



The ABC & Ds of Medicare

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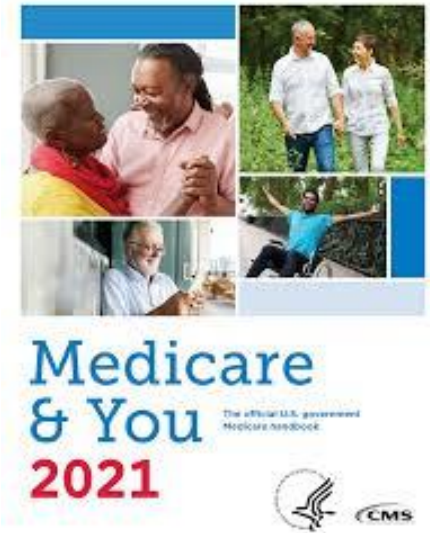
Why is Medicare Education Important?

- Active employees
 - Medicare eligible while covered through an employer group plan or a spouse's plan
- Retirees
 - Impact transitioning from active to retiree status
 - Plan requirements for Medicare A & B
- Employer group plans
 - Coordination of Benefits
 - Open enrollment
 - Qualifying events



What is Medicare?

- Health insurance for people:
 - 65 and older
 - Under 65 with certain disabilities
 - ALS (Amyotrophic Lateral Sclerosis, also called Lou Gehrig's disease) without a waiting period
 - Any age with end-stage Renal Disease (ERSD)



Note: To get Medicare you must be U.S. citizen or lawfully present in the U.S. Must reside in the U.S. for five consecutive years.



What agencies are responsible for Medicare?

Handle Enrollment,
Premiums



Social Security enrolls most people in Medicare



Railroad Retirement Board (RRB) enrolls railroad retirees in Medicare



Federal retirees' premiums are handled by the **Office of Personnel Management (OPM)**

We Handle the Rest



Centers for Medicare & Medicaid Services (CMS) administers the Medicare Program



What are the parts of Medicare?

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



Medicare Options

Original Medicare

Part A



Part B



You can add:

Part D



You can also add:

Supplemental coverage



This includes Medicare Supplement Insurance (Medigap). Or, you can use coverage from a former employer or union, or Medicaid.

Medicare Advantage (Part C)

Part A



Part B



Most plans include:

Part D



Extra benefits

Some plans also include:

Lower out-of-pocket costs

NOTE: Medicare Supplement Insurance (Medigap) policies only work with Original Medicare.

2021 Medicare Part A

- Hospital Insurance for confinement in a hospital or skilled nursing facility per benefit period
- Benefit Period:
 - Begins on the first day you receive services as an inpatient
 - Ends after you have not received skilled care in any other facility for 60 days in a row



2021 Medicare Part A

| Hospitalized* | Medicare Covers | Medicare Member Pays |
|---------------|---|--|
| 1 – 60 Days | Most confinement costs <u>after</u> Medicare deductible | \$1,484 Deductible |
| 61 – 90 Days | Eligible expenses <u>after</u> per day coinsurance | \$371 Per Day Coinsurance up to \$11,130 |
| 91 – 150 Days | Eligible expenses <u>after</u> per day coinsurance (Lifetime Reserve Days) | \$742 Per Day Coinsurance up to \$44,520 |
| 151 Days + | No Coverage | All Costs |



2021 Medicare Part A

| Hospitalized* | Medicare Covers | Medicare Member Pays |
|--|---|--|
| Medicare Approved Skilled Nursing Confinement *Following inpatient hospital stay of at least 3 days or more and within 30 days after hospital discharge receiving skilled nursing care | Eligible expenses first 20 days Eligible expenses days 21-100 <u>after</u> per day coinsurance | After 20 days \$185.50 Per Day Coinsurance up to \$14,840 |



2021 Medicare Part A

| Hospitalized* | Medicare Covers | Medicare Member Pays |
|---|---|-----------------------------|
| Medicare Approved Hospice Care Including Dr's certification of terminal illness | Eligible expenses Very limited copayment for outpatient drugs and inpatient respite care | Medicare Copayment |
| Blood | 100% of approved amount <u>after</u> 3 pints | First 3 pints |



2021 Medicare Part B

| Incurred Expenses | Medicare Covers | Medicare Member Pays |
|---|--|-------------------------|
| Annual Deductible | Expenses <u>after</u> required Medicare deductible | \$203 Annual Deductible |
| Medical Expenses Physician services for inpatient & outpatient medical/surgical; physical/speech therapy & diagnostic tests | 80% of approved amount | 20% of approved amount* |



