Medicare Coverage Options

Make Medicare Work Coalition Webinar
July 18, 2014
Who We Are: Leadership

• AgeOptions
  – Area Agency on Aging (AAA) for suburban Cook County

• Health & Disability Advocates
  – Policy and advocacy group

• Progress Center for Independent Living
  – Cross-disability, non-residential – suburban Cook County
What We Do

• Gather and create practical, accessible information and materials
• Educate Medicare consumers, service providers and policymakers
• Problem solving – individual and systemic
• Provide training and technical support for professionals and volunteers
• Advocate for consumer focused laws and policies
• Target underserved groups
MMW work is supported by grants from:

- The Chicago Community Trust
- Michael Reese Health Trust
- The Retirement Research Foundation
What We’ll Cover Today

• Overview of original Medicare and Medicare out-of-pocket costs

• Medigap plans (also referred to as Medicare Supplement plans)

• Medicare Advantage Plans

• Other types of coverage in addition to Medicare
The Different Parts of Medicare

• Original Medicare
  – Part A – Hospital Insurance
  – Part B – Medical Insurance

• Provided through private companies that have contracts with Medicare
  – Part C – Medicare Advantage
  – Part D – Prescription Drug Plans
Original Medicare
Who is Eligible for Medicare?

• Age and work history

• People age 65+
  – eligible for benefits under Social Security Railroad Retirement, federal, state or local employee
  – Have 40+ quarters of Social Security covered (FICA) employment (10 years full time)
    • Eligible for Social Security AND premium free Medicare Part A. You pay a monthly premium for Part B.
  – If married, may receive benefits under a spouse’s work record
  – Married at least 10 years to receive benefits under a former spouse
Others Eligible for Medicare

• Persons with disabilities under age 65
  – Receiving disability benefits under Social Security (SSDI) or Railroad Retirements for 24 months or more

• At any age
  – Receiving regular kidney dialysis or a kidney transplant
  – Amyotrophic Lateral Sclerosis (ALS) – Lou Gehrig’s disease
Others May Purchase Medicare Coverage

• Age 65, but not enough work history
  – May purchase coverage
    • Part A Premium
      – 30-39 quarters = $234 premium per month for Part A
      – 29 quarters or less = $426 premium per month for Part A
    • Part B premium
      – $104.90 per month

  – Must be age 65+ and a U.S. resident
    • U.S. citizen or permanent legal resident living in the U.S. for 5 continuous years
Medicare Out-of-Pocket Costs

• Original Medicare Parts A and B also have out-of-pocket costs that include deductibles, co-insurance and co-payments

• Beneficiaries are responsible for paying these costs under original Medicare

• There are different coverage options that can help manage and reduce out-of-pocket costs
Your Part A Costs: Hospital -2014

• Part A Hospital Costs
  - Most people receive Part A premium free
    - If you buy Part A, the premium can cost up to $426 per month
  - Hospital deductible = $1,216 for the first day
    (For each 60-day benefit period. You may have more than one benefit period per year.)
  – Daily co-payments
    • Days 1-60 = $0
    • Days 61-90 = $304 per day (lifetime reserve days)
    • Days 91-150 = $608 per day
    • You pay all costs for all days after 150
Your Part A Costs in 2014 – Skilled Nursing Facility

• Days 1-20 = $0
• Days 21-100 = $152 each day
• Over 100 days, you pay all
• (Prior 3-day inpatient hospital stay is required)
Part B Costs 2014

• Monthly premium = $104.90 for most people
  – sliding scale premium for beneficiaries with incomes more than $85,000

• Annual deductible = $147

• Medicare usually pays 80% of the Medicare approved amount for doctor services; you pay the difference (20% coinsurance)

• Outpatient emergency room, hospital and surgery services are a fixed amount, depending on the service
Screen for Public Benefits First

• Screen for public benefit programs before exploring private insurance options
  – Medicaid (including spenddown)
    • Helps pay for medical costs including Medicare deductibles and co-insurance amounts
  – Medicare Savings Program (QMB, SLMB, QI)
    • QMB pays for Medicare Parts A and B premiums, deductibles and co-insurance
    • SLMB and QI pay for only the monthly Part B premium amount
  – Low-Income Subsidy (also called Extra Help)
    • Helps pay for Medicare Part D drug plan costs including monthly premium, annual deductible and co-pay
Managing Medicare’s Out-of-Pocket Costs

