

MEDICARE BASICS



MEDICAREBASICS | TOPICS



ABOUT MEDICARE



ELIGIBILITY



WORKING + MEDICARE



MEDICARE COVERAGE



MEDICARE COSTS



ADDITIONAL COVERAGE



COVERAGE CHOICES



ENROLLMENT



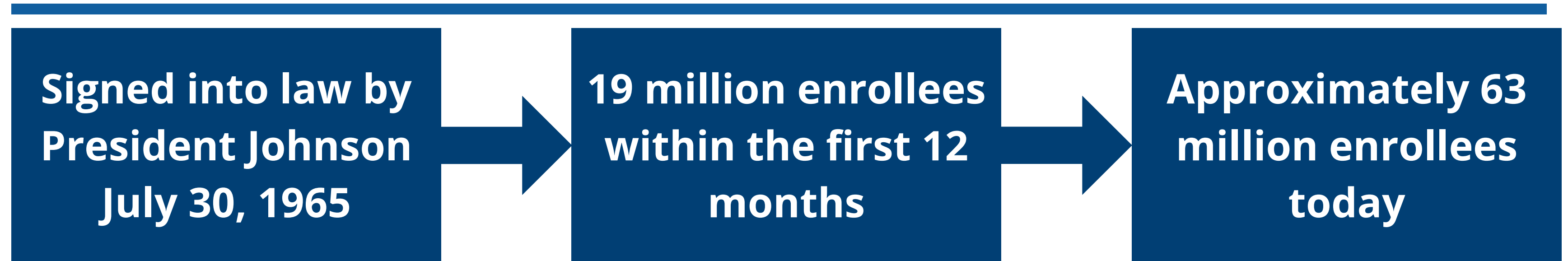
CHANGING COVERAGE



COST SAVINGS

ABOUT MEDICARE

A Brief History of Medicare



In 2021, more than four in ten (42%) Medicare beneficiaries - 26.4 million people out of 62.7 million Medicare beneficiaries overall - are enrolled in Medicare Advantage plans.

Source: Kaiser Medicare advantage in 2021: Enrollment Update and Key Trends. www.kff.org/medicare/issue-brief

Notable Changes to Original Medicare (Parts A & B)

1972

Coverage for under age 65 on SSDIB

The '80's

Supplemental insurance plans standardized

1997

Medicare Part C "Medicare Advantage" introduced

2003

Medicare Part D Prescription Drug Plan introduced

2010

ACA introduced no cost preventative services

ACA reduced Part D "donut hole" costs

What is Medicare?

- **A federal health insurance program for eligible U.S. citizens and legal residents**
- **Funded, in part, by taxes you pay while working**
- **Individual health insurance**

Good to know...

- Medicare is NOT free
- Medicare is NOT a family health plan
- Medicare is NOT Social Security
- Medicare is NOT Medicaid

What is Medicaid?

A state government program that helps pay health care costs for individuals, families, and children with limited income and resources.

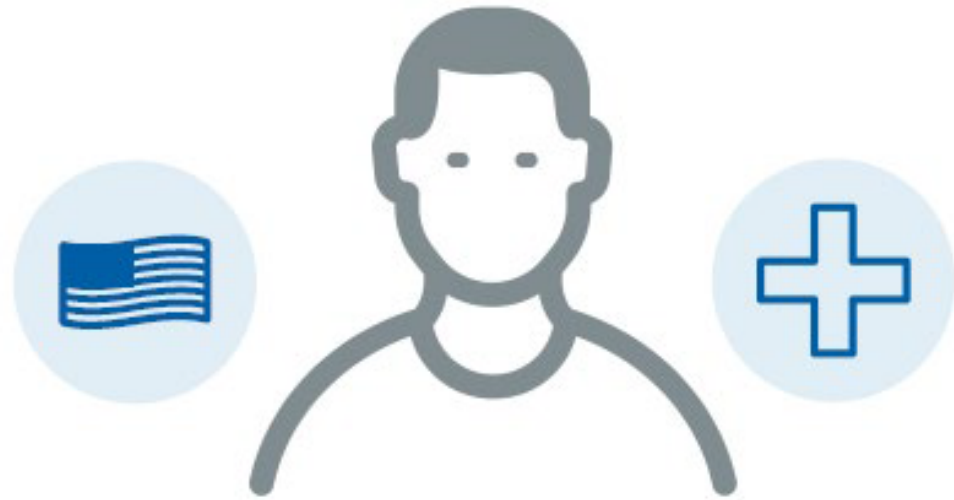
- Programs will vary from state-to-state but follow federal guidelines for benefits
- Eligibility varies from state-to-state

Good to know...