2021 Medicare Part B

| Incurred Expenses | Medicare Covers | Medicare Member Pays |
|-----------------------------------|--|---|
| Excess Physician Charges** | Not eligible | 100% of all costs |
| Clinical Laboratory | 100% of approved amount | No cost |
| Home Healthcare | 100% of approved amount; 80% of approved amount for DME | No cost for services DME – 20% of approved amount* |



2021 Medicare Part B

| Incurred Expenses | Medicare Covers | Medicare Member Pays |
|----------------------------|---|---|
| Outpatient Hospital | Medicare payment based on outpatient payment rate | Coinsurance based on outpatient payment rate |
| Blood | 80% of approved amount <u>after</u> first 3 pints | First 3 pints plus 20% of approved amount for additional pints |



Monthly Part B Standard Premium – Income-Related Monthly Adjustment Period (IRMAA) for 2021

| File Individual Tax Return | File Joint Tax Return | File Married & Separate Tax Return | You pay |
|---|---|--|----------|
| \$88,000 or less | \$176,000 or less | \$88,000 or less | \$148.50 |
| Above \$88,000 up to \$111,000 | Above \$176,000 up to \$222,000 | Not applicable | \$207.90 |
| Above \$111,000 up to \$138,000 | Above \$222,000 up to \$276,000 | Not applicable | \$297.00 |
| Above \$138,000 up to \$165,000 | Above \$276,000 up to \$330,000 | Not applicable | \$386.10 |
| Above \$165,000 and less than \$500,000 | Above \$330,000 and less than \$750,000 | Above \$88,000 and less than \$412,000 | \$475.20 |
| \$500,000 or above | \$750,000 and above | \$412,000 and above | \$504.90 |

*Late Penalty: 10% for every 12 months



Question #1

For Part B, in most cases, you pay _____.

- A. A monthly premium
- B. A yearly deductible
- C. 20% coinsurance for most covered services
- D. All of the above



Medicare Supplement “Medigap” Plans

| Benefits | Plans Available to All Applicants | | | | | | | | Medicare first eligible before 2020 only+ | |
|--|-----------------------------------|---|---|------------------|---------------------|---------------------|-----|--|---|----------------|
| | A | B | D | G ¹ ♦ | K | L | M | N ♦ | C | F ¹ |
| Medicare Part A coinsurance and hospital coverage (up to an additional 365 days after Medicare benefits are used up) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Medicare Part B coinsurance or Copayment | ✓ | ✓ | ✓ | ✓ | 50% | 75% | ✓ | ✓ <small>copays apply³</small> | ✓ | ✓ |
| Blood (first three pints) | ✓ | ✓ | ✓ | ✓ | 50% | 75% | ✓ | ✓ | ✓ | ✓ |
| Part A hospice care coinsurance or copayment | ✓ | ✓ | ✓ | ✓ | 50% | 75% | ✓ | ✓ | ✓ | ✓ |
| Skilled nursing facility coinsurance | | | ✓ | ✓ | 50% | 75% | ✓ | ✓ | ✓ | ✓ |
| Medicare Part A deductible | | ✓ | ✓ | ✓ | 50% | 75% | 50% | ✓ | ✓ | ✓ |
| Medicare Part B deductible | | | | | | | | | ✓ | ✓ |
| Medicare Part B excess charges | | | | ✓ | | | | | | ✓ |
| Foreign travel emergency (up to plan limits) | | | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ |
| Out-of-pocket limit in 2021 ² | | | | | \$6220 ² | \$3110 ² | | | | |



Part C – Medicare Advantage

- Need to use providers who are in the plan's network & service area for non-emergency or non-urgent care
- May need to get a referral to see a specialist
- May pay plan premium in addition to monthly Part B premium
- Plan must cover all medically necessary services of Original Medicare.
- May offer additional benefits
- Generally don't cover care outside US



Prescription Drug Coverage (Part D)

- Run by private companies that contract with Medicare
- Provided through
 - Medicare Prescription Drug Plans (PDPs) (work with Original Medicare)
 - Medicare Advantage Prescription Drug Plans (MA-PDs)
 - Some other Medicare health plans
- Formularies - PDL
 - Must include range of drugs in each category
 - Subject to change



