

Medicare Basics

Choosing the Right Medicare Coverage Option

Hosted by Hoag Medical Group

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HOAG SENIOR SERVICES TEAM

*This event is for educational purposes only.
No plan-specific benefits or details will be shared.*



Medicare Basics

Today's Program

Date: 06/24/2017

- I. What is Medicare?
- II. Two Types of Medicare Coverage Options:
 1. Medicare Advantage Plans
(HMO's and PPO's)
 2. Medicare Supplement Insurance
(Medigap Plans A-N)
- III. Medicare Part D Prescription Drug Coverage
- IV. Extra Help
- V. Enrollment Timeframes

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I. What is Medicare?

- **Medicare (also called Original Medicare) is health insurance for persons:**
 - Age 65 or older
 - Under age 65 that have received Disability benefits for 24 months.
 - Any age with end-stage renal disease (ESRD) or Lou Gehrig's disease (ALS)

• *Medicare & You 2017, Pg. 15*

Medicare usually starts on the first day of the month you turn age 65

- If receiving **Social Security or Railroad Retirement benefits**, you'll get your Medicare card automatically in the mail **3 months before your 65th birthday** or **25th month** of your disability benefits.
- If you don't receive your card in the mail, contact:
Social Security: 800-772-1213 (TTY: 800-325-0778)
Monday through Friday 7:00 am to 7:00 pm
Railroad Retirement: 877-772-5772
(TTY: 312-751-4701)
www.socialsecurity.gov/retirement

• *Medicare & You 2017, Pg. 21*



If Not Receiving Social Security or Railroad Retirement Benefits

- You must sign up with Social Security to get your Medicare card:

- **Contact:**

Social Security: 800-772-1213 (TTY: 800-325-0778)

Monday through Friday 7:00 am to 7:00 pm

Railroad Retirement: 877-772-5772

(TTY: 312-751-4701)

www.socialsecurity.gov/retirement

- *Medicare & You 2017, Pg. 22*

Signing Up For Medicare

- **INITIAL ENROLLMENT PERIOD**

You may sign up for Medicare **3 months before** the month you turn age 65, includes your birthday month, to **3 months after** your birthday month.

- If you sign up within 3 months **before** your birthday month, Medicare will start on the **first day of your birthday month**.

- If you sign up **during** your birthday month **or** within 3 months **after** your birthday month, Medicare will start 1-3 months **after** signing up.

- *Medicare & You, 2017, Pg. 23*

Signing Up For Medicare (cont.)

- **GENERAL ENROLLMENT PERIOD**

January 1st to March 31st

- If you didn't sign up for Medicare during the Initial Enrollment Period, you can **sign up between Jan. 1st to March 31st** every year.

- **Coverage starts July 1st**

- You may incur a late enrollment penalty

- *Medicare & You 2017, Pg. 24, 28*

Covered by Employer-Sponsored Group Health Plan

- **SPECIAL ENROLLMENT PERIOD**

- If covered by an employer-sponsored group health plan, **based on current employment with 20 or more employees**, you can **delay signing up** for Medicare Parts A and B **with no penalty**.

- However, when **employment or group coverage ends, whichever happens first**, you have **8-months** to sign up for Medicare **with no penalty**.

- Check with your group plan on how Medicare works with your group coverage.*

- *Medicare & You 2017, Pg. 23, 24*

Covered by Employer-Sponsored Group Health Plan and Have Medicare Part A Only

- You may delay enrolling in Medicare Part B, **with no penalty**, if group health plan is based on **current employment** and has **20 or more employees**.
- However, once **employment or group health plan** ends, you have **8 months** to enroll in Part B **with no penalty**.

*Check with your group plan on how
Medicare works with your group coverage.*

- *Medicare & You 2017, Pgs. 23, 24*



Health Savings Account (HSA)

- **If you have a Health Savings Account (HSA) and group health insurance based on current employment, you may not want to join Medicare Parts A or B.**

Check with your group plan on how signing up for Medicare affects your group plan.

