

2017 Medicare Basics

Module 1

Medicare Overview

☐ What is Original Medicare?

- ☐ It is health insurance that is available under Medicare Part A and Part B through the traditional fee-for-service Medicare payment system.
- ☐ Medicare is administered by the Centers for Medicare and Medicaid Services (CMS).

☐ Who is eligible for Original Medicare?

- ☐ Individuals age 65 and older qualify for Medicare.
- ☐ An individual qualifies for Medicare after he or she has been receiving disability benefits for 24 months.
 - ☐ Typically, there is a five month waiting period before a person begins receiving disability benefits. So the total elapsed time prior to Medicare eligibility is 29 months.
 - ☐ Disabled individuals account for 15% of Medicare beneficiaries.
- ☐ An individual with End Stage Renal Disease (ESRD) qualifies for Medicare under the following circumstances:
 - ☐ Eligible for coverage after the fourth month of dialysis.
 - ☐ Eligible the month an individual receives a kidney transplant.
 - ☐ If an individual has an active employer group plan, it is the primary payer for the first 30 months of ESRD coverage; then Medicare is primary.
 - ☐ Over 1 million individuals are enrolled in Medicare with ESRD.

Medicare Parts and Covered Services

☐ **What is Medicare Part A and what does it cost?**

- ☐ Medicare Part A is hospital insurance which includes coverage for inpatient hospital stays, skilled nursing coverage, home health care, and hospice care.
- ☐ Most Medicare enrollees do not pay a monthly Part A premium, because he or she (or a spouse) have had 40 or more quarters in which they paid Federal Insurance Contribution Act (FICA) taxes.
 - ☐ Approximately, 98% of individuals do not have to pay a premium for Part A.
- ☐ People that have to buy Part A will pay up to \$413 per month for 2017.

☐ **What is Medicare Part B and what does it cost?**

- ☐ Medicare Part B is medical insurance that covers outpatient and professional medical services, such as physician services, outpatient services, surgery, labs, x-rays, ambulance, durable medical equipment and supplies, and preventive services.
- ☐ Individuals have the option to enroll in Medicare Part B and are charged a monthly premium.
 - ☐ Most individuals have the Part B premium deducted from their monthly Social Security check.
 - ☐ The Part B premium for 2017 is \$109.00

Medicare Parts and Covered Services

☐ **What is Medicare Part B and what does it cost? (*continued*)**

- ☐ If an individual does not enroll in Part B when he or she becomes first eligible, the premium will increase 10% each year enrollment is delayed. The following are exceptions when the 10% penalty will not apply:
 - ☐ An individual postpones his or her retirement past age 65.
 - ☐ An individual continues to be covered under an employer group or union health plan.
- ☐ Beneficiaries that earn higher incomes will have to pay a higher premium per month for Part B (Medicare implemented this change in 2007).
 - ☐ The higher premium is determined from the beneficiary's income tax filing each year.
- ☐ Individuals that make more than \$85,000 (single) or \$170,000 (married) will pay a higher premium.
 - ☐ The higher premium increases incrementally based on income.
 - ☐ The health care reform law freezes the threshold limits for the income-related Part B premium at 2010 levels through 2019.

Medicare Parts and Covered Services

❑ What is Part C (Medicare Advantage)?

- ❑ The Balanced Budget Act of 1997 established Medicare Part C plans, which were first offered in 1999 and originally known as Medicare+Choice (M+C) plans.
- ❑ Medicare Advantage plans provide health care coverage that exceeds the coverage of original fee-for-service Medicare at a lower cost-sharing to Medicare beneficiaries. The primary goal of the Medicare Advantage program is to provide Medicare beneficiaries with a wider range of health plan choices to obtain their Medicare benefits.
 - ❑ At a minimum, the Medicare Advantage plans must offer all Part A and Part B Medicare benefits.

❑ Three types of Medicare Advantage Plans:

- ❑ Coordinated Care Plans which include:
 - ❑ Health Maintenance Organizations (HMOs)
 - ❑ Provider Sponsored Organization (PSO)
 - ❑ Preferred Provider Organizations (PPOs)
 - ❑ Special Needs Plans (SNPs)
- ❑ Private Fee-For-Service Plans (PFFS)
- ❑ Medical Savings Account Plans (MSAs)

Medicare Parts and Covered Services

❑ What is Part D Prescription Drug Benefit?

- ❑ The Medicare Modernization Act of 2003 created Part D, which is the prescription drug benefit option available to individuals who are enrolled in Medicare Part A or Part B.
- ❑ Effective January 1, 2006, prescription drug coverage was offered to Medicare enrollees.
- ❑ Part D coverage is provided under either Prescription Drug Plans (PDPs), which only offer prescription drug coverage, or through Medicare Advantage Plans with prescription drug coverage known as MA-PD plans.
- ❑ A beneficiary cannot join one Medicare Advantage Plan and a separate Prescription Drug Plan. If an individual wants both medical and prescription drug coverage; then he or she would need to join an MA-PD plan. The only exceptions to this rule are individuals enrolled in a Private Fee-for-Service Plan, Medical Savings Account Plan or Medicare Cost Plan.