Can add to Original Medicare

Usually included in Medicare Advantage (MA)



Prescription Drug Coverage (Part D)

| Stage 1 | Stage 2 | Stage 3 | Stage 4 |
|------------------|---|--|---|
| Deductible \$445 | Initial Coverage | Donut Hole | Catastrophic Coverage |
| | You pay copays or coinsurance up to \$4,130 | You pay 25% of the cost for brand drugs and generic drugs You stay in this stage until total drug costs reach \$6,550 | You pay 5% of the plan's contracted costs or \$3.70 for generic and \$9.20 for brand (whichever is greater) |



Monthly Part D Standard Premium – Income-Related Monthly Adjustment Amount (IRMAA) for 2021

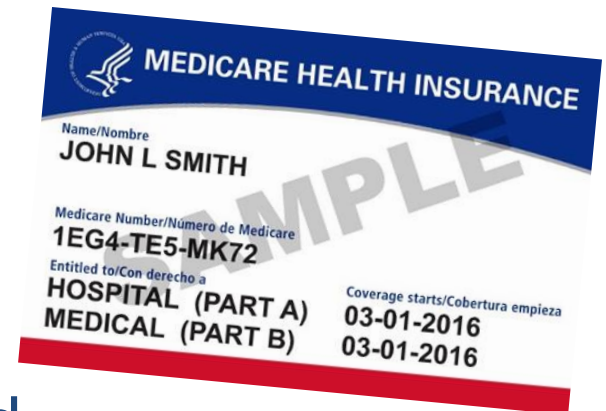
| File Individual Tax Return | File Joint Tax Return | File Married & Separate Tax Return | You pay Income-related monthly adjustment amount + your plan premium |
|---|---|--|--|
| \$88,000 or less | \$176,000 or less | \$88,000 or less | \$0.00 + YPP |
| Above \$88,000 up to \$111,000 | Above \$176,000 up to \$222,000 | See below | \$12.30* + YPP |
| Above \$111,000 up to \$138,000 | Above \$222,000 up to \$276,000 | See below | \$31.80* + YPP |
| Above \$138,000 up to \$165,000 | Above \$276,000 up to \$330,000 | See below | \$51.20* + YPP |
| Above \$165,000 and less than \$500,000 | Above \$330,000 and less than \$750,000 | Above \$88,000 and less than \$412,000 | \$70.70* + YPP |
| \$500,000 and above | \$750,000 and above | \$413,000 and above | \$77.10* + YPP |

***Late Penalty: 1% per month x total # months**



Automatic Enrollment – Part A and Part B

- Automatic enrollment for people who get:
 - Social Security benefits
- **Welcome to Medicare Package**
 - Mailed 3 months before
 - 65 or
 - 25th month of disability benefits
 - Includes your Medicare card



Taking Action to Enroll

- If you aren't automatically enrolled in Part A and Part B
 - Medicare participant needs to enroll with Social Security
 - www.socialsecurity.gov
 - Call 1-800-772-1213; TTY: 1-800-325-0778

NOTE:

- The age for full Social Security retirement benefits is increasing. Medicare eligibility age is still 65
- To avoid IRS tax penalties, stop contributions to Health Savings Account (HSA) before Medicare starts



Initial Enrollment Period (IEP)



During your IEP you can enroll/join:

- ✓ Part A
- ✓ Part B
- ✓ MA (if you have Part A and Part B)
- ✓ Part D (if you have Part A and/or Part B)

No late enrollment penalties

You can buy a Medigap policy (must have Part A and Part B, but not MA). Medigap OEP lasts 6 months from when you're **both** 65 and have Part B

**2023 – Coverage effective date will be first of month following date of enrollment*



Special Enrollment Period (SEP)



8-Month period when you can enroll in:

- ✓ Part A
- ✓ Part B

Usually no late enrollment penalties

If you enroll during SEP, you can enroll in:

- ✓ MA (must have Part A and Part B)
- ✓ Part D (Part A and/or Part B)

You have 6 months from the Part B effective date to buy a Medigap policy (must have Part A and Part B)



General Enrollment Period (GEP)



3-Month period each year during which you can enroll/join:

- ✓ Part A (if you have to buy it)
- ✓ Part B



May have late enrollment penalties

If you enroll in Medicare during the GEP (dates above), from April 1–June 30, you can sign up for:

- ✓ MA (if you have Part A and Part B)
- ✓ Part D (if you have Part A and/or Part B)



**2023 – Coverage effective date will be first of month following date of enrollment*



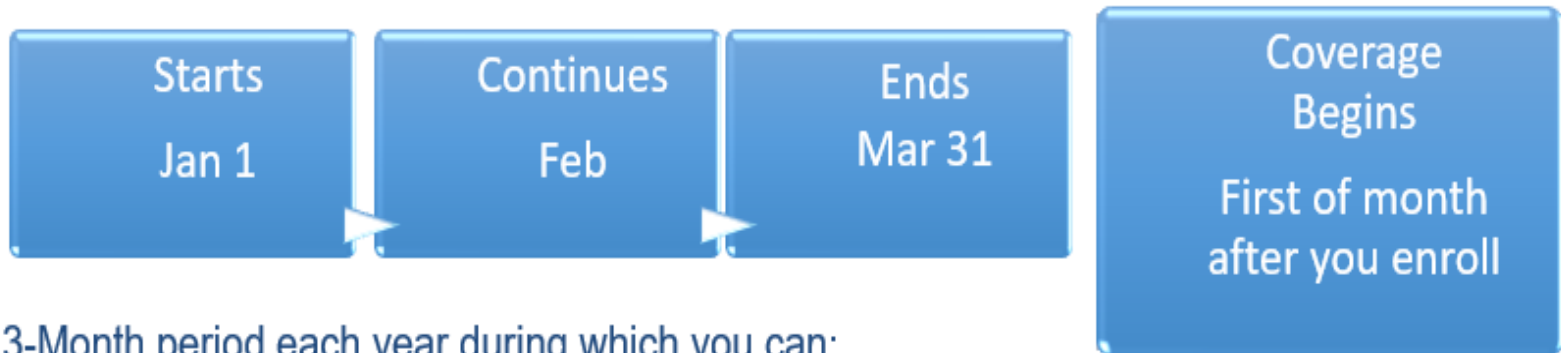
Yearly Open Enrollment (OEP) for People with Medicare



- 7-week period each year where you can enroll in, dis-enroll, or switch MA Plans or PDP Plans
- This is a time to review health and drug plan choices.



Medicare Advantage Open Enrollment Period (MA OEP)



3-Month period each year during which you can:

- ✓ Switch MA Plans (Medicare Advantage Plan with prescription drug coverage (MA-PD) to MA, or MA to MA-PD)
- ✓ Drop MA Plan and return to Original Medicare
 - If you do, you can enroll in a Part D plan
 - You won't have a Guaranteed Issue Right for a Medigap policy

You must already be enrolled in an MA Plan (at any time) during the first 3 months of the year to use this enrollment period.



Question #2

Why is the Initial Enrollment Period (IEP) important?

- A. Missed enrollment deadlines can result in penalties
- B. It's your first opportunity to enroll in Medicare
- C. When you enroll impacts when your coverage begins
- D. All of the above



Medicare Mistakes You Don't Want to Make

- Assuming Medicare is free
- Expecting Medicare covers 100% of healthcare costs
- Missing the initial enrollment period
- Delaying Part D because you don't take medicine
- Failing to submit Proof of Creditable Coverage
- Assuming pre-existing conditions don't matter
- Asking your physician the wrong questions
- Failing to review coverage annually



Question #3

How confident are you advising employees and retirees about Medicare?

- A. Very confident
- B. Somewhat confident
- C. Not confident at all
- D. I'm so confused!