Medicare & You 2017, Pg. 25



Cobra and Retiree Plans

- **If you're covered by COBRA** (Consolidated Omnibus Budget Reconciliation Act) **or a Retiree Plan:**
 - **After employment ends, you have 8-months** to sign up for Medicare Part A or Part B **with no penalty.**
- *Medicare & You 2017, Pg. 24*

Medicare Has Different Parts

Part A - Inpatient Hospital Coverage*

Part B - Medical & Outpatient Coverage*


Part C - Medicare Advantage HMO and PPO Plans

Part D - Prescription Drug Coverage

Only Medicare **Part A and **Part B** will appear on your Medicare card.*

- *Medicare & You 2017, Pg. 15*

Medicare Card

MEDICARE  **HEALTH INSURANCE**

HEALTH CARE FINANCING ADMINISTRATION

NAME OF BENEFICIARY
JOHN DOE

MEDICARE CLAIM NUMBER SEX
000-00-0000-A **MALE**

IS ENTITLED TO EFFECTIVE DATE

HOSPITAL	(PART A)	07-01-1966
MEDICAL	(PART B)	07-01-1966

SIGN HERE → John Doe

Medicare Part A

(In-Patient Hospital Coverage)

- **Most pay no premium for Medicare Part A**
 - Was paid for by you or your spouse through payroll taxes while working.
- **Helps cover inpatient care in hospitals, skilled nursing facilities (*not custodial or long-term care*), hospice, limited part-time medically necessary home health care, and more.**
 - *Medicare & You 2017, Pg. 27, 31-35*



A sample Medicare Part A card from the Health Care Financing Administration. The card is divided into sections for beneficiary information and entitlement details. A large 'SAMPLE' watermark is overlaid on the card. The beneficiary is John Doe, male, with a Medicare claim number of 000-00-0000-A. He is entitled to Hospital (Part A) and Medical (Part B) coverage, both effective as of 07-01-1966. The card includes a signature line with 'John Doe' written in cursive.

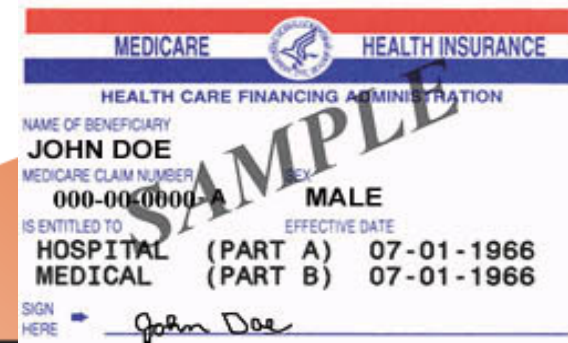
MEDICARE		HEALTH INSURANCE	
HEALTH CARE FINANCING ADMINISTRATION			
NAME OF BENEFICIARY			
JOHN DOE			
MEDICARE CLAIM NUMBER			
000-00-0000-A			
SEX		MALE	
IS ENTITLED TO		EFFECTIVE DATE	
HOSPITAL (PART A)		07-01-1966	
MEDICAL (PART B)		07-01-1966	
SIGN HERE		John Doe	

Medicare Part B

(Medical & Outpatient Coverage)

- **The standard Part B premium for 2017 is \$134 per month, depending on your income.**
 - Premium deducted from your Social Security payment or you'll receive a quarterly bill by mail.
- **Helps cover medically necessary doctor services, outpatient care, tests, durable medical equipment, limited home health care, preventive services, and more.**

- *Medicare & You 2017, Pgs. 28, 36-61*

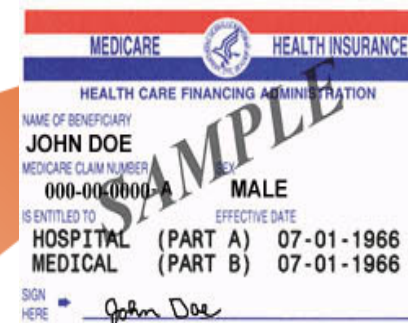


A sample Medicare Health Insurance card for John Doe. The card is from the Health Care Financing Administration. It includes the following information:

MEDICARE		HEALTH INSURANCE	
HEALTH CARE FINANCING ADMINISTRATION			
NAME OF BENEFICIARY JOHN DOE			
MEDICARE CLAIM NUMBER 000-00-0000-A		SEX MALE	
IS ENTITLED TO HOSPITAL (PART A)		EFFECTIVE DATE 07-01-1966	
MEDICAL (PART B)		07-01-1966	
SIGN HERE		John Doe	

