

SOURCEWISE
COMMUNITY RESOURCE SOLUTIONS

Medicare Explained

AAll, November 10, 2018

Marcelo Espiritu, Director
Health Insurance Counseling
& Advocacy Program





Helping Seniors Age Well at Home

Sourcewise provides **expertise, education, and quality support services** to Santa Clara County seniors, their families and caregivers.



Sourcewise Direct Services



Information &
Awareness



Care Management



Senior Employment



Meals on Wheels



Health Insurance Counseling
& Advocacy Program



Health Insurance Counseling & Advocacy Program (HICAP)



- ❑ HICAP counselors are available at Sourcewise, senior centers, libraries, & health centers throughout Santa Clara County
- ❑ Call for an appointment (408) 350-3200, option 2



Health Insurance Counseling & Advocacy Program

- ❑ Other CA Counties: (800) 434-0222
- ❑ Other states: www.medicare.gov/Contacts/ then search for your local SHIP (State Health Insurance and Assistance Program)





Introduction to Medicare

- Parts and Coverage
- Premiums
- Enrolling in Part A & B

Two Medicare Choices

1. Original Medicare – Part A & B
 - + Medigap (Supplement insurance)
 - + Drug Plan (Part D PDP)
2. Medicare Advantage – Part C
 - with a Drug Plan included (Part D MAPD)
 - + Extra benefits





What is Medicare?

- ❑ Social Security Act Title XVIII
- ❑ A federal health insurance program for people:
 - ❑ 65 years of age or older
 - ❑ under age 65 with Social Security Disability
 - ❑ any age with End-Stage Renal Disease (ESRD)

Medicare is administered by the
Center for Medicare and Medicaid Services (CMS)






Parts of Medicare Law


- Part A Hospital Insurance
- Part B Medical Insurance
- Part C Medicare Advantage Plans
- Part D Prescription Drug Coverage



Original Medicare (Fee-for-Service)

Medicare Advantage (Capitation)

<p>Part A</p>  <p>Member Name: JOHN L SMITH</p> <p>Medicare Number/Número de Medicare: 1EG4-TE5-MK72</p> <p>Coverage starts/Cobertura empieza: HOSPITAL (PART A) 03-01-2016 MEDICAL (PART B) 03-01-2016</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Inpatient hospital care <input type="checkbox"/> Skilled nursing care <input type="checkbox"/> Home health care <input type="checkbox"/> Hospice care
<p>Part B</p> <p>80% of Approved Fee</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Doctor's services and outpatient care <input type="checkbox"/> Home health care <input type="checkbox"/> Diagnostic tests <input type="checkbox"/> Some therapies <input type="checkbox"/> Equipment, supplies, orthotics... <input type="checkbox"/> Annual Wellness Visit <input type="checkbox"/> Preventive services
<p>Medigap</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Plans pay Part A and B oop costs
<p>Part D</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Outpatient prescription drugs



John Doe
 Member ID: 44928
 PCP: Dr. Jason Thorne

Dr. Copay:	\$10
Specialist Copay	\$40
ER Visit:	\$75
RX:	\$10/\$40/\$70

OR

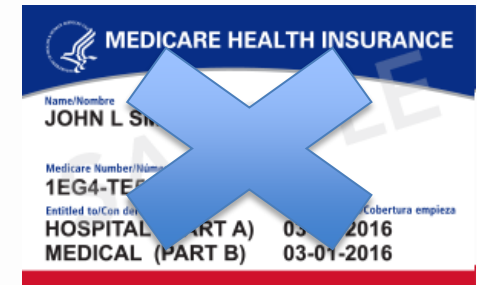
Part C

32 MAPD Plans
in Santa Clara
County

Part D

Not Covered by Medicare Part A or B

- Long-term skilled nursing home
- Routine dental care
- Dentures
- Vision
- Cosmetic Surgery
- Acupuncture
- Hearing aids and exams for fitting hearing aids
- Other- check on www.medicare.gov





2019 Medicare Premiums

Part A Premium

- Based on FICA taxed work history of self, spouse or family member
- Most pay \$0

Part B Premium

- Standard rate is \$135.50 / month
- Based on sliding scale using Modified Adjusted Gross income (MAGI)
- Adjusted Gross Income + Tax Exempt Interest Income (Line 37 + Line 8b on IRS 1040)





2019 Part A Premium

\$0 / month

PREMIUM FREE PART A

40+ Social Security credits*

\$240 / month

PREMIUM PART A

30-39 credits

\$437 / month

less than 30 credits

*One quarter of credit = \$1,360 in earnings in 2019. Four credit max/year.