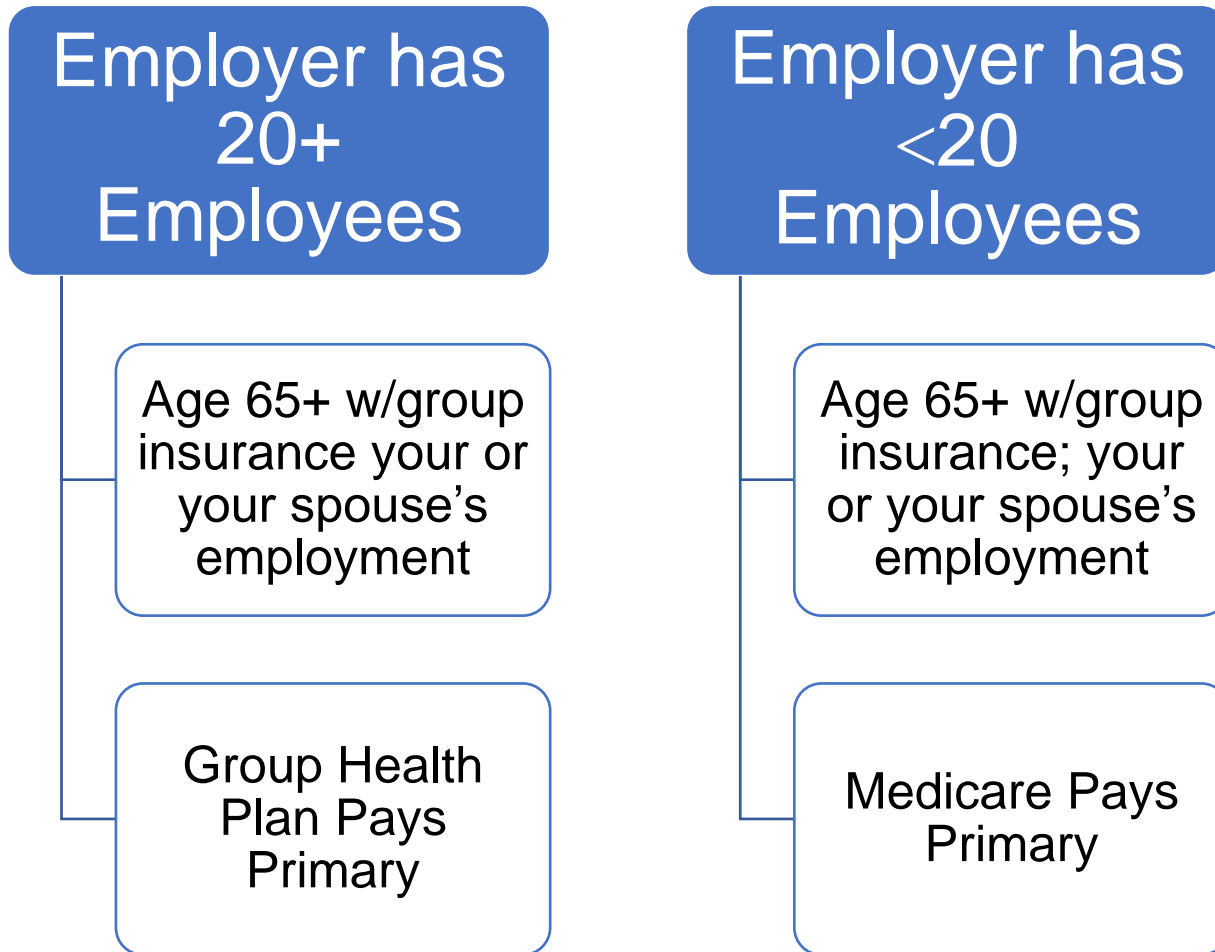


Employer View

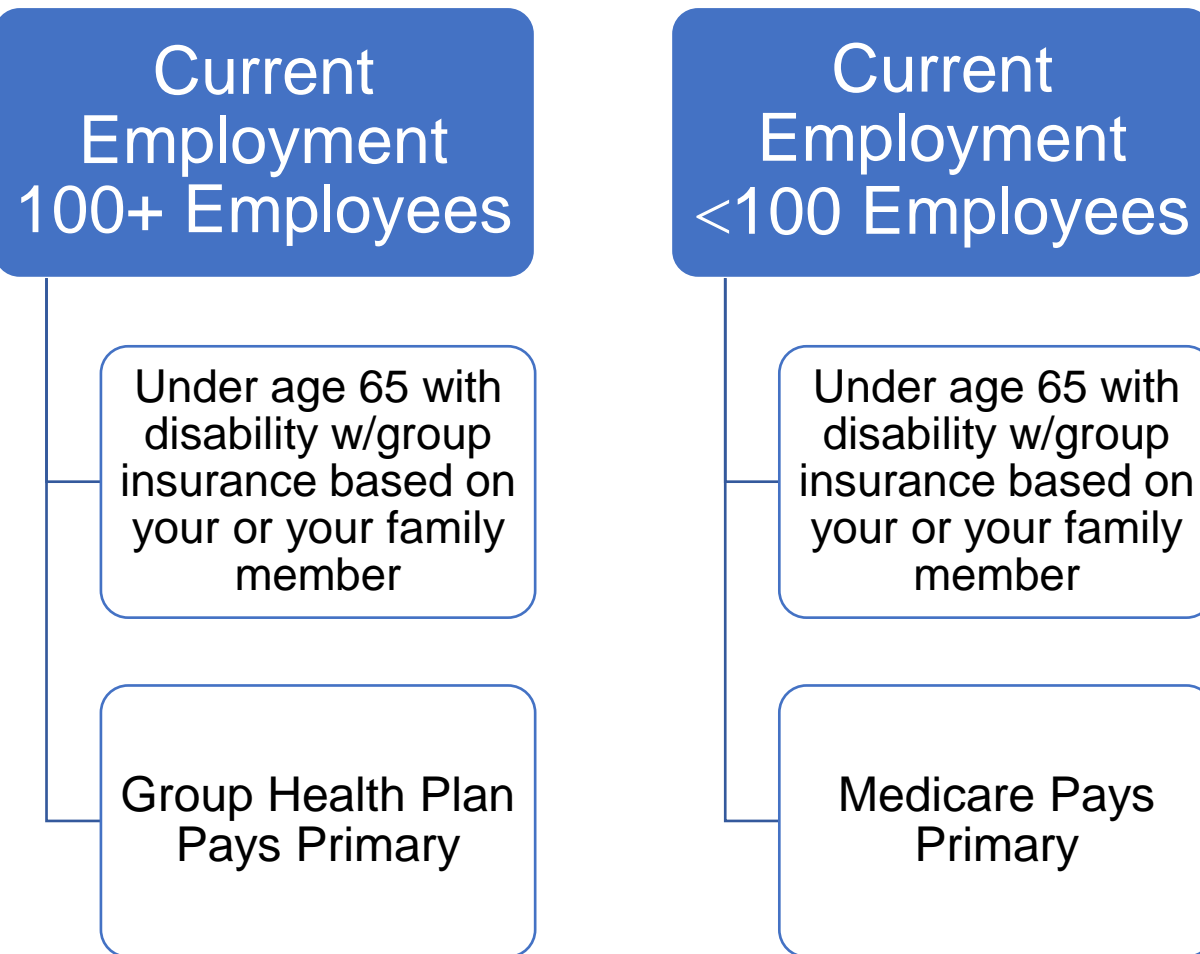
- Coordination of Benefits
 - Who pays first?
 - Medicare B
- How does COBRA and TriCare work with Medicare?
- Is there an impact to H.S.A. contributions when Medicare is in play?
- What do I do if I receive a CMS Demand letter?
- How much should I do to help my employee or retiree when they ask about Medicare?



