period	October 15 - December 7 each year <ul style="list-style-type: none"> <li>• Coverage begins January 1</li> </ul>
January 1 - February 14	During this period, you can leave an MA plan and switch to Original Medicare. If you make this change, you may also join a Part D plan to add drug coverage. Coverage begins the first of the month after the plan gets the enrollment form.

### When You Can Join or Switch Plans

Special Enrollment Periods (SEP)	<ul style="list-style-type: none"> <li>• You permanently move out of your plan's service area</li> <li>• You lose other creditable prescription coverage</li> <li>• You weren't adequately informed your other coverage was not creditable or was reduced and is no longer creditable</li> <li>• You enter, live in or leave a long-term care facility</li> <li>• You have a continuous SEP if you qualify for Extra Help (determined by SSA)</li> <li>• You belong to a State Pharmaceutical Assistance Program (SPAP)</li> <li>• Or in other exceptional circumstances</li> </ul>
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### 5-Star Special Enrollment Period (SEP)

- ▶ Can enroll in 5-Star Medicare Advantage (MA), Prescription Drug Plan (PDP), or MA-PD
- ▶ Enroll at any point during the year
  - Once per year
- ▶ New plan starts first of month after enrolled
- ▶ Plan ratings granted on calendar basis
  - Ratings assigned in October of the preceding year
  - Use Medicare Plan Finder to view plan ratings
  - Look at Overall Plan Rating to identify eligible plans



## Creditable Drug Coverage

- › Current or prior prescription drug coverage
- › Creditable if it meets or exceeds Medicare's minimum standards (i.e. as good as Medicare's coverage)
- › With creditable coverage
  - May not have to pay a late enrollment penalty
- › Plans inform yearly about whether creditable
  - For example, employer group health plans (EGHPs), retiree plans, VA, TRICARE and FEHB

## Late Enrollment Penalty

- › Higher premium if you wait to enroll
  - Additional 1% of base beneficiary premium
    - For each month eligible and not enrolled
    - For as long as you have Medicare drug coverage
    - Added to the monthly premium of a selected plan
  - Except if you had creditable drug coverage
  - National base beneficiary premium
    - \$31.17 in 2013
    - Can change each year

## Part D–Covered Drugs

- › Prescription brand-name and generic drugs
  - Approved by Food and Drug Administration (FDA)
  - Used and sold in United States
  - Used for medically-accepted indications
- › Includes drugs, biological products, and insulin
  - Supplies associated with injection or inhalation

## Plan's Formulary – Determines Your Share of Cost

Tier		
1	Lowest copayment	Most generics
2	Medium copayment	Preferred, brand-name
3	Highest copayment	Non-preferred, brand-name
Specialty	Highest copayment or coinsurance	Unique, very high-cost

## Considerations

- › Prior Authorization
  - Doctor must contact plan for prior approval
    - Before prescription will be covered
    - Must show medical necessity for drug
  - Process for requests may vary by plan
- › Step Therapy
  - Type of prior authorization
  - You must first try similar, less expensive drug
  - Doctor may request an exception if
    - Similar, less expensive drug didn't work, or
    - Step therapy drug is medically necessary
- › Quantity Limits
  - Plan may limit drug quantities over a period of time for safety and/or cost
  - Doctor may request an exception if additional amount is medically necessary

## Coordinating With Medicare

### Employer Group Health Plans (EGHP)

- ▶ Coverage offered by many employers and unions
  - To current employees, spouse and family members
  - To retirees, spouse and family members
  - Includes Federal Employee Health Benefits Plans
- ▶ May be fee-for-service plan
- ▶ May be managed care plan
- ▶ Employees can choose to keep or reject

### Employee Group Health Plans

If You Are	Medicare pays first
65 or older and have retiree coverage	Yes
65 or older with EGHP coverage through current employment (yours or your spouse's)	If the employer has less than 20 employees.
Under 65 with a disability and have EGHP coverage through current employment (yours or a family member's)	If the employer has less than 100 employees.
Eligible for Medicare due to End-Stage Renal Disease (ESRD) and you have EGHP coverage	When the 30-month coordination period ends, or if you had Medicare primary before you had ESRD.

