

Understanding the A, B, C and D's of Medicare

2013



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What is Medicare?

Health Insurance program for:

- People 65 or older
- People under 65 with certain disabilities
 - (typically a 24 month waiting period)
- People of any age with End-Stage Renal Disease
 - (permanent kidney failure requiring dialysis or a kidney transplant)

Medicare Part A

Hospital Insurance:

- Inpatient Hospital Coverage
- Skilled Nursing Facility Coverage
 - (not meant for custodial or long term care)
- Home Health Care
- Hospice
- Blood Transfusions

Medicare Premiums

Part A -

- Generally no cost if you or your spouse have accrued enough credits in your lifetime
 - (40 – typically 10 years of work)
- Up to \$441/month (2013) – if neither you or your spouse paid Medicare taxes while working

Part A Medical Costs - 2013

- Hospital Stay Per Benefit Period
 - \$1,184 deductible for days 1-60 (per stay)
 - \$296/per day for days 61-90
 - \$592/per day for days 91-150 (90-day lifetime reserve)
- Skilled Nursing Facility
 - \$0 for days 1-20
 - \$148/per days 21-100

Medicare Part B

Medical Insurance

- Helps cover doctors' and other health care providers' services, outpatient care, durable medical equipment and outpatient diagnostics
- Helps cover some preventative services to help maintain your health and to keep certain illnesses from getting worse

How Much Does Part B Cost?

- Most people will pay the standard premium amount
 - Standard Premium for 2013 = \$104.90
- Social Security will contact some people who have to pay more depending on their income
- If you don't sign up for Part B when you're first eligible, you may have to pay a late enrollment penalty

Part B Medical Costs – 2013

- Annual Deductible of \$147
- 20% of approved amounts after deductible
- 15% Part B Excess charge if your doctor does not accept Medicare Assignment
- No “Max Out of Pocket” or “Stop Gap”

Medicare Part C

- **Referred to as Medicare Advantage**
 - Looks and feels like a typical health plan i.e. a network of doctors and hospitals, a “stop gap” for medical expenses and may impose prior authorizations
 - Medicare Advantage Plans can be purchased with or without Medicare prescription drug coverage (Part D)
 - Some Medicare Advantage plans may include additional benefits such as preventative dental or vision

When can you join a Medicare Advantage Plan?

- **IEP - When you're first eligible for Medicare**
 - you can join during the 7-month period that begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65
- **AEP - Between October 15th – December 7th**
 - you can join, switch, or drop a Medicare Advantage or Drug plan, the change will take effect on January 1st as long as the plan gets your request by December 7th

When can you join a Medicare Advantage Plan?

- **If you get Medicare due to a disability**
 - you can join during the 7-month period that begins 3 months before your 25th month of disability, includes your 25th month of disability, and ends 3 months after your 25th month of disability
- **If you get Extra Help**
 - you can join, switch or drop a Medicare Advantage plan with drug coverage anytime

A Few Extra Things You Should Know...

- You must follow plan rules to avoid higher costs
- You can join a Medicare Advantage Plan even if you have a pre existing condition, except for End-Stage Renal Disease
- If you go to a provider that doesn't belong to the plan, your services may not be covered, or your costs could be higher

Different Types of Medicare Advantage Plans

- Preferred Provider Organization (PPO) Plans
- Health Maintenance Organization (HMO) Plans
- Health Maintenance Organization Point of Service (HMO-POS) Plans

Less Common types of Plans

- Special Needs (SNP) Plans
- Medical Savings Account (MSA) Plans
- Fee for Service (FFS) Plans

Medicare Part D

Medicare Prescription Drug Coverage

- Helps cover the cost of prescription drugs
- May help lower your prescription drug costs and help protect against higher costs in the future
- Run by Medicare-approved private insurance companies

2 Ways to get Medicare Drug Coverage

- Medicare Prescription Drug Plans also called “PDPs” add drug coverage to Original Medicare, some Medicare Cost Plans, some Medicare Private-Fee-for-Service plans and Medicare Medical Savings Account plans
- Medicare Advantage Plans (like an HMO or PPO) that offer Medicare prescription drug coverage

When can you join a Medicare Drug Plan?

When you're first eligible for Medicare

- you can join during the 7-month period that begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65

Between October 15th – December 7th

- anyone can join, switch, or drop a Medicare drug plan, the change will take effect on January 1st as long as the plan gets your request by December 7th

When can you join a Medicare Drug Plan?

If you get Medicare due to a disability

- you can join during the 7-month period that begins 3 months before your 25th month of disability, includes your 25th month of disability, and ends 3 months after your 25th month of disability

If you get Extra Help

- you can join, switch or drop a Medicare drug plan anytime

Special Enrollment Periods

You generally must stay enrolled for the calendar year. However, in certain situations, you may be able to join, switch, or drop Medicare drug plans at other times:

- If you move out of your plan's service area
- If you lose other creditable prescription drug coverage
- If you live in an institution (like a nursing home)

What is the Part D Late Enrollment Penalty?

- The late enrollment penalty is an amount added to your Part D premium
- You may owe a late enrollment penalty if, at any time after your initial enrollment period is over, there is a period of 63 or more days in a row when you don't have Part D or other creditable prescription drug coverage

How much is the Part D Penalty?

- The cost of the late enrollment penalty depends on how long you went without creditable prescription drug coverage
- The late enrollment penalty is calculated by multiplying 1% of the "national base beneficiary premium" (**\$31.17 in 2013**) times the number of full, uncovered months you were eligible but didn't join a Medicare drug plan and went without other creditable prescription drug coverage
- The national base beneficiary premium may increase each year, so the penalty amount may also increase every year

Medigap Policies

- Also referred to as Medicare Supplement Insurance
- You may want to get coverage that fills gaps in Original Medicare coverage
- You can choose to buy a Medicare Supplement Insurance (Medigap) policy from a private company
- Costs vary by policy and company
- Employers/unions may offer similar coverage

More About Medigap Policies

- You must have Part A and Part B
- You pay the monthly premium in addition to Part B
- It's important to compare Medigap policies since costs can vary and may go up as you get older
- The best time to buy a Medigap policy is during the 6-month period that begins on the first day of the month in which you are 65 or older and enrolled in Part B

Your Medicare Coverage Choices

Step 1: Decide how you want to get your coverage

Original Medicare

Medicare Advantage Plan



Step 2: Decide if you need to add drug coverage

Part D – (stand alone drug plan)

Part D (if not already included)



Step 3: Decide if you need to add a supplemental coverage

Medigap (Medicare Supplement Policy)

NO – If you join a Medicare Advantage plan, you don't need a Medigap policy

Thank you...

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