UNDERSTANDING MEDICARE

What are your options?
Medicare

- Part A: Hospital Insurance
- Part B: Medical Insurance
- Part C: Medicare Advantage
- Part D: RX Drug Coverage
Medicare Enrollment

Social Security Administration handles enrollments

- Online: www.ssa.gov, select “Apply online for Medicare”
- Local Social Security office
- By phone: (800) 772-1213
- Railroad Retirement Board: (877) 772-5772

Who Receives A & B Automatically?

- Already receiving Social Security or Railroad Retirement Board benefits
- Under 65 and disabled will receive Medicare card in the mail prior to 25th month of disability
- Diagnosed with ALS will receive A & B the month disability benefits begin
- End Stage Renal Disease (ESRD)
Enrollment Process

Who needs to apply?

• Anyone not receiving Social Security

Signing up for Parts A & B

• Initial Enrollment Period: 7 months; beginning 3 months before the 65th birthday month
• General Enrollment Period: Between 1/1 & 3/31 each year, Medicare starts 7/1
  • 10% penalty for each year Part B is turned down
• Special Enrollment Period: Covered under group based self or spouse’s current employment
  • 8-month window that begins the month after employment ends or group health coverage ends, WHICHEVER COMES FIRST
Important!

COBRA and retiree health plans are not considered creditable coverage and will not qualify beneficiaries for an SEP when coverage ends.
Part A
Hospital Insurance

- No premiums due for most people
  - Minimum 40 quarters of Medicare taxes paid for premium free Part A at 65
- If less than 10 years of Medicare covered employment
  - Will pay a premium
- Eligibility prior to age 65 for some people
  - Disability
  - End-stage renal disease
Hospitalization

2016 Benefits Period Deductible:

- $1,288 for days 1-60
- Days 61-90 = $322 per day
- Days 91 and beyond = $644 per day

All charges for the first three pints of blood
All costs beyond 150 days
Comfort or convenience items
Inpatient Skilled Nursing

Requirements
• Three day prior hospitalization required
• Must be for same condition treated during hospitalization

Medicare Coverage
• First 20 days paid in full
• Days 21-100 all but $161 per day
• No coverage after 100 days!
Home Health Care

Requirements

• Doctor must have determined client needs medical care in the home
• Must include intermittent (not full time) skilled nursing care, physical, or speech therapy.
• Client must be homebound (absences from home must be infrequent and in short duration, or to get medical care)
• Home health care agency must be Medicare approved
• Homemaker services are not covered, i.e. cooking and cleaning

Medicare Coverage

• 100% of medically necessary, Medicare approved home health care visits
Hospice Care

Terminally Ill

Medicare Coverage

• Medical and support services at home
• Drugs for symptom control and pain relief
• Short-term hospital
• Inpatient respite care
• Care given to a hospice patient by another caregiver so the usual caregiver can rest
Part B
Medical Insurance

• Monthly Premium
  • $121.80 for most individuals
  • Deducted from Social Security checks for most individuals or paid quarterly if not drawing on Social Security
  • Medicaid programs pay premium for those who meet income and asset guidelines

• Covers outpatient services
  • After $166 annual deductible, Medicare generally pays 80% of approved charges
  • Tests, doctor visits, and DME
<table>
<thead>
<tr>
<th>Yearly Income</th>
<th>You Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual</strong></td>
<td><strong>Joint</strong></td>
</tr>
<tr>
<td>$85,000 or less</td>
<td>$170,000 or less</td>
</tr>
<tr>
<td>$85,001-107,000</td>
<td>$170,001-214,000</td>
</tr>
<tr>
<td>$107,001-160,000</td>
<td>$214,001-320,000</td>
</tr>
<tr>
<td>$160,001-214,000</td>
<td>$320,001-428,000</td>
</tr>
<tr>
<td>Above $214,000</td>
<td>Above $428,000</td>
</tr>
</tbody>
</table>
Part C

Medicare Advantage

Private insurance companies that provide and manage all parts of Medicare.

