

What is Medicare?

Medicare is a federal health insurance program administered by the Centers for Medicare and Medicaid Services (CMS).

CMS is an agency within the Department of Health and Human Services (HHS).

Social Security Offices process applications for Medicare and can also provide general information on the program.

Medicare Eligibility

- ▶ Age 65 or older
- ▶ Under age 65 with certain disabilities*
- ▶ For all ages with end-stage renal disease (ESRD)

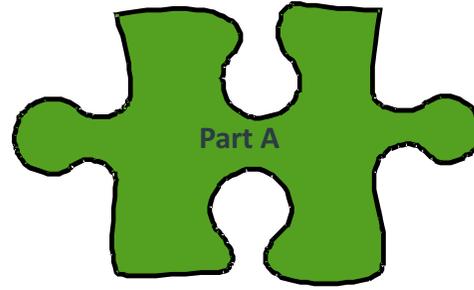
Original Medicare Enrollment Periods

- ▶ Initial Enrollment Period (IEP) begins three (3) months prior to turning age 65 and continues through the end of the third month after
- ▶ General Enrollment Period allows individual who did not enroll in Part B during the IEP to enroll between January 1 - March 31 of each year for a July 1 effective date
- ▶ Special Enrollment Period (SEP) allows individuals who delayed enrolling in Part B because they were receiving benefits through an employer as an active employee (or dependent of someone who is); SEP runs eight months from the time of retirement or loss of coverage

Parts of Medicare

- ▶ Original Medicare includes:
 - Part A - hospital coverage
 - Part B - medical coverage
- ▶ Both hospital and medical coverage can be obtained through private insurance companies under the Part C, also referred to as the Medicare Advantage Program.
- ▶ Outpatient prescription drug coverage is available through private insurance companies under the Part D Program.

Medicare Eligibility



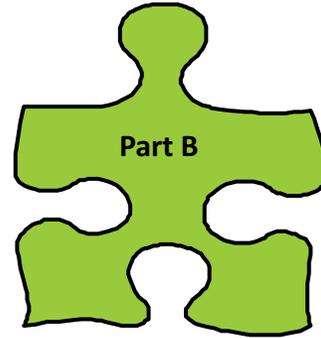
► Part A - Hospital Coverage

► No premiums are required for Part A coverage if the eligibility requirements below have been met:

- An individual or his/her spouse has worked at least 10 years in Medicare-covered employment (paid Medicare taxes)
- Aged 65 years or older
- A US citizen or permanent resident

► The federal government funds Part A costs through social security payroll tax deductions

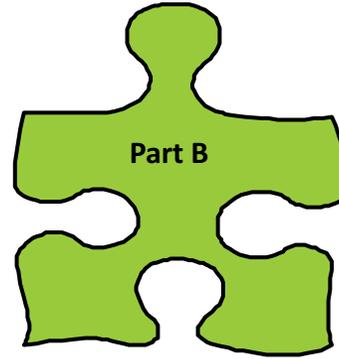
Medicare Eligibility



- ▶ Part B - Medical Coverage
- ▶ Individuals must enroll in and pay a Part B premium
- ▶ Part B premiums usually go up each year and are higher for individuals with higher incomes
 - Some people will pay a higher premium based on their modified adjusted gross income
- ▶ Premiums can be deducted from a social security, railroad retirement, or civil service retirement check
- ▶ The federal government funds Part B costs through the general tax revenues; beneficiary premiums cover 25% for Part B expenses¹

¹ Source: Medicare.gov, updated 2010.

Medicare Eligibility



▶ Part B - Medical Coverage (cont.)

▶ If an individual delays Part B enrollment after becoming eligible for benefits, a penalty may apply*

- Part B premiums will go up 10% for each 12-month period during which Part B enrollment was delayed
- The penalty is applied for all years going forward

▶ If one did not enroll in Part B when first becoming eligible, enrollment is allowed during the General Enrollment Period

- ▶ January 1 - March 31 of each year for a July 1 effective date
- ▶ Enroll through Social Security Office

Medicare Benefits

Part A	Part B
Inpatient hospital care	Physician services
Care in critical access hospitals	Outpatient hospital care
Skilled nursing care	Physical therapy
Hospice care	Ambulance
Home health care	Durable medical equipment
	Prosthetics
	Part B covered drugs

Basics of Original Medicare

Out of pocket costs under the Original Medicare program can be significant:

Services	Medicare Pays in 2018	Beneficiary Pays in 2018
Hospitalization on March 10 th (5 days)	After \$1,340 deductible, all costs	\$1,340
Re-admitted on April 2 nd (10 days)	All costs	\$0 (deductible applied to same benefit period)
Admitted in August (8 days)	After \$1,340 deductible, all costs	\$1,340
Total (not including Part B services)		\$2,680

Medicare Part A - Skilled Nursing

Services	In 2018 Medicare Pays
First 20 days	All approved amounts
Days 21-100	All but \$167.50 per day
After 100 days	\$0

Medicare Part B Enrollment

- ▶ No coverage from active employment? Delaying Part B could mean:
 - Higher premiums -10% Penalty
 - Paying for your health care out-of-pocket
- ▶ Still working (you or spouse)?
 - You may want to delay Part B
 - No penalty if you enroll while you have coverage or within 8 months of losing coverage

Medicare Part B Premium

Part B - Medical Coverage

If your Yearly Income is:			You Pay
File Individual Tax Return	File Joint Tax Return	File Married & Separate Tax Return	
\$85,000 or below	\$170,000 or below	\$85,000 or Below	\$134.00
\$85,001-\$107,000	\$170,001-\$214,000	N/A	\$187.50
\$107,001-\$133,500	\$214,001-\$267,000	N/A	\$267.90
\$133,501-\$160,000	\$267,000-\$320,000	N/A	\$348.20
above \$160,000	above \$320,000	Above \$85,000	\$428.60

Source: Medicare.gov

Medicare Part B

Part B - Physician services in or out of the hospital, supplies, physical/speech therapy, diagnostic tests, durable medical equipment

Services	In 2018 Medicare Pays
First \$183 of Medicare-approved amounts (Part B Deductible)	\$0
Remainder of Medicare-approved amount	80%
Part B Excess Charges	\$0

Medicare Part B Preventive Services

- Welcome to Medicare Physical Exam
- Abdominal Aortic Aneurysm Screening
- Bone Mass Measurements
- Cardiovascular Screenings
- Colorectal Cancer Screenings
- Depression Screenings
- Diabetes Screenings
- EKG
- Glaucoma Tests
- HIV Screening
- Mammogram Screening
- Obesity Screening and Counseling
- Pap Test and Pelvic Exam
- Prostate Cancer Screening
- Smoking Cessation Counseling
- Flu Shots, Hepatitis B Shots and Pneumococcal Shot

Services Not Covered by Part A and B

Part A & B coinsurance and deductibles

Most outpatient prescription drugs

Dental care

Routine hearing exams, screenings, hearing aids

Routine eye exams, eyewear and contacts not associated with cataract surgery

Custodial care (unskilled) in a nursing home

Common Medicare Coverage

Original Medicare Plan

Part A
(Hospital)

Part B
(Medical)

Medicare provides this coverage
Part B is optional

+

Part D

(Prescription Drug Coverage)

+

Medicare Supplement

(Medigap)

OR

Medicare Advantage Plans

Formerly Called Part C
(Combines Part A & Part B)

Medicare contracts with private insurance companies to provide this coverage. Medicare pays a demographically based capitated rate per member per month

Plans Include:

HMO

Regional PPO

Private Fee for Service

+

Part D

(Prescription Drug Coverage)

Medicare Supplement - Basics

Original Medicare program was not designed to cover 100% of health care costs.

Unlike the MA program, which replaces Medicare, Medicare Supplement plans are secondary to original Medicare - filling in the coverage gaps.

States (not CMS) administer and regulate private companies that offer Medicare Supplement plans sold to state residents; plans are portable and do not require state residence to stay in force.

Medicare beneficiary retains their red, white, and blue Medicare ID card.

Medicare ID Card

- ▶ When you're enrolled in Medicare, you'll get your red, white, and blue Medicare card in the mail. If you're automatically enrolled, you'll get your red, white, and blue Medicare card in the mail 3 months before your 65th birthday or your 25th month of getting disability benefits. Your Medicare card shows that you have Medicare health insurance. It shows whether you have Part A (Hospital Insurance), Part B (Medical Insurance) or both, and it shows the date your coverage starts.
- ▶ Be sure to carry your card with you when you're away from home. Let your doctor, hospital, or other health care provider see your card when you need hospital, medical or other health services.