Eligibility Requirements and Applicable Premiums

- ☐ To be eligible for Medicare Part A and Part B, you must be a U.S. citizen or a permanent legal resident for at least five years. You must also meet at least one of the following criteria for Medicare eligibility:
 - ☐ Be age 65 or older and eligible for Social Security
 - ☐ Be permanently disabled and receive disability benefits for at least two years
 - ☐ Have End Stage Renal Disease (ESRD) (permanent kidney failure that requires dialysis treatment or a kidney transplant)
 - ☐ Have Lou Gehrig's disease (Amyotrophic Lateral Sclerosis, or ALS)
- ☐ Most individuals don't have to pay a premium for Medicare Part A if they or their spouse paid Medicare taxes while working for at least 10 years (or 40 quarters). If you're not eligible for premium-free Part A, you will have to pay a monthly premium of up to \$413 per month in 2017. In addition, you must also pay the Part B premium each month. Most people pay the standard premium amount, which is \$109.00 in 2017; however, individuals with a higher income may have to pay more.

Eligibility Requirements and Applicable Premiums

Part C Medicare Advantage:

- ☐ You must live in the service area of the plan you want to join.
- ☐ You must have Original Medicare, Part A and Part B, coverage.
 - ☐ You must continue to pay your Medicare Part B premium
- ☐ You must not have end-stage renal disease (permanent kidney failure requiring dialysis or a kidney transplant); however, there are a few exceptions.
- ☐ You must pay a Medicare Advantage plan premium. These premiums vary by plan, and can be as low as \$0.

Part D Prescription Drug:

- ☐ You must have Original Medicare, Part A or Part B to join a stand-alone prescription drug plan (PDP)
- ☐ You must have both Medicare Part A and Part B to qualify to join a Medicare Advantage Prescription Drug plan (MAPD)
- ☐ You must pay either a PDP plan premium, or an MAPD plan premium. These premiums vary by plan, and can be as low as \$0.

Eligibility Requirements and Applicable Premiums

In some cases, your premium could be less:

☐ **Low Income Subsidy (LIS)**

- ☐ Some individuals may be eligible for assistance in paying for their Part D monthly premium, annual deductible, coinsurance, and copayments.
 - ☐ Medicare and Social Security will determine whether a member is eligible for low income subsidy (LIS) through an income and asset test.
 - ☐ Low income subsidy is also based on federal poverty limits.
 - ☐ An individual's eligibility for low income subsidy can change throughout the year, if he or she has an increase or decrease in income or assets (e.g., surviving spouse has a decrease in income).
 - ☐ An individual can move between LIS categories or become ineligible for assistance.
- ☐ Individuals may receive help with one or more of the following categories of Part D coverage depending on the LIS level that is assigned by CMS:
 - ☐ Part D premium assistance (100%, 75%, 50%, or 25% assistance levels exist).
 - ☐ Reduction or elimination of the Part D deductible (if applicable).
 - ☐ Reduction or elimination of Part D copays or coinsurance.

Eligibility Requirements and Applicable Premiums

In some cases, your Part D premium could be more:

☐ **What is IRMAA and the impact to Medicare beneficiaries?**

- ☐ Beginning January 1, 2011 individuals that have higher incomes have to pay an additional premium for Part D.
 - ☐ This higher “Part D premium amount” is known as an Income Related Monthly Adjusted Amount (IRMAA).
 - ☐ This provision was implemented with the passage of the Affordable Care Act of 2010.
 - ☐ This additional Part D “premium” amount is collected directly by the Social Security Administration.
 - ☐ For the majority of individuals it is deducted directly from their monthly Social Security check, just like the Part B premium.
 - ☐ This amount CANNOT be paid to a Medicare Advantage or Prescription Drug plan.
- ☐ The additional Part D premium amount is a percentage based on the national Part D benchmark premium, which is updated each year.
- ☐ Individuals that make more than \$85,000 (single) or \$170,000 (married) will be subject to this IRMAA higher Part D premium.
 - ☐ The higher premium increases in increments based on income.
 - ☐ According to CMS, only 3% of enrollees are impacted by IRMAA.

Eligibility Requirements and Applicable Premiums

In some cases, your Part D premium could be more:

☐ **Part D Late Enrollment Penalty**

- ☐ Individuals that do not enroll in Medicare Part D when first eligible will have to pay a late enrollment penalty.
 - ☐ The Part D late enrollment penalty is equal to 1% of the national base prescription drug premium which is updated annually.
- ☐ An individual is exempt from this Part D late enrollment penalty if he/she had creditable prescription drug coverage.
 - ☐ Creditable coverage is a plan that offers prescription drug coverage that is actuarially equivalent or better than the standard Medicare Part D benefit.
 - ☐ Examples of creditable Part D coverage include:
 - ☐ Qualified employer group plans
 - ☐ Veterans Administration (VA) plans
 - ☐ State Pharmaceutical Assistance Programs (SPAP), such as the PACE/PACENET drug program offered in Pennsylvania.
 - ☐ Also individuals that qualify for low income subsidy are exempt from the late enrollment penalty.