- **Medicaid and Medicare can work together.**
- **If an individual qualifies for both Medicare and Medicaid, they are considered "dual eligible."**
- **For individuals who are dual eligible, Medicaid and Medicare sometimes work together to cover most health care costs and individuals who are dual eligible can often qualify for special kinds of Medicare plans.**

MEDICARE ELIGIBILITY

Who is eligible for Medicare?



A U.S. citizen

OR

A legal resident for at least 5 consecutive years, including the 5 years just before applying for Medicare

AND

- Age 65 or older
- Younger than 65 with a qualifying disability
- Any age with a diagnosis of end-stage renal disease or ALS

WORKING +MEDICARE

Working + Medicare

Check first, but generally Medicare enrollment can be delayed past age 65 without penalty if your employer has more than 20 employees and the employer health coverage is considered "creditable".

Again, check first but, you will need to enroll in Medicare at age 65 if your employer has fewer than 20 employees/health coverage is not considered "creditable".

Good to know:

You may be able to delay enrollment if your employer-based health coverage is through your spouse OR you may have to enroll. It depends on your spouse's employer and any rules the employer has around covered dependents.

MEDICARE COVERAGE

What does Medicare cover?

Original Medicare has two parts, Part A Hospital Insurance and Part B Medical Insurance.

PART A

Hospital Insurance

Helps pay for hospital
and inpatient care.



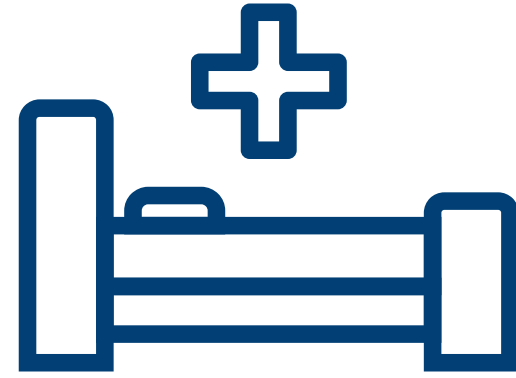
PART B

Medical Insurance

Helps pay for doctor
and outpatient care.



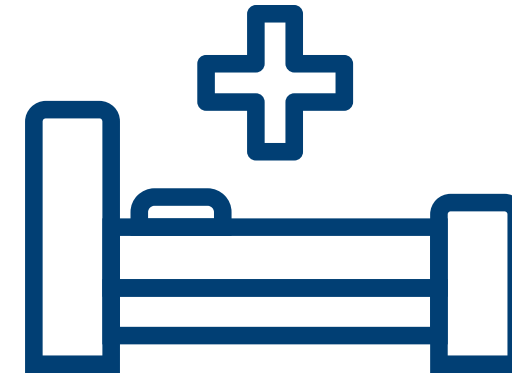
Medicare Part A Coverage



- Hospital room and meals
- Care in special units, like intensive care
- Prescription drugs and medical supplies used during an inpatient stay
- Lab tests, X-Rays, and medical equipment as an inpatient
- Operating room and recovery room services
- Skilled nursing services
- Hospice care
- Some blood transfusions
- Part-time, skilled care for the homebound after a qualified inpatient stay
- Rehabilitation services after a qualified inpatient stay

Part A Hospital Insurance

Good to know...