Higher Income Medicare Beneficiaries Pay More For Medicare Part B

- If the **Modified Adjusted Gross Income** reported on your tax return **2 years ago** was above:
 - \$85,000 - Individual tax return
 - \$170,000 - Joint tax return
 - You will pay more for Medicare Part B.
- Increase based on the “**Income-Related Monthly Adjustment Amount**” (IRMAA)
 - *Medicare & You 2016, Pg. 34*



A sample Medicare Health Insurance card for John Doe. The card is from the Health Care Financing Administration. It includes the beneficiary's name, Medicare claim number, sex, and effective dates for Hospital (Part A) and Medical (Part B) coverage. The card is signed by John Doe.

MEDICARE		HEALTH INSURANCE	
HEALTH CARE FINANCING ADMINISTRATION			
NAME OF BENEFICIARY	JOHN DOE		
MEDICARE CLAIM NUMBER	000-00-0000-A		
SEX	MALE		
IS ENTITLED TO	EFFECTIVE DATE		
HOSPITAL (PART A)	07-01-1966		
MEDICAL (PART B)	07-01-1966		
SIGN HERE	John Doe		

Medicare Part B IRMAA Premiums

Above \$85,000 up to \$107,000 – Individual tax return

Above \$170,000 up to \$214,000 – Joint tax return

- **You Pay \$187.50 per month**

Above \$107,000 up to \$160,000 – Individual tax return

Above \$214,000 up to \$320,000 – Joint tax return

- **You Pay \$267.90 per month**

Above \$160,000 up to \$214,000 – Individual tax return

Above \$320,000 up to \$428,000 – Joint tax return

Above \$85,000 up to \$129,000 – Married, filing separate

- **You Pay \$348.30 per month**

Above \$214,000 – Individual tax return

Above \$428,000 – Joint tax return

Above \$129,000 – Married, filing separate

- **You Pay \$428.60 per month**

II. Two Types of Medicare Coverage Options

1. Medicare Advantage Plans

- HMO or PPO plans

2. Medicare Supplement Plans

- Medigap Plans A-N

Must be enrolled in Medicare Parts A and B.

- *Medicare & You 2017, Pg. 17*

1. Medicare Advantage Plans HMO or PPO

- **Also known as Medicare Part C**
 - Medicare Advantage Plans combine Medicare Parts A & B benefits and Medicare Part D drug coverage **into one plan.**
 - Some plans include extra coverage like vision, hearing and dental.

Medicare & You 2017, Pgs. 67



Medicare Advantage Plans HMO or PPO (cont.)

- Each Medicare Advantage Plan has different costs, copayments, coinsurance, out-of-pocket yearly maximums and drug coverage.
- Prior authorization and approval required for certain services.
- Plans provide worldwide coverage for emergency and urgently needed services.
- Benefits can change every year.
 - *Medicare & You 2017, Pgs. 69,72*

HMO

Medicare Advantage Plans

- In most **HMO** Medicare Advantage plans, you must get your care from the plan's network of providers and hospitals (except for emergency or urgent situations).
 - You select a hospital, medical group, and primary care physician (PCP) from the plan's network of providers in your service area.
 - Referrals generally required to see specialists.
 - *Medicare & You 2017, Pg. 73*

HMO

Medicare Advantage Plans (cont.)

- **HMO** plans have \$0 or low monthly premiums.
- You must pay your Medicare Part B premiums.
- Pay copayments or coinsurance for services received from **in-network** providers or when authorized to see **out-of-network** providers.
- Pay **full cost** for **non-authorized** services **in-network** or **out-of-network**, except for emergency and urgent care.
- Part D **drug coverage included** in most plans.

- *Medicare & You 2017, Pg. 73*

PPO

Medicare Advantage Plans

- **Use in or out-of-network Medicare providers**
 - Referrals **not required** to see specialists.
 - You pay monthly premiums for the **PPO** plan and also pay your Medicare Part B premiums.
 - You pay applicable deductibles, co-payments or coinsurance for services received **in-network** and higher co-payments/coinsurance **out-of-network**.
 - Part D drug coverage included in the plan.
 - *Medicare & You 2017, Pg. 74*

2. Medicare Supplement Insurance (Medigap Plans A-N)

- **Medigap Plans supplement Original Medicare and pay secondary to Medicare.**
 - You choose any doctor, specialist or hospital, nationwide, that takes Medicare patients.
 - No referrals required to see specialists.
 - Prior authorizations and approvals not required.
 - Medigap Plans have “standardized” benefits and are sold by various insurance companies.
 - *Medicare & You 2017, Pgs. 81,82*

Medicare Supplement Insurance Medigap Plans A-N (cont.)

