

MEDICARE MADE SIMPLE

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Boone Insurance Associates Education Guide

Today's Agenda



- ▣ About Us
- ▣ Introduction & History of Medicare
- ▣ Medicare Parts A, B, C, D
- ▣ Coverage Gaps
- ▣ General Medicare Plan Types
- ▣ And More . . .

About Boone Insurance Associates

- Boone Insurance was started in 1981 by Stanley Boone and incorporated as Boone Insurance Associates in 1985.
- Today, Boone Insurance Associates provides customer service to approximately 3400 clients in and around Oregon.
- We are an independent insurance broker licensed by the state of Oregon to represent and work for our clients in the purchase and service of their insurance products.
- Unlike a captive insurance producer who represents that insurance company alone, we are independent of a specific insurance company and represent a variety of different companies and products.
- Boone Insurance Associates provides this educational program today to help inform you. There is no obligation for you to purchase services from us.

“Our pledge is to provide our clients with superior customer service and product knowledge in order to guide them in making the most informed decisions.”

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Introduction & History of Medicare

- Medicare is a Federal Insurance Program
- Administered by CMS, a federal agency in the Department of Health and Human Services.
“Center for Medicare & Medicaid Services”
- Consists of Hospital insurance, Medical insurance, Medicare Advantage plans, and Prescription Drug plans
- In July 1965, Congress passed a bill to establish Medicare.

Introduction & History of Medicare cont...

- Balanced Budget Act of 1997 established Part C, known as Medicare + Choice (M + C) Program
 - ▣ Primary goal: provide Medicare beneficiaries with new choices
- Medicare Modernization Act (MMA) was passed in 2003
 - ▣ Implements new prescription drug benefit
 - ▣ Implements new Medicare Advantage program (replacing M+C)

Who gets Medicare?



- It is available to qualified individuals, including:
 - People age 65 or older
 - People under age 65 who have been declared disabled
 - People with End-Stage Renal Disease (ESRD), also known as kidney failure.

Medicare is comprised of:

Medicare Part A: Hospital coverage

Medicare Part B: Medical coverage:
(Outpatient Surgery & Doctor Visits)

Medicare Part C: Medicare Advantage

Medicare Part D: Medicare Prescription
Drug coverage

Medicare Part A (Hospital Insurance)

What do I pay for Medicare Part A?

- It has no premium cost for individuals who have worked at least 40 calendar quarters
- Is automatically provided to those who reach 65 years of age
- Includes a monthly premium for those who have worked fewer than 40 calendar quarters.
- All taxpayers are contributing towards Medicare via payroll FICA deductions.

Medicare Part A (Hospital Insurance) Cont...

What does Part A cover?

- Hospital stays
- Post hospital extended care in a skilled nursing facility (SNF)
- Post hospital home health services
- Hospice care
- Minimal nursing home coverage
 - ▣ Cover the first 20 days in full days after a 3 day hospital stay, then cover days 21-100 at a daily rate. Then no coverage after 100 days.
 - ▣ Does not include intermediate or custodial coverage.

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Medicare Part A (Hospital Insurance) Cont...

- Part A Deductibles

- **[2012] Hospital stay per benefit period:**
- Days 1-60 [\$1 156] per benefit period
- Days 61-90 [\$289] per day
- Days 91-150 [\$578] per day

- **[2012] Skilled Nursing Facility:**
- Days 1-20 [\$0] per day
- Days 21-100 [\$144.50] per day

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What is a Medicare Benefit Period?

- **Begins the day you go into a hospital or skilled nursing facility**
- **Ends when you have not received hospital or skilled nursing care for 60 days in a row**
- **If you go into the hospital after one benefit period has ended, a new benefit period begins**
- **With Medicare, you must pay the inpatient hospital deductible for each benefit period**
- **There is no limit to the number of benefit periods you can have.**

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Medicare Part B



What does Medicare Part B cover?

- Physician services**
- Laboratory, X-rays, blood**
- Ambulance, emergency room care**
- Outpatient hospital**
- Preventive care**

Medicare Part B Cont...

What do I pay for Medicare Part B?