- It's premium-free if you or your spouse worked and paid taxes for 10 years or longer
- Coverage cannot be denied
- Coverage and costs are per "benefit period"
- Provides for 60 "lifetime reserve" days
- Must be admitted as an inpatient

Medicare Part B Coverage



- Physician services
- Outpatient hospital services
- Ambulance and emergency room services
- Lab tests, X-Rays, MRIs, CT scans, EKGs and other diagnostic tests
- Outpatient mental health care
- Durable medical equipment (wheelchairs, oxygen, etc.)
- Outpatient physical, occupational, and speech-language therapy
- Diabetes screenings, education, and certain supplies
- Annual Wellness Visit and some preventive services, like flu shots

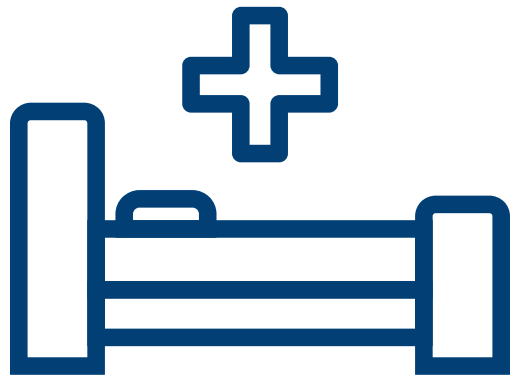
Part B Medical Insurance

Good to know...



- The monthly premium is adjusted for income
- Coverage cannot be denied
- Coverage is nationwide, including any provider who accepts Medicare
- Premium penalty for late enrollment unless qualified for a Special Enrollment Period (SEP)

Medicare Parts A & B: What is **not** covered



- Medicare Part A and Part B deductibles, co-insurance and premiums
- Medicare Part B excess charges (amount billed over what Medicare agrees to pay)
- Prescription drug coverage



- Routine dental, vision or hearing care including eyeglasses, contacts, or hearing aids
- Long-term care or custodial care if that is the only care you need. Note: Most nursing home care is custodial care
- Care received outside the U.S., except for certain circumstances, i.e. a foreign hospital is closer to your home than a U.S. hospital

MEDICARE COSTS

Helpful Terms and Definitions

PREMIUM

A fixed amount that you pay for coverage, usually monthly.

DEDUCTIBLE

A set amount that you pay for covered services before your plan begins to pay.

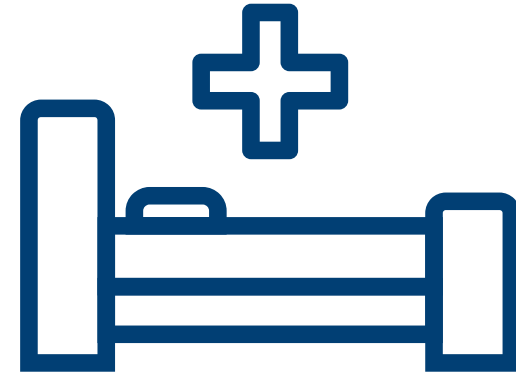
COPAY

A fixed amount you pay at the time you receive a covered service.

COINSURANCE

An amount you pay when the cost of a covered service is split with you. Usually a percentage, such as 80/20.

2023 Medicare Part A Costs



PREMIUM

\$0

for most people

IN PATIENT HOSPITAL DEDUCTIBLE

\$1,600

per benefit period
(up to 60 days)

IN PATIENT HOSPITAL DAILY COINSURANCE

\$400

per day for days 61-90
in one benefit period

\$800

per lifetime reserve day
(maximum of 60 days)

NOTE

NO

out-of-pocket limit

SKILLED NURSING FACILITY COINSURANCE

\$200

2023 Medicare Part B Costs



PREMIUM

\$164.90

per month, for most
people

DEDUCTIBLE

\$226

for the year

OTHER COSTS

20%

of approved amount for
most covered services

Excess charges (if any)

NOTE

NO

out-of-pocket limit

ADDITIONAL COVERAGE

Options for more coverage

Option 1:
Choose a Medicare Advantage Plan

Option 2:
Add Medicare Part D Plan and/or Medicare Supplement Insurance to Original Medicare

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PART C
Medicare Advantage
Combines Part A and Part B in one plan.



②

PART D
Prescription Drug Plan
Helps pay for prescription drugs.