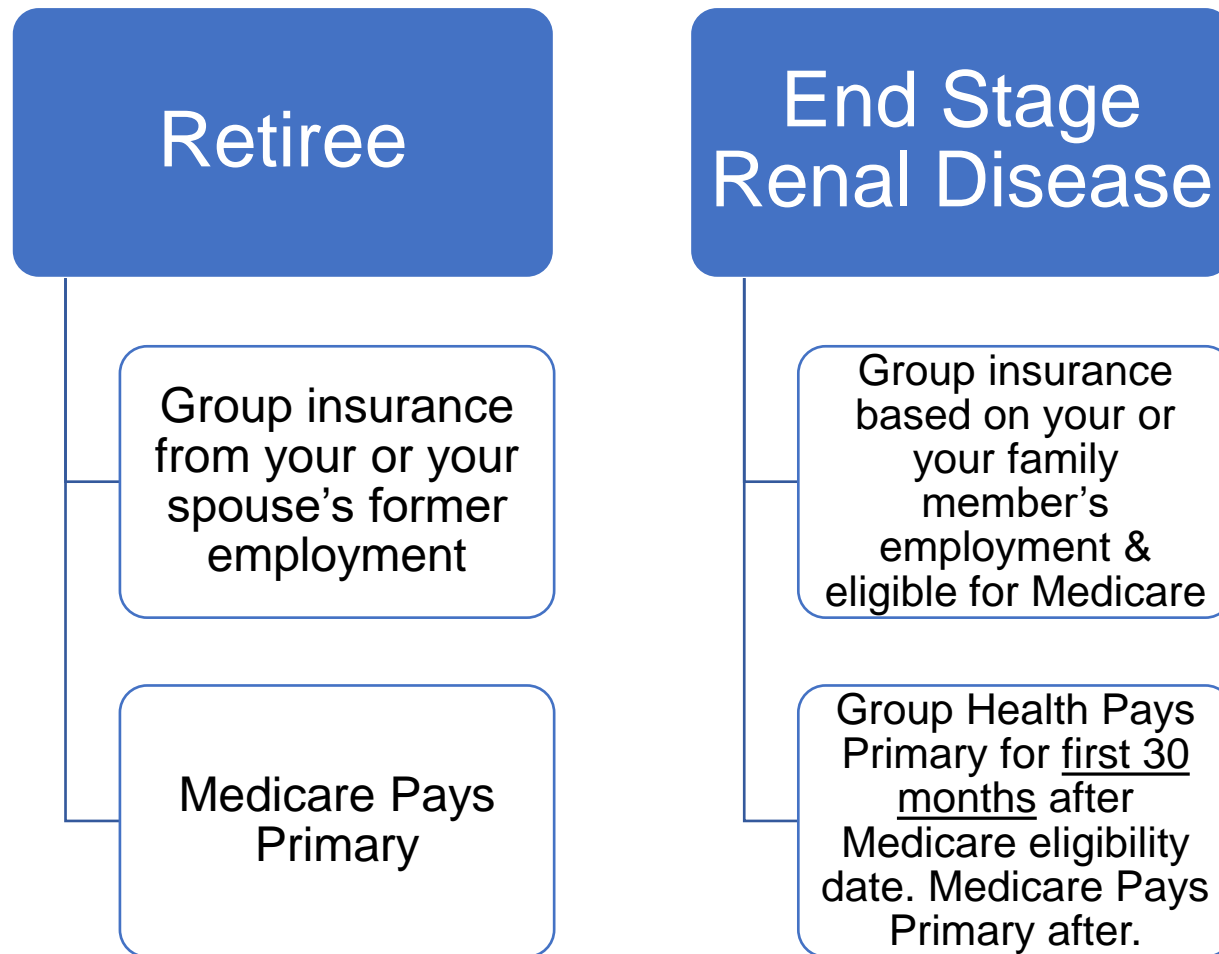
Medicare Coordination of Benefits – *Current Employment*



Medicare Coordination of Benefits – *Disability*



Medicare Coordination of Benefits



Medicare Coordination of Benefits

Domestic Partner

Not Offered Same Benefit Rights As Legal Spouses

Medicare Primary?

TRICARE Age 65+

Active Duty
TRICARE Pays Primary

Non-Active Duty
Medicare Pays Primary



Medicare Coordination of Benefits

COBRA

Age 65+ or
Disability other
than ESRD
Medicare Pays
Primary

ESRD
COBRA Pays
Primary



Question #4

Your entity has 253 employees, does your group plan pay as primary or secondary for retirees that are eligible for Medicare coverage?

- A. Primary
- B. Secondary
- C. Not Sure



Legislation

Health Savings Account Contributions & Medicare

- Medicare enrollment causes individual to lose eligibility to continue making tax free contributions
 - Medicare as only coverage
 - Medicare secondary to Employer Sponsored QHDHP “other coverage”
- Avoid excess contributions by stopping H.S.A. contributions before applying for Medicare coverage
- Medicare A – Things to Watch For
 - Automatic enrollment
 - 6 month retroactive coverage for late applicants



Legislation

Medicare D (Prescription): Creditable & Non-Creditable Coverage

- CMS annual employee/retiree/member notices
 - Due Prior to October 15th
- Annual online employer reporting to CMS
 - Within 60 days after start of Plan Year

CMS - Conditional Payments

- Primary Payment Notice (PPN) – 45 days to respond
- Demand Letter
- Contact consultant or Carrier/TPA

Fire Fighter Cancer Bill



Stay In Your Lane

- Education & Communication – Before Retirement
 - Active employees who become eligible due to age or disability
 - Dependent is eligible, but employee is not
 - Dependent not eligible, employee is
 - Coordination of benefits
 - Assisting in retiree transition from active employment status
- Advise on *your* plan requirements & benefit coverages



Resources

Medicare

- Centers for Medicare and Medicaid Service (CMS)
 - 1.800.MEDICARE (1.800.633.4227)
 - TTY users 1.877.486.2048
 - Medicare.gov

Coordination of Benefits Questions

- Benefits Coordination & Recovery Center (BCRC)
 - 1.855.798.2627
 - TTY users 1.855.797.2627



Thank
You!