- Part B premium is based on Part B medical costs and annual income level per individual

<u>[2012] Part B Premium</u>	<u>Annual Income per Individual</u>
\$99.90 if beneficiary had SSA withhold in 2009 \$99.90 for new beneficiary in 2010 \$99.90 for all others	[\$85,000 or less]
\$139.90	[\$85,001 to \$107,000]
\$199.80	[\$107,001 to \$160,000]
\$259.70	[\$160,000 to \$214,000]
\$319.70	More than [\$214,000]

- Double amounts listed above for married couples filing jointly
- Premiums are deducted from the Social Security benefits, or billed quarterly

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Medicare Part B Cont...

Deductibles & Coinsurance for

□ Deductible:

- 2012 [\$140] per year

□ Other Services:

- Patient pays [20%] of approved amount, after deductible. {Medicare pays 80%}
- [50%] for most Outpatient mental healthcare services.

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Medicare Part C Coverage



- **Expands Medicare choices with a variety of Medicare Advantage plans.**
- **A few examples:**
 - **Preferred Provider Organization (PPO)**
 - **Health Maintenance Organization (HMO)**
 - **Point of Service (POS)**
 - **Private Fee For Service (PFFS)**

Medicare Part C Cont...



Who is eligible?

- Must be enrolled in Medicare Part B and entitled to Part A?**
- Permanent resident in plan service area?**
- Cannot have End Stage Renal Disease (ESRD)?**

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Traditional Medicare Supplements

- **Private companies sell Medicare Supplement plans (also known as MediGap plans).**
 - **After initial enrollment eligibility, may require health statement underwriting.**
- **Nationally standardized plan designs (Plans A-N).**
 - **Prescription drugs are not included in plans sold after 1/1/2006.**
- **Medicare pays for Medicare-eligible benefits. Then MediGap pays plan's portion.**
 - **MediGap also pays some benefits not covered by Medicare. Benefits vary between plans A-N.**

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Traditional Medicare Supplements Cont...

- **Standardized plans offered by various insurance companies. Companies can offer between 1 to 10 plans, or a combination of 3 to 4 plans in the state of Oregon.**
- **Open Enrollment is for all people going on Medicare within the first six months of the effective date. After that, one is subject to medical underwriting.**
- **You may see any provider in the United States. You do not have a Primary Care physician and can see any specialist.**

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Traditional Medicare Supplements Cont...

- **All of your care is subject to what Medicare allows. It must be medically necessary. The doctor codes it, when the claim is submitted to Medicare. If Medicare pays on the claim, then the secondary insurance pays on it as well.**
- **If the claim is denied – the secondary insurance cannot pay it.**

What Is Medicare Assignment?

- **A process in which a doctor or supplier agrees to accept the amount Medicare approves as full payment. You must pay any co-insurance amount. If the provider accepts assignment, the payment will be made directly to the provider. Claims are sent electronically to the insurance carrier, and the insurance company then pays the remaining charges directly to the provider.**

Employer Sponsored Retiree Plans

- **Employers may continue to offer coverage to retirees**
 - **Retirees are usually provided with information at retirement, if available.**
 - **Check with employee benefits department.**
 - **Costs and coverage options may vary.**
 - **Plan may include Part D creditable drug coverage, or not. Important to know.**

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Employer Sponsored Retiree Plans

Cont...

To Note:

- **If you currently have health coverage from an employer or union, joining a Medicare Advantage plan or a stand-alone prescription drug plan could affect your employer or union health benefits. If you have health coverage from an employer or union, joining a Medicare Advantage or stand-alone prescription drug plan may change how your current coverage works. Read the communications your employer or union sends you. If you have questions, visit their website, or contact the office listed in their communications.**

Medicare Advantage Plans (MA)

- **They are health plan options that are part of the Medicare program**
- **Medicare pays the plan a set amount every month for your care**
- **MA plans must offer all benefits of Original Medicare and coverage can include Part D prescription drug coverage**
- **You may have to use providers that participate with the plan**

Medicare Advantage Plans (MA)

Cont...

- ❑ **In most plans, there are generally extra benefits and out-of pocket costs that are lower than with Original Medicare.**
- ❑ **In general, available to people who reside within Plan service area, have Medicare Parts A & B, and do not have end-stage renal disease (kidney failure).**
- ❑ **Plans cover everything Medicare covers, at a minimum.**
- ❑ **Plans may cover extra benefits such as routine vision exams, preventive dental, alternative care and so on.**

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Medicare Advantage Plans (MA)

Cont...