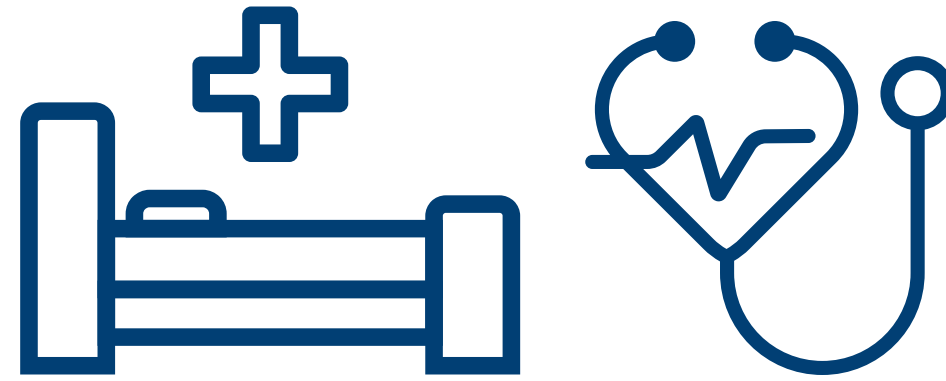


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MEDICARE SUPPLEMENT
Medigap Coverage
Helps pay some of the out-of-pocket costs that come with Original Medicare.

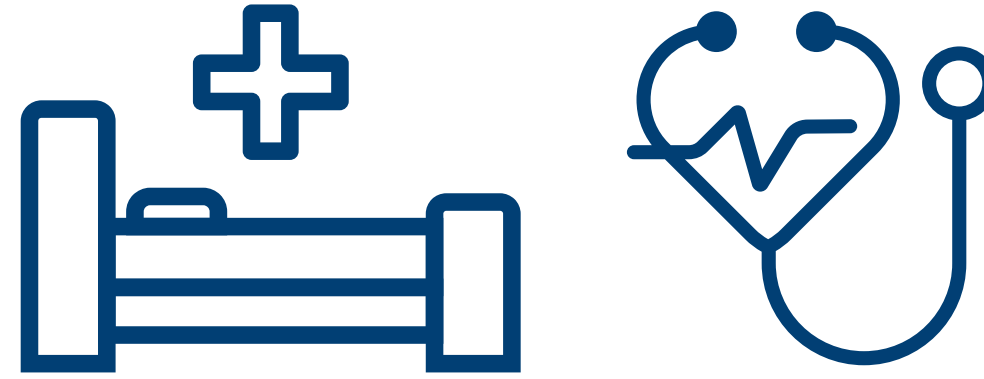


Part C: Medicare Advantage



- **An alternative to Original Medicare (Parts A & B) Combines Part A (hospital insurance) and Part B (medical insurance) in one plan**
- **Plans are offered and administered by private insurance companies**
- **May include prescription drug coverage**
- **May include additional benefits**

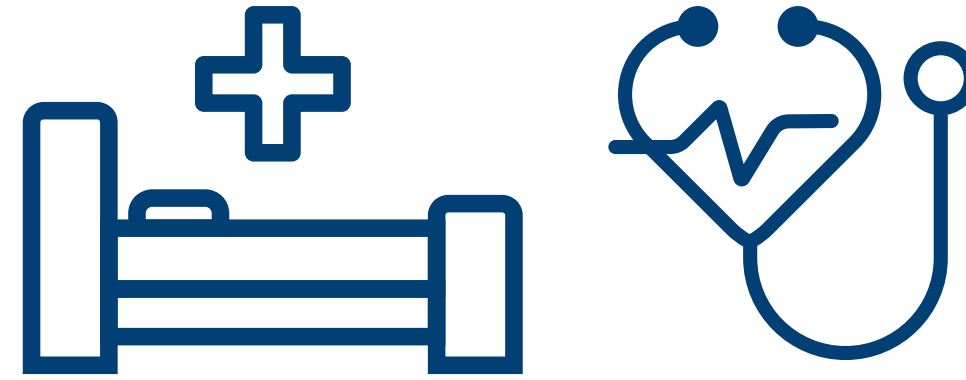
Part C Medicare Advantage: Eligibility and Costs



Eligibility:

- **Must be enrolled in Medicare Parts A and B**
- **Must live in plan service area**
- **Eligibility is not affected by health or financial status**