Medicare and Medigap

❑ Medicare and Medigap Plan Options

- ❑ A Medigap plan is health insurance sold by private insurance companies to fill the “gaps” in Original Medicare Plan coverage.
 - ❑ Medigap policies help pay some of the health care costs that the Original Medicare Plan doesn’t cover, such as the Part A and B deductibles and coinsurance.
 - ❑ Medigap plans no longer provide prescription drug coverage, so if an individual wants coverage he or she will need to join a standalone prescription drug plan.
 - ❑ Medigap plans are also referred to as Medicare Supplement plans.
- ❑ Beginning June 1, 2010, there are 11 Standardized Medigap plans including two new plans M and N.
 - ❑ Plans E, H, I, and J were discontinued in 2010.
 - ❑ Medigap Plans M & N are less expensive premium options, but require the beneficiary to share more of the cost-sharing; such as adding a deductible or copayments.
- ❑ In Pennsylvania, Medicare supplement plans must always offer Plan A and Plan B. With the 2010 revisions to Medigap plans, Pennsylvania Medicare supplement plans must also offer either Plan C or Plan F.
 - ❑ Plans C and F provide the most comprehensive supplement benefits. The beneficiary has virtually no out-of-pocket cost-sharing with these plans.

Options for Receiving Medicare

❑ Medicare Options for Beneficiaries

- ❑ Beneficiaries have many options to obtain Medicare benefits, including Original Medicare, Medicare Advantage plans, Prescription Drug plans and Medigap plans.

Medical Benefits	Prescription Drug Benefits	Supplement Plan
Original Medicare	Optional: A beneficiary may choose to join a standalone PDP plan.	Optional: A beneficiary may choose to purchase a Medigap plan.
Medicare Advantage (MA) or Cost Plan	Optional: A beneficiary may join a Medicare Advantage Prescription Drug plan (MA-PD). <i>NOTE: With a PFFS or MSA plan a beneficiary can join a standalone PDP.</i>	Not required with a MA plan.

Part A Cost Sharing

❑ 2017 Part A Cost-Sharing Amounts

- ❑ The 2017 inpatient hospital deductible increased to \$1,316 per benefit period. A beneficiary must pay the deductible for each new benefit period.
 - ❑ The inpatient hospital deductible increased by \$28 when compared to the 2016 inpatient deductible of \$1,288.
 - ❑ A “benefit period” starts the day an individual goes into a hospital or SNF. It ends when he or she goes for 60 days in a row without hospital or skilled nursing care. If an individual goes into the hospital after one benefit period has ended, a new benefit period begins. A person must pay the inpatient hospital deductible for each new benefit period. There is no limit to the number of benefit periods per year.
- ❑ If a hospital stay lasts beyond 60 days the beneficiary will be responsible for the following additional cost sharing amounts:
 - ❑ Copayment days cost-sharing is \$329 per day for days 61-90.
 - ❑ Lifetime reserve days cost-sharing is \$658 per day.
 - ❑ The 60 lifetime reserve days can only be used once.
- ❑ Skilled nursing facility copayment is \$164.50 per day for days 21-100.
 - ❑ This is a \$3.50 increase per day over the 2016 amount.

Part B Cost Sharing

❑ 2017 Part B Cost Sharing Amounts

❑ The Part B deductible is \$183 for 2017

- ❑ This is an increase of \$17 from 2016.
- ❑ The deductible must be satisfied annually before Medicare begins to pay their share of medical costs for Part B services.
 - ❑ The Original Medicare coinsurance is 20% for the majority of Part B benefits.
 - ❑ Beneficiaries pay 20% coinsurance for outpatient mental health services in 2017.
 - ❑ Medicare-covered preventive benefits are excluded from the Part B deductible.

Medicare Overview

Beneficiary Protections under Original Medicare

- ☐ Be treated with dignity and respect at all times
- ☐ Be protected from discrimination
- ☐ Have your personal and health information kept private
- ☐ Get information in a way you understand from Medicare, health care providers, and Medicare contractors
- ☐ Have questions about Medicare answered
- ☐ Have access to doctors, other health care providers, specialists, and hospitals
- ☐ Learn about your treatment choices in clear language that you can understand, and participate in treatment decisions
- ☐ Get emergency care when and where you need it
- ☐ Get a decision about health care payment, coverage of services, or prescription drug coverage
- ☐ Request a review (appeal) of certain decisions about health care payment, coverage of services, or prescription drug coverage
- ☐ File complaints (sometimes called grievances), including complaints about the quality of your care