• You can purchase private insurance to help pay for Medicare deductibles and co-pays/co-insurance
  – Medicare Supplement policy (also called Medigap)
     OR
  – Medicare Advantage plan

• **Note:** These options do not pay for Part A and Part B premiums
You can get Medicare Benefits in two different ways:

**Original Medicare**

- Part A
- Medigap or Secondary
- Part D or Secondary

**Medicare Advantage**

- Parts A & B
- Most will include Part D coverage
Medigap Insurance

(also referred to as Medicare Supplement Insurance)
Medigap Plans Fill in the Gaps

- Also referred to as Medicare Supplement Insurance
- Health insurance sold by private companies to supplement Medicare Parts A and B
- Use with Original Medicare only
  - Only pays if Medicare does
  - Must have Parts A & B
- Fills in the gaps not covered by Medicare
  - Helps pay some of the out-of-pocket Medicare costs like deductibles, copayments and coinsurance
  - Does not pay for monthly Medicare Parts A and B premiums
Medigap Plans

• Pay an additional premium for a Medigap policy in addition to the monthly Part B premium

• Medigap policies are different than Medicare Advantage plans – cannot have both a Medigap policy and Medicare Advantage plan

• Policies sold after January 1, 2006 DO NOT include prescription drug coverage
  – Can buy and enroll in a separate stand alone Medicare Part D plan

• Medicare Supplement Premium Comparison Guide
  – Can compare premium rates in Illinois
  – Visit SHIP website at: http://www.illinois.gov/aging/ship/Pages/MedicareRelatedInfo.aspx
Standardized Medigap Plans in Illinois

• As of June 2010, 10 standardized Medigap plans are available (A, B, C, D, F, G, K, L, M and N)
  – Plans with the same letters have identical benefits
    • Ex., a Plan F from Company Cat provides the same benefits as a Plan F from Company Dog
  – What varies? The premium costs
    • Depends on age, where you live, female, health or smoker (if outside of your OEP)
Standardized Medigap Plans in Illinois....continued

• Variations on standard plans A – N
  – Medicare Select plans
  – High deductible plans (F)

• Some individuals may have Medigap plans they bought before June 1, 2010
  – Allowed to keep these plans
How are Medigap Polices Priced?

- **Community Rated (No Age Rating)**
  - Premium is the same for everyone over age 65 in the group regardless of age

- **Issue age related**
  - Premium is based on the age you are when you buy the policy and does not increase automatically as you get older (costs may increase due to medical/claims of the group but not because of age)

- **Attained age related**  (most companies in IL use this method)
  - Based on your age each year. Increases as you get older
Don’t forget about Medicare SELECT!

- Medicare SELECT is a type of Medigap policy
  - Requires you to use select hospitals in a network *but*
  - Premiums are usually less expensive
  - Not all companies offer Medicare SELECT plans
  - See SHIP’s Medicare Supplement premium comparison guide for a list of Medicare SELECT plans by area
Medigap Benefits

• All plans cover:
  – Daily hospital coinsurance
  – An additional 365 days in the hospital
  – 20% coinsurance for Part B services
  – 1st three pints of blood
  – Part A hospice coinsurance (policies sold after 6/1/2010)

• These are also called “core benefits”
Additional Medigap benefits

• Additional coverage you can buy are included in certain plans
  – Medicare deductibles (Parts A & B)
  – Skilled nursing facility (SNF) coinsurance
  – Emergency care while traveling outside of the USA
  – Part B excess charges if doctors don’t accept Medicare assignment
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**Out-of-pocket limit in 2014**

$4,940 $2,470

What are Guaranteed Issue Rights?

• Protections you have during certain times to purchase a Medigap policy. During this time a Medigap company
  – cannot deny to sell you a policy
  – cannot exclude coverage of any health condition
  – must cover all pre-existing health conditions
  – cannot charge you more because of past or present health conditions
  – Cannot make you wait for coverage to begin for a pre-existing condition if you had at least 6 months of creditable coverage before you buy a Medigap policy
When Can I Buy a Medigap Policy?