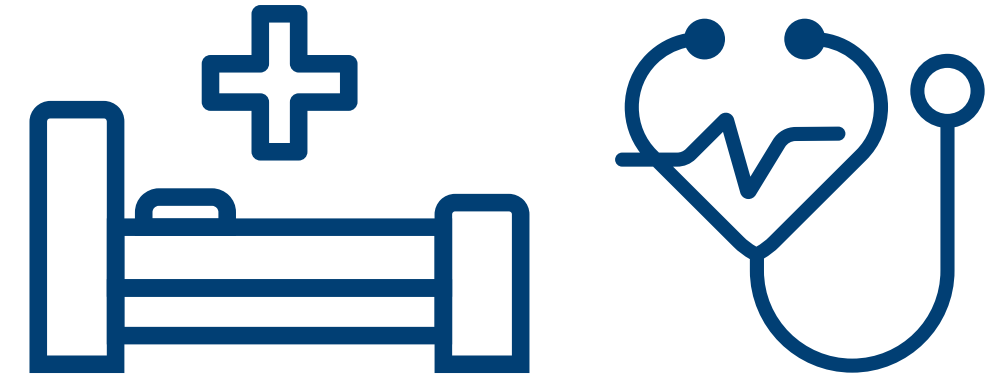
Part C Medicare Advantage: Eligibility and Costs



Costs:

- May charge a monthly plan premium and terms can change from year-to-year
- Must continue to pay your Part B monthly premium
- Annual limit on out-of-pocket costs for covered services

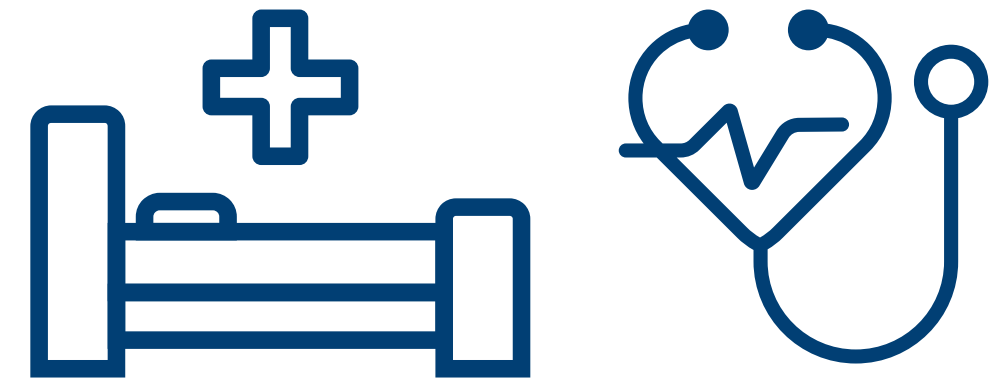
Part C Medicare Advantage Coverage



Coverage:

- Convenience of one single plan
- Plans may include prescription drug coverage (Part D)
- Coverage is often limited to a service area unless it's an emergency
- May be required to see doctors and hospitals that are included in the plan's network
- May offer additional benefits not covered by Medicare

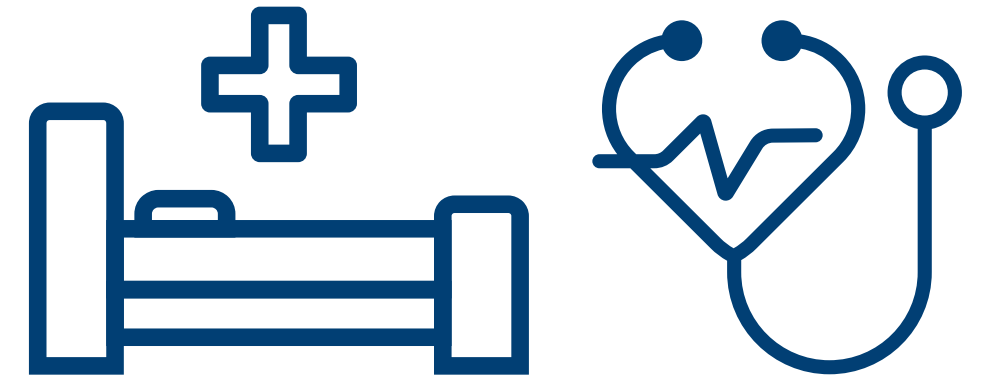
Part C Medicare Advantage Plan Types



Coordinated care plans:

- **Health Maintenance Organization plans (HMO)**
- **Preferred Provider Organization plans (PPO)**
- **Point of Service plans (POS)**
- **Special Needs Plans (SNP)**
 - **Dual Special Needs Plans (D-SNP)**
 - **Chronic Special Needs Plans (C-SNP)**
 - **Institutional Special Needs Plans (I-SNP)**
 - **Institutional-Equivalent Special Needs Plans (IE-SNP)**

Part C Medicare Advantage Plan Types

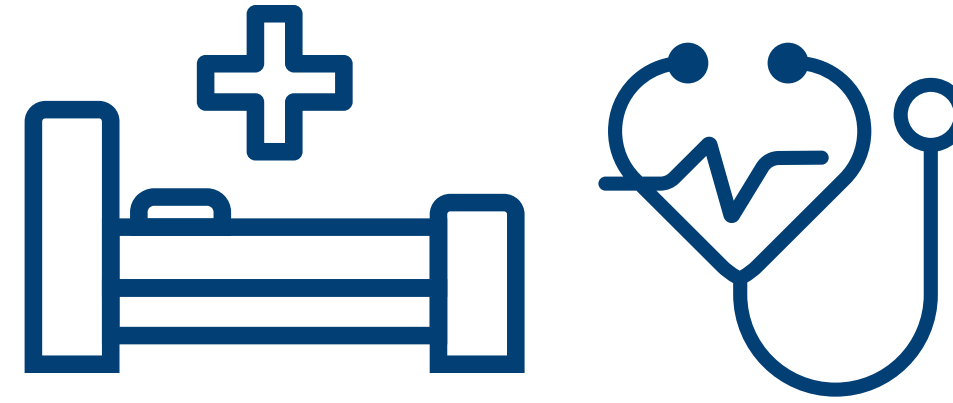


Other plan types:

- **Private Fee-For-Service plans (PFFS)**
- **Medical Savings Account plans (MSA)**

Part C Medicare Advantage

Good to know...



- **Cannot be denied coverage**
- **Must be enrolled in both Medicare A Part and Part B and live in plan service area**
- **Must continue to pay Part B premium to Medicare**
- **May be required to use provider and pharmacy networks**
- **Coverage and costs vary by plan and may change each year**
- **Annual limit on out-of-pocket costs for covered services**

Part D Prescription Drug Coverage



- **Helps with the cost of prescription drugs and some vaccines**
- **Only offered through private insurance companies**
- **Must continue to pay Part B premium**
- **Two ways to get coverage:**
 - **A stand-alone Part D plan**
 - **A Medicare Advantage plan that includes prescription drug coverage**

Part D Prescription Drug Coverage



Medicare Part D plan covers:

- **Type of drugs most commonly prescribed for Medicare beneficiaries as determined by federal standards**
- **Specific brand name drugs and generic drugs included in the drug list (formulary)**
- **Commercially available vaccines not covered by Part B**

Part D Prescription Drug Coverage Formulary



- A formulary is the list of drugs covered by an insurance plan.
- Many plans have a tiered formulary, where drugs are divided into groups.
- In general, the lower the tier (group), the lower the cost.

Formulary Tiers

Tier 1	\$
Tier 2	\$\$
Tier 3	\$\$\$
Tier 4	\$\$\$\$
Tier 5	\$\$\$\$\$

Part D Prescription Drug Coverage & Costs



Coverage:

- **Coverage is not automatic**
- **Penalties may apply if you enroll late**
- **Each plan has a list of drugs that it covers and the list of drugs can change each year**
- **Coverage varies from plan to plan and benefits can change each year**

Part D Prescription Drug Coverage & Costs



Costs:

- **Part D plans have four coverage stages:**
 - **Annual Deductible**
 - **Initial Coverage Stage**
 - **Coverage Gap Stage**
 - **Catastrophic Coverage Stage**
- **The amount of money you pay changes depending on the stage**
- **Many stay in the initial coverage stage for the entire plan year.**

Part D Prescription Drug Coverage



DEDUCTIBLE STAGE

Varies between Medicare drug plans. Max. is \$505

INITIAL COVERAGE STAGE

You pay co-pays based on tier of medication

COVERAGE GAP (DONUT HOLE)

You pay 25% of the cost of generic prescription drugs and most brand-name prescription drugs

CATASTROPHIC STAGE

Once the out-of-pocket is spent you move out of the Coverage Gap and automatically get catastrophic coverage.