- **Choose from options with or without integrated Part D prescription drug coverage.**
 - ▣ **No drugs included: Medicare Advantage (MA) only**
 - ▣ **Prescription drugs included: Medicare Advantage with drugs (MA-PD)**
- **Variety of Medicare Advantage plans meet different needs.**

Medicare Advantage Plans (MA)

Preferred Provider Organization (PPO)

- ▣ **Defined network of providers**
- ▣ **Allows flexibility to use providers who are not part of the network**
- ▣ **No referral needed to see any doctor**
- ▣ **However, out-of-pocket costs increase significantly when out-of-network providers are used**

Medicare Advantage Plans (MA)

Preferred Provider Organization (PPO) Cont...

- **Greatest saving for use of network providers because the plan pays a larger share of the cost**
- **Medicare PPOs are growing in popularity due to innovative benefits, freedom and flexibility.**
- **No referrals are required. Prior authorizations may be required for some services. (Cost Sharing with the co-pays and/or deductibles. Cost is reflected in the lower monthly premium.)**

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Medicare Advantage Plans (MA) Health Maintenance Organization (HMO)

- **Defined network of providers**
- **Primary Care Physician (PCP) manages all of your care**
- **You must have a referral from your PCP to see a Specialist**
- **You must use network providers for all scheduled care**
- **Out-of-pocket costs may be significantly lower with an HMO plan**

Medicare Advantage Plans (MA) Health Maintenance Organization (HMO) Cont...

- **Health maintenance organizations (HMO) offer a provider network, and members are covered for most of their Plan services in-network only. Urgent and emergency care is covered inside and outside the HMO network, however. Medicare HMOs have been around since the early 1980's.**
- **With most HMOs, a primary care physician (PCP) acts as a health care coordinator (gatekeeper) to provide or to refer for all the patient care. Referrals are usually required to see a specialist.**
- **You may change your PCP any time (usually not more than twice a year.)**
- **Examples are: PC65, Providence, Secure Horizons, Trillum**

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Medicare Advantage Plans (MA)

Point Of Service (POS)

- **A Point of Service (POS) plan usually offers HMO-style benefits in-network. It also provides the ability to choose whether to get some selected services in-network or out-of-network.**
- **Otherwise, POS plans are very similar to HMOs.**

Medicare Advantage Plans (MA)

Private Fee For Service (PFFS)

- **No plan network**
- **Plan works similar to Original Medicare except the insurance company pays for your services, not Medicare**
- **Freedom to use any provider that accepts Medicare and, agrees to the plan's payment terms**
- **You should check with your providers to make certain that they are willing to accept the PFFS plan's terms**

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Medicare Advantage Plans (MA)

Private Fee For Service (PFFS)

- **Out-of-pocket costs may be lower than with Original Medicare coverage**
- **Private Fee For Service (PFFS) plans usually offer benefits intended to compete with Medicare Supplements.**
- **Members can go to any Medicare provider who accepts them as patient, and agrees to the plan's terms and conditions of payment.**
- **Before joining, people should contact their health care provider to assure will accept PFFS.**

Medicare Part D RX Coverage

- **Private companies must be approved by The Centers for Medicaid and Medicare Services (CMS) to offer Part D prescription drug coverage**
- **People with a *Medicare Advantage* plan (such as PPO or HMO) coverage may obtain Part D drugs integrated with their health plan**
- **People with other insurance, such as *Original Medicare*, *Medicare Supplements*, and others, may obtain a stand-alone prescription drug plan (PDP) in addition to their health coverage.**

Medicare Part D prescription drug plans (PDP)

- Medicare Part D prescription drug plans (PDP)
- Stand-alone drug coverage that may be paired with health plans such as:
 - MediGap
 - Only Original Medicare
 - Private Fee for Service
 - Some (not all) other private health coverage that doesn't include Part D creditable coverage

Medicare Part D prescription drug plans (PDP)

- **Annual Deductible**
- **Initial Coverage Limit**
- **Coverage Gap**
- **Catastrophic Coverage**
- **Assistance for Low-income Subsidy (LIS)**

Medicare Part D prescription drug plans (PDP)

- Medicare offers an imaginary basic plan and then gives it to private health insurance companies.
- Basic Plan has three elements.
- Deductible, Initial Coverage, and Catastrophic coverage.
- Doughnut hole.
- The plan has to be equal to, or greater than the basic Medicare plan.
- Look at what you are taking, and run it thru the Medicare web-site for analysis for the best plan for your needs. Plans change every year.