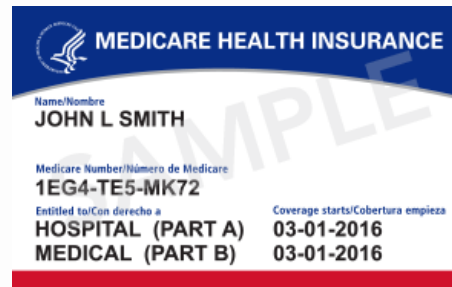
2019 Part B Premium

Modified Adjusted Gross Income in 2017 :		You pay Social Security
Individual Tax Return	Joint Tax Return	
\$85,000 or less	\$170,000 or less	\$135.50
\$85,001-\$107,000	\$170,001-\$214,000	\$189.60
\$107,001-\$133,500	\$214,001-\$267,000	\$270.90
\$133,501-\$160,000	\$267,001-\$320,000	\$352.20
\$160,001-\$500,000	\$320,001-\$750,000	\$433.40
Above \$500,000	Above \$750,000	\$460.50



How to Enroll in A or B

- ❑ Receiving Social Security payments before 65
 - ❑ Enrollment in A and B is **automatic**
 - ❑ Card sent approximately 3 months before month of eligibility.



- ❑ Not receiving Social Security payments before 65
 - ❑ File an application with the Social Security Administration
 - ❑ 1-800 772-1213 for apt w/ a local office
 - ❑ www.ssa.gov
 - ❑ Do not have to be retired to enroll





Where to Enroll

Part A and B

- Social Security Administration (www.ssa.gov) or Railroad Retirement Board (RRB)
-

Part C and Part D

- Insurance Co. / 1-800 Medicare / medicare.gov

Medigap (Medicare Supplement Insurance)

- Contact insurance company





When Does Free Part A Start?

- ❑ If you file for Medicare Part A or Social Security retirement benefits 3 months before and up to 6 months after your 65th birth month, then Part A would start on **the 1st of the month you turn age 65**
- ❑ If you file for Medicare Part A or Social Security retirement benefits in or after the 7th month after turning 65, then Part A would start on the **1st of the 6th retroactive month**



Free Part A Effective Date Example

Phil turns 65 on April 2nd

Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
			65 th Birth Month								
3	2	1	Starts Apr 1st	Free Part A application filed during these 6 months, Effective date is April 1.						7	8
				Starts May 1st						Filed in Nov	
					Starts June 1st						Filed In Dec





Initial Enrollment Period (IEP) for Part B (and Premium Part A)

Three months before, month of, and three months after
the month of eligibility

Example: Phil turns 65 on April 2nd

Month 1	Month 2	Month 3	Month of 65 th b-day	Month 5	Month 6	Month 7
January 1 st	February	March	April	May	June	July 31 st

If Phil's b-day were April 1st, his eligibility month would be March



Part B / Premium A IEP Example

Jan 1	Feb 2	Mar 3	Apr 65 th Birth Month	May 5	Jun 6	July 7 end of IEP	Aug XX	Sept XX	Oct XX	Nov	Dec
Application filed →			Starts Apr 1st								
			Filing month →	Starts next month							
				Filing month →		Starts 2 nd month					
					Filing month →			Starts 3 rd month			
						Filing month →			Starts 3 rd month		



Working (and covered) after 65

- ❑ Should I enroll in premium-free Part A? **Yes.**
 - ❑ Exception: HSA with a High Deductible Health Plan (IRS Publication 969)
 - ❑ Possible 6% excise tax on contributions to HSA when you have Medicare Part A or B
 - ❑ Stop HSA contributions 6 months prior to filing for premium-free Part A

- ❑ When should I sign up for B? **Within your Special Enrollment Period (SEP).**

-other exceptions may apply, e.g. where there are fewer than 20 employees





Special Enrollment Period (SEP) for Part B

Requirements:

1. You or your spouse is actively employed AND
2. Your health plan is based on that active employment

SEP closes eight months from when employment or health plan ends.

Caution: COBRA does not extend the SEP – it is not based on active employment.





Missed IEP or SEP for Part B / Premium A?