It assures you only pay a small coinsurance amount or copayment for covered drugs for the rest of the year

Initial Coverage Limit \$4,660

Member's prescription drug out-of-pocket limit \$7,400

Medicare Supplement Insurance (Medigap)



- **Helps pay some of the out-of-pocket costs not covered by Medicare Parts A & B**
- **Works with Original Medicare (Parts A & B) and Medicare Part D**
- **Plans are offered by private insurance companies in your state**
 - **Plans are labeled by letters (example: Plan A, Plan G, etc.)**
 - **Costs and covered services vary by plan**
 - **Plans with the same letter offer the same benefits nationwide. **MA, MN and WI standardize plans differently.***

Medicare Supplement Insurance (Medigap)



- **Plans may help pay:**
 - **Part A hospital coinsurance**
 - **Part A skilled nursing facility care coinsurance**
 - **Part B coinsurance or copays**
 - **Cost of blood transfusions (first 3 pints)**
 - **Costs for 365 extra hospital days**
 - **Hospice care coinsurance**
 - **Part B deductible (not available for those newly eligible in 2020 or beyond), Part A deductible**
 - **Cost of foreign travel emergency care up to plan limits**
 - **Provider charges above Medicare's approved amount**

Medicare Supplement Insurance (Medigap)



- **Plans do not help with:**
 - **Prescription drugs**
 - **Routine dental**
 - **Routine vision**
 - **Hearing care --Medigap insurers may make value-added services available either free or on a discounted basis.**
 - **Eyeglasses, contacts or hearing aides --Medigap insurers may make value-added services available either free or on a discount basis**
 - **Custodial care (help bathing, eating, dress)**
 - **Long-term care**

Medicare Supplement Plans (Medigap) 2023

Medigap Benefits	Plan A	Plan B	Plan C	Plan D	Plan F*	Plan G*	Plan K	Plan L	Plan M	Plan N
Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Part B coinsurance or copayment	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes***
Blood (first 3 pints)	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Part A hospice care coinsurance or copayment	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Skilled nursing facility care coinsurance	No	No	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Part A deductible	No	Yes	Yes	Yes	Yes	Yes	50%	75%	50%	Yes
Part B deductible	No	No	Yes	No	Yes	No	No	No	No	No
Part B excess charge	No	No	No	No	Yes	Yes	No	No	No	No
Foreign travel exchange (up to plan limits)	No	No	80%	80%	80%	80%	No	No	80%	80%
Out-of-pocket limit**	N/A	N/A	N/A	N/A	N/A	N/A	\$6,940 in 2023	\$3,470 in 2023	N/A	N/A

*Plans F and G also offer a high-deductible plan in some states. With this option, you must pay for Medicare-covered costs (coinsurance, copayments, and deductibles) up to the deductible amount of \$2,700 in 2023, before your policy pays anything. Plans C and F aren't available to people who were newly eligible for Medicare on or after January 1, 2020. **For plans K and L, after you meet your out-of-pocket yearly limit and your yearly Part B deductible, the Medigap plan pays 100% of covered services for the rest of the calendar year. ***Plan N pays 100% of the Part B coinsurance, except for a copayment of up to \$20 for some office visits and up to \$50 copayment for emergency room visits that don't result in inpatient admission.

COVERAGE CHOICES


Medicare Supplement Insurance (Medigap)




STEP
1

Enroll in Original Medicare.

Original Medicare
Provided by the federal government

PART A  Helps pay for hospital stays and inpatient care

PART B  Helps pay for doctor visits and outpatient care


STEP
2

Decide if you need additional coverage. There are two ways to get it.

OPTION 1 ——— OR ——— **OPTION 2**

Add one or both of the following to Original Medicare.

Medicare Supplement Insurance Plan
Offered by private companies


 Helps pay some of the out-of-pocket costs that come with Original Medicare


Medicare Part D Plan
Offered by private companies


PART D  Helps pay for prescription drugs

Choose a Medicare Advantage plan.

Medicare Advantage Plan
Offered by private companies

PART C  Combines Part A (hospital insurance) and Part B (medical insurance) in one plan

PART D  Usually includes prescription drug coverage

 May offer additional benefits not provided by Original Medicare

MEDICARE ENROLLMENT

When Can I Enroll?