- Best time to buy a policy is during your Medigap Open Enrollment Period (OEP) – cannot be refused a policy
  - 6-month period that begins the first day you enroll in Medicare Part B
  - In Illinois, applies to people age 65+ and people with disabilities under age 65
  - Have guaranteed issue rights during this time
    - you can buy any policy you want
    - cannot be denied coverage or charged more because of previous or current health conditions
- Note: You have 30-day “free look” period. Can return your policy within 30 days and get your money back if you’re not happy
Medigap for People With Disabilities

• Can enroll during the 6-month Medigap OEP
  – Buy any policy of your choice
  – Cannot be charged more than the highest rate filed with the IL Department of Insurance OR

• If you miss your 6-month OEP, you can buy a policy from October 15 – December 7 of every year from a company that offers Guaranteed Issue

• People with disabilities under 65 and in Medicare receive another OEP when they turn 65

NOTE: Currently in IL, the only companies that offer guaranteed issue are Blue Cross Blue Shield of Illinois and Health Alliance
Other times you have guaranteed issue rights

- There are other times a person may guaranteed issue rights to buy certain Medigap policies
  

- Some examples include.....
  - Your employer based coverage (including COBRA) is ending
  - You are in a Medicare Advantage plan and your plan is leaving the area or you move out of the area
  - You dropped your Medigap policy to enroll in a Medicare Advantage (MA), have been in the MA less than a year and want to switch back to Medigap

- Usually have 63 days once your coverage ends to buy certain Medigap plans
Pre-Existing Condition Waiting Period

• If you did not enroll during your Medigap OEP and want to enroll at a later time, a company may deny you coverage or impose a Pre-Existing Waiting Period
  – Can make you wait for up to 6 months for coverage to begin if you have a diagnosed health condition before your policy starts
  – Waiting period can be shortened if you had creditable coverage before your policy started, like from an employer or union
Medigap Resources

• CMS – Choosing a Medigap Policy: https://www.medicare.gov/Pubs/pdf/02110.pdf


• Illinois SHIP webinar on Medigap: http://www.state.il.us/streaming/ins/ship-2011-5.asx

• IL SHIP Medicare Supplement Premium Comparison Guide: http://www.illinois.gov/aging/ship/Pages/MedicareRelatedInfo.aspx
Medicare Advantage Plans

Parts A and B and sometimes Part D
Medicare Advantage Plans

- Another way to receive your Medicare benefits
  - alternative to Original Medicare

- Type of Medicare health plan

- Also called Medicare Part C or MA plans

- Some MA plans also include prescription drug coverage
  - called MA-PD plans

- Some plans may also provide extra benefits that original Medicare does not cover
  - Vision, dental, hearing, transportation services
Medicare Part C
Medicare Advantage (MA) Plans

- Different types, each with different rules
  - HMOs, PPOs, or PFFS

- Medicare pays the plan a fixed amount each month to provide your Medicare Part A & B services

- You may have to use doctors, hospitals and other providers that work with the plan (called the “network”)

- Monthly premiums may be lower than Medigap plans
  - But you have to pay co-pays/co-insurance for each service you use

- Still in the Medicare program
  - Get all Part A and Part B services
  - Have Medicare rights and protections
Who is eligible for Medicare Advantage Plans?

- Must be enrolled in both Parts A & B
- Live in the plan’s service area
- Plans must accept everyone on Medicare except people with ESRD (end-stage kidney disease)
- Agree to follow rules
- Can be in the hospice program, but will receive hospice services through Original Medicare
Types of MA plans in Illinois

• Health Maintenance Organizations (HMO)
• Preferred Provider Organizations (PPO)
• Private Fee-for-Service Plans (PFFS)
• Special Needs Plans (SNP)
• In Illinois in 2014, monthly premiums range from $0 to $152
  – You continue to pay your monthly Part B premium in addition to any MA plan premium
Health Maintenance Organizations (HMO)

- Managed care companies owned and operated by private companies
- Usually must use the plan’s network of doctors and hospitals
- Primary care doctor coordinates all care – need a referral for most specialists
- HMOs must accept all people with Medicare Parts A & B (except those with End-Stage Renal Disease)
- Some have $0 monthly premiums
Preferred Provider Organizations (PPO)

- Managed care companies owned and operated by private companies
- Generally, in a PPO you can see any doctor or provider that accepts Medicare
- Usually don’t need a referral to see a specialist or any provider out-of-network

BUT

- If you go to doctors, hospitals or other providers who are not part of the plan (called ‘out-of-network’ or ‘non-preferred’), you usually pay more
Private Fee for Service Plans (PFFS)