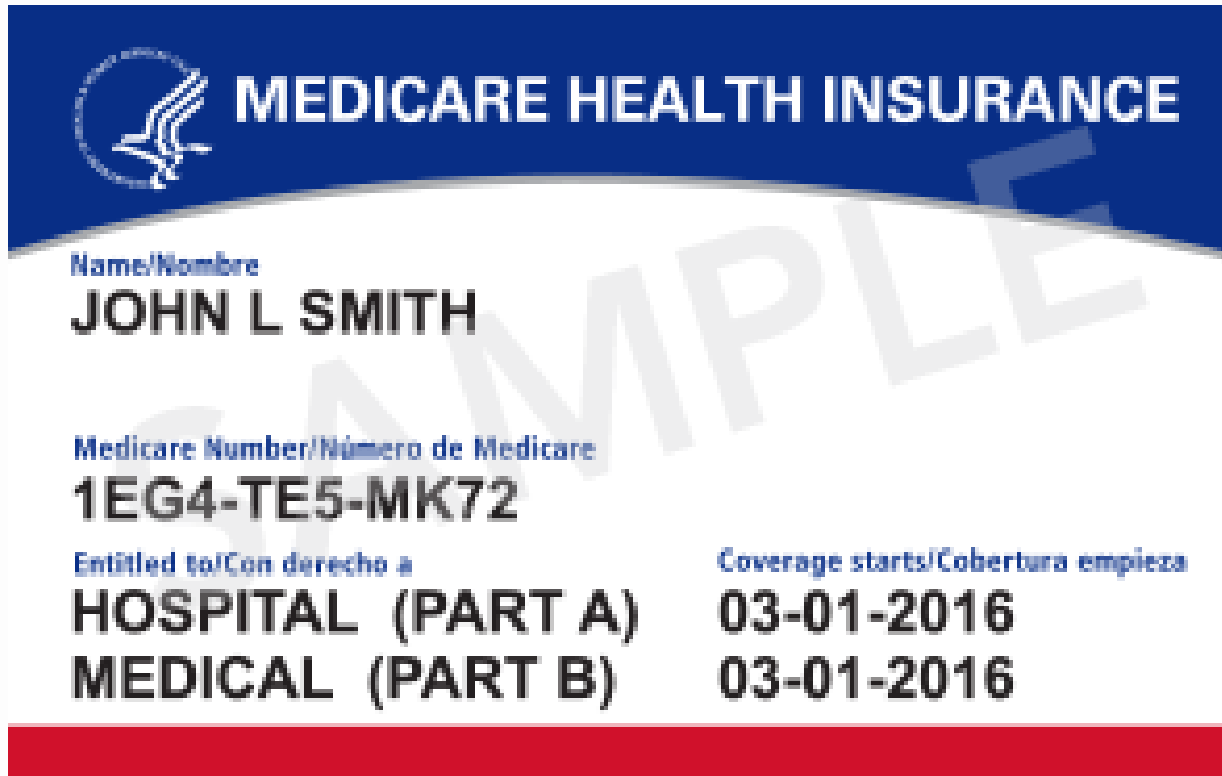
General Enrollment Period (GEP)

January 1 through March 31 each year

- Coverage not effective until July 1
- Premium penalty
 - Additional 10% for each 12-month period eligible but not enrolled
 - Permanently added to any future Part B premium (or Premium A)



Medicare Card



The image shows a sample Medicare Health Insurance Card. At the top, there is a blue banner with the Medicare logo (an eagle) on the left and the text "MEDICARE HEALTH INSURANCE" in white. Below the banner, the cardholder's name "JOHN L SMITH" is printed in large black letters. Underneath the name is the Medicare Number "1EG4-TE5-MK72". At the bottom, there are two columns of information: "Entitled to/Con derecho a" and "Coverage starts/Cobertura empieza". The first column lists "HOSPITAL (PART A)" and "MEDICAL (PART B)". The second column lists "03-01-2016" for both categories. A large, light gray watermark "SAMPLE" is overlaid diagonally across the center of the card. The card has a red border at the bottom.