**Oct 15th
to
Dec 7th**

ANNUAL ENROLLMENT PERIOD (AEP)

- **October 15 to December 7**
- **Enroll for the first time or switch plans**
- **Effective date: January 1**

**3 months
prior**



**65th
birthday
month**

**3 months
after**

INITIAL ENROLLMENT PERIOD (IEP)

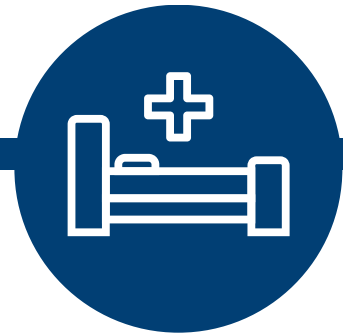
- **Enroll when you first become eligible**
- **7-month period that starts 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65**
- **Effective date: generally, first of the month following enrollment, or first of birthday month**

**Loss of
coverage
Change of
residence**

SPECIAL ENROLLMENT PERIOD (SEP)

- **Enroll or switch plans due to special circumstances**
- **Effective date: generally, first of the month following enrollment**

Late Enrollment Premium Penalties



MEDICARE PART A

- Penalty is 10% of the Part A premium
- No penalty if qualified for premium free



MEDICARE PART B

- Penalty is 10% of the monthly part B premium amount for each full 12-month period enrollment is delayed.
- No penalty if qualified for a Special Enrollment Period (SEP)



MEDICARE PART D

- Penalty is an additional 1% of the average Part D premium for each month enrollment is delayed.
- No penalty if less than 63 days without creditable coverage

CHANGING COVERAGE

Changing Coverage

**Oct 15th
to
Dec 7th**

ANNUAL ENROLLMENT PERIOD (AEP)

- **Join, switch or drop a Medicare Advantage (Part C) or Medicare Part D prescription drug plan**
- **Switch from Original Medicare (Part A & B) to a Medicare Advantage plan, or vice versa**
- **Switch from one Medicare Advantage plan to another**
- **Apply for a Medicare supplement insurance plan (Medigap)**

Changing Coverage

**Jan 1st
to
Mar 31st**

MEDICARE ADVANTAGE OPEN ENROLLMENT PERIOD

- **Available to Medicare Advantage plan members only**
- **Switch to a different Medicare Advantage plan or return to Original Medicare (Parts A & B)**
- **Enroll in a stand-alone Part D prescription drug plan if returning to Original Medicare**

Note: Only one coverage change is allowed

Changing Coverage

**2 months
after the
month of the
qualifying
event**

SPECIAL ENROLLMENT PERIOD - QUALIFYING LIFE EVENTS

An SEP to make plan changes is available for two full months after the month of a qualifying event.

Common qualifying events:

- **Change of residence/moving**
- **Leaving retiree, union or COBRA coverage**

Join, change or drop a Medicare Advantage or Prescription Drug Plan outside of the Medicare Annual Enrollment Period without penalty

COST SAVINGS

Cost Saving Tips

- **Make use of preventive services**
- **Obtain services in your plan's provider network**
- **Inquire about generic or low-tier prescription drugs**
- **Take advantage of using your plan's preferred pharmacy network or consider using mail-order when filling prescriptions**
- **Understand your status in the hospital; inpatient vs. observation/outpatient**
- **Check available financial assistance programs (Extra Help, Medicaid, Medicare Savings Programs, PACE)**

NEXT STEPS

Next Steps

1

Review enrollment periods.

2

Research your options.

3

Ask questions.
Get answers.

4

Find financial help,
if eligible.

5

Enroll.

6

Yearly review.

ADDITIONAL RESOURCES

Additional Resources



VISIT [MEDICARE.GOV](https://www.medicare.gov)



1-800-MEDICARE (1-800-633-4227)



VISIT [SHIPTACENTER.ORG](https://www.shiptacenter.org)



**YOUR STATE HEALTH INSURANCE
ASSISTANCE PROGRAM**

**THANK
YOU**

Rodika Koloda
Life and Health Advisor Agent
Main: 216-236-7760
Cell: 440-530-0596
Email: rkoloda@inssys.com