### Enrolling in Part B if You Have Employer or Union Coverage

- ▶ May affect your Part B enrollment rights
  - You may want to delay enrolling in Part B if
    - You have employer or union coverage and
    - You or your spouse, or family member if you are disabled, is still working
- See how your insurance works with Medicare
  - Contact your employer/union benefits administrator

### When Employer or Union Healthcare Insurance Ends

- ▶ When your coverage ends
  - You may get a Special Enrollment Period
    - Sign up for Part B without a penalty
    - The SEP will last for 8 months
- ▶ Medigap Open Enrollment Period
  - Starts when you are both 65 and sign up for Part B
  - Once started cannot be delayed or repeated

### Affordable Care Act or Healthcare Reform

### Medicare Changes

- ✓ Fraud Protections
- ✓ Accountable Care Organizations
- ✓ "Donut Hole" Reduction
- ✓ Preventive Services

## Fraud Protections

- ▶ Tough New Rules and Sentences for Criminals
- ▶ New Resources to Fight Fraud
- ▶ Sharing Data to Fight Fraud
- ▶ Expanded Overpayment Recovery Efforts
- ▶ Enhanced Penalties to Deter Fraud and Abuse
- ▶ Providers and suppliers will establish ethics and compliance plans as a condition of enrollment

## Accountable Care Organizations

What is an ACO?

ACOs are:

networks of physicians and providers who are held accountable for the cost and the quality of the full continuum of care delivered to a specific group of patients

## Purpose of a Medicare ACO

The ACO will be held accountable for:

- ▶ Improving the health and experience of care for individuals, and
- ▶ Improving the health of populations while reducing the rate of growth in health care spending

## Improved Coverage in the Coverage Gap

Year	What You Pay for Brand Name Drugs in the Coverage Gap	What You Pay for Generic Drugs in the Coverage Gap
2012	50%	86%
2013	47.5%	79%
2014	47.5%	72%
2015	45%	65%
2016	45%	58%
2017	40%	51%
2018	35%	44%
2019	30%	37%
2020	25%	25%

Note: Dispensing fees are not discounted.

## Preventive services covered under Part B

- "Welcome to Medicare" physical exam
- Annual Wellness Visit
- Abdominal aortic aneurysm screening
- Alcohol misuse screening and counseling
- Bone mass measurement
- Cardiovascular disease screening
- Cardiovascular disease preventive services
- Colorectal cancer screening
- Depression screening
- Diabetes screening tests and self-management training
- EKG screening

## Preventive services covered under Part B (cont.)

- Glaucoma screening
- HIV screening
- Mammogram screening
- Medical Nutrition Therapy
- Obesity screening and behavioral therapy
- Pap test, pelvic and clinical breast exams
- Prostate cancer screening
- STI screening and counseling
- Tobacco use cessation counseling
- Vaccinations: flu, pneumonia, Hepatitis B shots

### ACA expanded benefits in Preventive Services

- ▶ ACA eliminated cost sharing for most Medicare-covered preventive services
- ▶ If there is no deductible or coinsurance for a Medicare-covered preventive service under Original Medicare, Medicare Advantage plans must also offer the preventive service without cost-sharing.
- ▶ In Original Medicare, beneficiary must go to provider who accepts assignment.
- ▶ In MA plan, beneficiary must go to network provider.

### ACA expanded benefits in Preventive Services (in Original Medicare)

- ▶ **Deductible and coinsurance continue for**
  - Digital rectal exam (part of prostate cancer screening)
  - Glaucoma screening
  - Diabetes self-management training
- ▶ **Coinsurance continues for**
  - Barium enema (part of colorectal cancer screening)

### Resources – HICAP

*"It is the mission of HICAP to provide accurate and objective counseling, advocacy, and assistance with Medicare, health insurance, managed care, long-term care, and related health coverage plans for Medicare beneficiaries, their representatives, or persons imminent of Medicare eligibility and to educate the public on Medicare and health coverage issues."*

Contact at 1-800-434-9359

### Resources – Senior Medicare Patrol

Services:

- ▶ Provide educational information.
  - ▶ Conduct informational seminars and workshops.
  - ▶ Participate in health fairs.
  - ▶ Most importantly, report fraud or potential fraud directly to investigators.
- Contact at 1-855-613-7080

Thank You

▶ Questions??