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Medicare Part D prescription drug plans (PDP)

- **Penalty.** One must enroll when they first enroll in Medicare, or be charged a 1% penalty on premium for every month they have not been enrolled. The penalty is based on the “basic” plan offered by Medicare cost, and then added to your premium with the plan you select.
- **Group Retirement RX or Veterans Benefits RX is excluded from penalty**

Medicare Part D prescription drug plans (PDP)

- **Doughnut Hole or Coverage Gap.**
- **2012 \$320 deductible for RX.**
- **2012 Initial coverage up to \$2930 with co-pays or co-insurance.**
- **2012 Doughnut Hole \$4700:** Most Medicare drug plans have a coverage gap (also called the “donut hole”). This means that after you and your drug plan have spent a certain amount of money for covered drugs, you have to pay all costs out-of-pocket for your prescriptions up to a yearly limit.
- **Medicare print out is simply an estimate of the plans available to you.**
- **Mail Order is available for a 90 day supply**

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Original Medicare Does Not Cover



- **Deductibles and coinsurances**
- **Routine physical (beyond one-time initial physical)**
- **Preventive dental benefits**
- **Routine eyewear**
- **Access to complementary (alternative) care benefits**
- **Access to professional health coaches**
- **Out-of-pocket maximum spending safety net**

Covering Medical & Prescription Gaps



- **Traditional Medicare Supplement Plans**
- **Employer-Sponsored Retiree Plans**
- **Medicare Advantage Plans**
- **Medicare Part D Prescription Drug Plans**

GENERAL ENROLLMENT PERIODS

Enrollment Timeline examples

- **Initial Enrollment in Medicare. Three months before and three months after the initial effective date.**
- ***Example: Birthday is May 15. Medicare is effective May 1st. You may enroll in March or April for a May 1st effective date. Any day after May 1st, you will have a June 1st, July 1st or August 1st effective date.***
- **2. Oct 15 – Dec 7: Switch plans. Add or delete Part D drug coverage for Jan 1.**
- **3. Jan 1 – Feb 14: Dis-enroll from a Medicare Advantage and return to original Medicare**
- **4. Feb 14 – Dec 31: Medicare beneficiaries may still qualify for additional enrollment periods (examples: change residence, loss of group coverage, and more) *Special Election Period.***

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Enrolling in a Medicare Plan

When entitled to Medicare and enrolling

- **Make sure to talk to social security 90 days prior to 65th b-day regardless if still working**
- **Do your homework first.**
- **Choose the plan that best fits your needs.**
- **Complete the enrollment form, or enroll online.**

Enrolling in a Medicare Plan

When entitled to Medicare and enrolling Cont...

- **Submit it during the appropriate enrollment period.**
- **You may not combine an MA-only PPO or HMO with a stand-alone PDP. Choose one or the other.**
- **If you did not have creditable coverage in [2006], your monthly plan premium may be slightly higher when you enroll in Part D coverage plan (MAPD, PDP).**

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Help with RX Costs?

- **People with Medicare may be able to get extra help to pay for prescription drug premiums and costs. To see if you qualify for getting extra help, call**
- **1-800-MEDICARE (1-800-6334227). TTY/TDD users should call 1-877-486-2048, 24 hours a day / 7 days a week)**
- **The Social Security Administration at 1-800-772-1213 between 7 a.m. and 7 p.m., Monday through Friday. TTY/TDD users should call 1-800-325-0778**
- **Your State Medicaid Office**

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Help with RX Costs?

- **Apply for low-income subsidy (LIS) if you think you may be eligible. Form available from Social Security or Medicare.**
- **Other assistance programs may be available.**
- **Oregon Prescription Drug Plan**
- **The state of Oregon offers a prescription drug program to Oregon residents who do not have prescription drug coverage, or who are in a coverage gap.**
- **For more information: Visit www.OPDP.org or call 1-800-913-4146**

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So... how do I choose?

- **There are three basic factors to weigh when choosing a plan:**
- **Cost – Compare the out-of-pocket costs for the plan with what you are currently paying including plan premium and copayment and coinsurance amounts.**
- **Providers – Will the plan allow me to see the providers I need or want to see?**
- **Benefits – Does the plan offer you the coverage and benefits you need?**

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