- Offered by private insurance companies
- Medicare pays company to provide coverage
- Don’t need a referral to see a specialist
- Each doctor or provider has to agree to accept the terms and conditions of the plan each time
- Most plans have networks but you are not restricted to the network. You usually pay less if you visit network providers
Special Needs Plans (SNP)

• Offered to individuals with special needs:
  – Institutionalized
  – Received Medicare and Medicaid
  – With severe or disabling chronic conditions such as diabetes, congestive heart failure, mental illness, HIV/AIDS

• SNPs coordinate services, providers and drug formularies for the types of groups they serve
Medicare Advantage Maximum Out-of-Pocket Limits

- Medicare Advantage plans required to have a maximum out-of-pocket limit for Medicare Parts A and B services
- $6,700 or less in 2014 but many plans have lower limits
- If the limit is met, the plan covers the costs of Part A and B services for the remainder of the calendar year
When can I enroll in a Medicare Advantage Plan

• Initial Enrollment Period
  – When you are first eligible for Medicare
    • 3 months before, month of and 3 months after Medicare eligibility (3-1-3 rule)

• Annual Open Enrollment Period
  – October 15 – December 7 of each year

• Other times if you qualify a special enrollment period
Medicare Advantage Trial Periods

• If 65+ and join a MA plan when you were first eligible for Medicare
  – Receive SEP to drop MA plan within 12 months, buy any Medigap policy and enroll in a stand alone Part D plan

• Drop your Medigap policy to enroll in a MA plan for the first time since eligible for Medicare
  – Can disenroll from your MA plan within 12 months of coverage and return to Original Medicare
  – You also receive guaranteed issue rights to buy your previous Medigap or certain Medigap plans

Medicare Advantage Disenrollment Period

- Medicare Advantage Disenrollment Period
  - Each year January 1 - February 14

- Allows people in Medicare Advantage (MA) plans to **disenroll** from their MA plan and **return to Original Medicare** and
  - Enroll in a stand-alone PDP **but**
  - Not allowed to switch or enroll in another Medicare Advantage plan
  - Do not receive guaranteed issue to purchase a Medigap policy
Considerations when choosing a Medicare Advantage plan

• Can you see your current doctors and use the hospital of your choice and get full benefits?

• Is the list of specialists extensive in your area?

• What are the Costs? Premiums, co-pays for various services you might need

• When/how can you get out of it if you don’t like it?

• Check out claims made by the sales agent before enrolling (e.g., call your doctor to be sure s/he is in the plan’s network and accepting new MA patients)

• Reputation / customer service/quality rating
Medicare Advantage Resources

• What is a Medicare Advantage Plan?

• Medicare Advantage Plans

• Medicare Managed Care Manual
Additional Coverage Options
Employer-Based Coverage

• Retiree benefits from former employer or union
  – Usually you must enroll in Parts A and B since Medicare is primary and retiree/union plan is secondary

• Spouse’s or your current employer group health plan
  – Explore your options. You may be able to delay enrolling in Part B depending on your situation. Always check with your plan’s benefits administrator before making any decisions

• To find out more on Medicare works with employer-based coverage, visit:
Health Benefits for Veterans (VA Coverage)

- Can have both VA coverage and Medicare but cannot use at the same time and usually do not pay for the same service.
- Cannot use Medicare at the VA and generally cannot use VA coverage outside of VA facilities.
- Must choose which benefit to use each time you receive a service.
VA Coverage…continued

- Must to decide whether to enroll in Part B when first eligible during the initial enrollment period (3-1-3)
  - VA coverage does not provide a special enrollment period to enroll in Part B at a later time
  - Part B late enrollment penalty and delay in coverage if enroll after your Medicare initial enrollment (3-1-3)

- However, you can delay enrolling in Part D if you have VA drug coverage
  - VA drug coverage is considered creditable and you can enroll in a Part D plan at anytime without paying a penalty
  - Can have VA drug coverage and Part D but cannot use both for the same drug at the same time
Questions?
MMW Website

• Please visit our website at
http://www.ageoptions.org/services-and-
programs_makemedicarework.html to...
  – Access our materials on Medicare, Medicaid, and the Affordable Care Act
  – Sign up for our e-mail list to receive registration information for our webinars, trainings, and meetings and to receive our alerts, bulletins, and other healthcare related materials
  – View our Calendar of Events
Thank You!

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