MEDICARE HEALTH INSURANCE	
Name/Nombre JOHN L SMITH	
Medicare Number/Número de Medicare 1EG4-TE5-MK72	
Entitled to/Con derecho a	Coverage starts/Cobertura empieza
HOSPITAL (PART A)	03-01-2016
MEDICAL (PART B)	03-01-2016

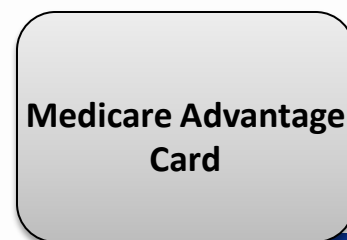
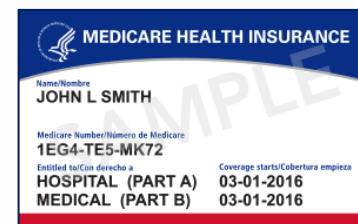


After Enrolling in A and B, What are My Medicare Choices?

1. Use Original Medicare Part A, B
+ a Medigap (Medicare Supplement)
+ a Part D Drug Plan

OR

2. Assign A & B to a Part C plan
 - Part D coverage usually included
 - Extra benefits





Original Medicare

- Part A, Part B or both
- Network: any provider that accepts Medicare
- Additional Costs
 - Deductibles
 - Copayments
 - Coinsurance



Example of Part A Costs 2019

When admitted into a hospital :

Days admitted	Individual's responsibility
1 - 60	\$1364 deductible
61 - 90	\$341 per day co-pay
91 - 150*	\$682 per day co-pay

* After 150 days, the individual is responsible for all hospital costs



Example of Part A Costs continued

When moved to a nursing facility (after a three-day inpatient hospital stay):

Days in a Skilled Nursing Facility	Individual's responsibility
1 - 20	\$0
21 - 100	\$170.50 per day co-pay
101 +	All costs paid by patient

- Must meet skilled requirements or Medicare will not pay
- Does NOT cover personal care alone

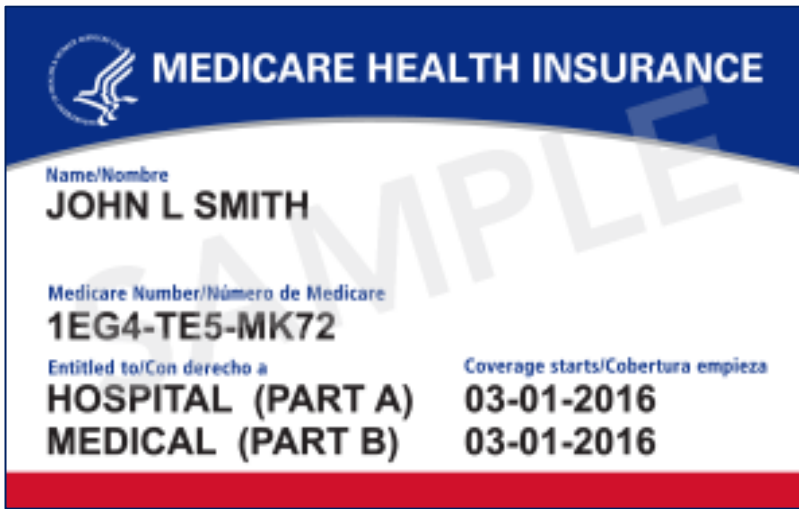


Part B Costs 2019

- \$185 yearly deductible
- 20% coinsurance for most services
 - Physician costs
 - Hospital care as an “out-patient” (not admitted as an “inpatient”)
 - Durable medical equipment
 - Limited drugs
 - Ambulance
 - Some therapy
 - Go to [medicare.gov](https://www.medicare.gov) for additional services



Medigap



Medigap Card
“Medicare Supplement Insurance”



What is Medigap (Medicare Supplement Insurance)?

- ❑ Insurance policy sold by private companies
 - ❑ Might use health screening
- ❑ Standardize plans
 - A, B, C, D, F, high deductible F, G, K, L, M, N
- ❑ Pays Medicare A & B out-of-pocket costs (“gaps”)
- ❑ Must have Part A and B at time of coverage
- ❑ Continue paying the Part B premium



When to Purchase a Medigap

- ❑ During your Medigap Open Enrollment Period
 - ❑ Starts on the Part B effective date + 6 months
 - ❑ No health screening allowed
- ❑ When you lose certain kinds of health coverage, e.g. employer coverage, COBRA, etc.
 - ❑ No health screening allowed for 6 months
- ❑ When your Medicare Advantage Plan raises rates or costs
 - ❑ No health screening MAYBE

- ❑ Anytime if you pass medical underwriting





When can you change your Medigap?