- Covers services normally covered by Medicare Parts A, B, and D.
- Continue to pay Part B Premium
- Insurance company pays claims instead of Medicare
- Plans are filed on an annual basis, they can and do change
Medicare Advantage Plans

Eligibility

Beneficiary must:

• Be entitled to and enrolled in Medicare Parts A and B
• Permanently reside in the plan’s service area
• Not have End Stage Renal Disease (ESRD)
• Be able to make an informed decision

Different Types:

• Health Maintenance Organization (HMO, HMO-POS)
• Preferred Provider Organization (PPO)
• Special Needs Plan (SNP)
• Private Fee-for-Service (PFFS)
HMO and HMO-POS

- Carrier has an established network of providers, members must access for all care
- Emergency care covered out-of-network
- Member must choose Primary Care Physician (PCP)
  - Referrals may be required for specialist visits
  - Some services may require pre-authorization
- Point-of-Service (POS)
  - Client may obtain certain services out-of-network at a higher cost
- CMS does not allow Stand-alone Prescription Drug Plan with a network based MA-only plan
For the lowest out-of-pocket costs, members can access a carrier established network of providers

- All services covered out-of-network at higher costs to members
- No PCP or referrals required
- CMS does not allow stand-alone Prescription Drug Plan with a network-based MA-only plan
Special Needs Plans

“SNP” Plans

Three Types

• Institutional
• Dual-Eligible
• Chronic Illness

• Network based with PCP required
• Care coordination included
• Must include prescription drug coverage
Election Periods

Enrollment into Medicare Advantage and Prescription Drug Plans only during valid election periods

Initial Election Period (IEP/ICEP)
- When you turn 65

Annual Election Period (AEP)
- October 15 – December 7

Special Election Period (SEP)
- Leaving employer sponsored insurance
- Moving permanently out of plan’s service area
- Medicaid Eligible or LIS
- Other exceptional circumstances
Part D
RX Drug Coverage

Types of Prescription Drug Plans

PDP
Stand-Alone Prescription Drug Plan

MA-PD
Prescription Drug Plan Integrated into a Medicare Advantage Plan
Part D

Coverage Gap (Doughnut Hole)

Initial Coverage Limit $3,310 of retail Rx costs

- Beneficiary pays the plans tiered co-pay or co-insurance amounts
- When the $3,310 has been exhausted the beneficiary is now in the Coverage Gap and pays 45% for brand drugs and 58% for generics
- When beneficiaries’ out-of-pocket drug costs reach $4850 Catastrophic Coverage is reached
  - Beneficiary then pays greater of 5% co-insurance, or $2.95 co-pay for generic and $7.40 co-pay for all other drugs

Example: Retail cost of a medication is $100. Beneficiaries’ co-pay amount is $20 and the insurance company is paying $80. So $100 gets subtracted from the $3,310.

Penalty: 1% for each month the beneficiary refuses coverage
## Prescription Drug Coverage Stages

<table>
<thead>
<tr>
<th>Annual Deductible</th>
<th>Initial Coverage Limit</th>
<th>Coverage Gap</th>
<th>Catastrophic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard: $360</td>
<td>You pay the plan’s tiered copay or coinsurance amounts</td>
<td>After the total yearly drug costs exceed $3,310, you pay:</td>
<td>After YOUR yearly out-of-pocket drug costs reach $4,850, you pay the greater of:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 45% of brand drug costs</td>
<td>• 5% coinsurance, or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 58% of generic drug costs</td>
<td>• $2.95 copay for generic or preferred multi-source brand drugs and $7.40 copay for all other drugs</td>
</tr>
</tbody>
</table>

If you receive “Extra Help” to pay your prescription drugs, your deductible amount will be either $0 or $66, depending on the level of “Extra Help” you receive.
Medicare Supplements

Referred to as Medi-gap Plans

- Sold by private insurance companies
- Covers “gaps” in original Medicare Parts A & B
- Currently Arizona only offers supplements for individuals 65 and older
- There are 10 standardized policies allowing for easy comparison between companies

Open Enrollment Period

- For those 65 and older – 6 month window beginning with Part B effective date
- Enroll into Medicare Supplement with No Health Questions
- Policy may still have waiting period for pre-existing conditions
<table>
<thead>
<tr>
<th>Advantage Plans</th>
<th>Supplement Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay as You Go</td>
<td>Fully Insured</td>
</tr>
<tr>
<td>Annual Contract</td>
<td>Guaranteed Renewable</td>
</tr>
<tr>
<td>Low to No Premium</td>
<td>Annual Rate Increase</td>
</tr>
<tr>
<td>Network Provider</td>
<td>Any Provider Who Bills Medicare</td>
</tr>
<tr>
<td>Acceptance</td>
<td>Unrestricted Enrollment</td>
</tr>
<tr>
<td>Election Periods</td>
<td>Underwriting</td>
</tr>
<tr>
<td>No Underwriting (Except ESRD)</td>
<td>Separate PDP</td>
</tr>
<tr>
<td>Built-in Part D</td>
<td>Federal/State Regulation</td>
</tr>
<tr>
<td>CMS Regulation</td>
<td></td>
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</tbody>
</table>
Thank you for attending!

Please contact Bishop & Brown for help with your future Medicare choices

Phone Number: 520-572-4270
Address: 6814 N. Oracle Rd., Tucson, AZ 85704