- During the 30 days starting on your Birthday
 - No health screening when choosing a plan of equal or fewer benefits

- Anytime if you pass medical underwriting





Medicare Part D

Outpatient Prescription Drug

- ❑ Available to anyone with Medicare A or B
- ❑ Not needed if you have “creditable drug coverage”
- ❑ 30 Stand Alone “PDP” (work with Original Medicare)
- ❑ 32 Medicare Advantage plans- “MA-PD”
- ❑ Retiree Part D drug coverage



2019 Part D Adjustment Amount

Modified Adjusted Gross Income in 2017 :		You Pay (in addition to the Part D premium)
Individual Tax Return	Joint Tax Return	
\$85,000 or less	\$170,000 or less	\$0
\$85,001-\$107,000	\$170,001-\$214,000	\$12.40
\$107,001-\$133,500	\$214,001-\$267,000	\$31.90
\$133,501-\$160,000	\$267,001-\$320,000	\$51.40
\$160,001-\$500,000	\$320,001-\$750,000	\$70.90
Above \$500,000	Above \$750,000	\$77.40



Part D Enrollment

- Initial Enrollment Period
- Special Enrollment Period
 - Ex) when employer/COBRA or other creditable drug coverage ends
 - Obtain Medicare Part D coverage within 63 days to avoid the penalty.
- Annual Enrollment Period (Oct 15 - Dec7)
 - Effective January next year





Average Part D Base Premium 2019

- \$33.19 (was \$35.02)
- Used to calculate Part D Penalty
- Permanent Penalty
- 1% / each month not enrolled = 33¢

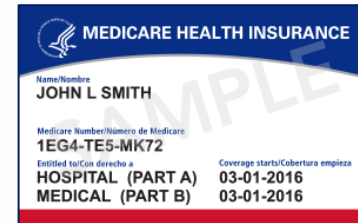


Medicare Choices

- ❑ Use Original Medicare - Part A,B
+ a Medigap (Medicare Supplement)
+ a Part D Drug Plan

OR

- ❑ Keep A & B and enroll in Part C
Part D coverage usually included
Extra benefits not covered by A or B




Medicare Advantage
Card





Medicare Advantage - Part C



**Medicare Advantage
Card**





Medicare Advantage (MA) Plans:

- Live in the plan's county service area
- Must have Part A and Part B at time of coverage
 - Continue to pay Part B premium
 - Pay the MA Part C plan premium
- No health screening except . . .
- Cannot have ESRD at enrollment
 - unless you move to an MA Plan from the insurance company of your current employer plan within 2 full months





Medicare Advantage Plans

- ❑ Health Maintenance Organization (HMO)
 - ❑ Use its Network of medical groups, hospitals, suppliers, nursing homes, pharmacies, etc.
 - ❑ Primary care doctor, the medical group, and the insurance plan manages and authorizes care
- ❑ Must provide all Medicare A and B benefits
- ❑ Co-Pays are set by the plan
- ❑ Extra benefits may be included, e.g. Part D
- NEW** ❑ Standard, Targeted (2019), and Chronic (2020)
 - ❑ Allowed to spend money on non-medical “Life-style support” items and supportive services





Enrollment Periods for Part C & D Plans

Initial Enrollment Period

Coincides with your Part A/B IEP

Special Enrollment Period

When other coverage ends- usually lasts two months

Annual Enrollment Period

October 15 – December 7

Anytime into a 5-star rated Plan

- Kaiser Medicare Advantage in Northern CA -





Medicare Advantage Open Enrollment Period (MAOEP)

NEW

NEW

Starting January 1 – March 31, 2019

- Those already in Part C may:
 - switch Part C Plans (MA Plans)
 - drop Part C for Original Medicare
 - then add a Part D drug plan
 - make sure you have a Medigap or supplement before dropping Part C





Consequences of Enrolling “Late”

Part B premium

- increased 10 percent for every 12 months you are late (unless you have an SEP)

Part D premium

- increased 1 percent for each month after a 63 day gap in creditable drug coverage

Medigap

- may be denied due to pre-existing conditions

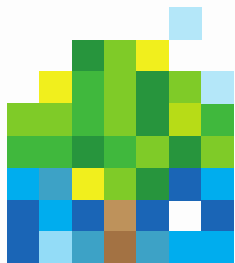




Prevent Fraud and Abuse

- Medicare Card and your SS#
- Check your statements for accuracy
- Home Health and Hospice Fraud
- Contact HICAP at (408) 350-3200 option 2





SOURCEWISE
COMMUNITY RESOURCE SOLUTIONS

Thank You