- You pay monthly premiums for a Medigap plan.
- Different companies charge different premiums for the same “standardized” Medigap plan.
- Part D **drug coverage not** included. You buy a stand-alone Part D prescription drug plan.
- Medigap plans are Guaranteed Renewable for Life. The benefits cannot be changed and the policy cannot be cancelled.
 - *Medicare & You 2017, Pgs. 83*

III. Medicare Part D Prescription Drug Coverage

- Medicare Part D drug coverage is available to everyone that has Medicare Part A and/or Part B.
 - Medicare does not sell the Part D plans.
 - To get Medicare Part D drug coverage, you must enroll in a plan.
- *Medicare & You 2017, Pg. 85*



Two Ways To Get Medicare Part D Drug Coverage

1. Buy a “stand-alone” Medicare Part D prescription drug plan to go with your Medigap plan.

OR

2. Enroll in a Medicare Advantage HMO or PPO plan that includes Medicare Part D prescription drug coverage.

- *Medicare & You 2017, Pg. 85*



Higher Income Medicare Beneficiaries Pay More For Medicare Part D

- If the **Modified Adjusted Gross Income** reported on your tax return **2 years ago** was **above**:
 - \$85,000 – Individual tax return
 - \$170,000 – Joint tax return
 - You will pay more per month for your Medicare Part D drug plan.
- Based on the “**Income-Related Monthly Adjustment Amount**” (IRMAA)
 - *Medicare & You 2016, Pg. 109*

Medicare Part D IRMAA Premiums

Above \$85,000 up to \$107,000 – Individual tax return

Above \$170,000 up to \$214,000 – Joint tax return

- **You Pay \$13.30 per month + your Part D plan premium**

Above \$107,000 up to \$160,000 – Individual tax return

Above \$214,000 up to \$320,000 – Joint tax return

- **You Pay \$34.20 per month + your Part D plan premium**

Above \$160,000 up to \$214,000 – Individual tax return

Above \$320,000 up to \$428,000 – Joint tax return

Above \$85,000 up to \$129,000 – Married, filing separate

- **You Pay \$55.20 per month + your Part D plan premium**

Above \$214,000 – Individual tax return

Above \$428,000 – Joint tax return

Above \$129,000 – Married, filing separate

- **You Pay \$76.20 per month + your Part D plan premium**



Formulary & Drug Tiers

- **Each Medicare Part D drug plan has a different list of drugs that it covers called a “formulary”.**
 - Plans place the drugs into different formulary “tiers”, from Tier 1 for Generics, up to Tier 6 for Specialty drugs.
 - Each tier has different copayments and coinsurance amounts that you pay for your drugs.
 - *Medicare & You 2017, Pg. 92*



2017 Part D

Four Coverage Stages

Stage 1: Yearly Deductible - \$400

- Some Part D plans have no deductible.

Stage 2: Initial Coverage Limit - \$3700

- You pay copayments or coinsurance for your drugs. The insurance plan pays the balance, until the total retail cost of your drugs paid by both you and the plan reaches **\$3700**.
 - *Medicare & You 2017, Pg. 89*



Four Coverage Stages (cont.)

Stage 3: Coverage Gap “Donut Hole”

- After **\$3700**, you enter the Coverage Gap and pay:
 - 51%** of retail price for covered **generic** drugs
 - 40%** of retail price for covered **brand** drugs
- Until you reach **\$4,950** in True Out-of-Pocket (TROOP) costs.
 - TROOP costs include deductible (if any), copayments or coinsurance you paid in Stage 2, and percentage amounts you and drug manufacturer paid in Stage 3.
 - *Medicare & You 2017, Pg. 89*



Four Coverage Stages (cont.)

Stage 4: Catastrophic Coverage

- After **\$4950** in annual TROOP costs, you pay:
 - **\$3.30** for generics
 - **\$8.25** for all other drugs
- or
 - **5%, whichever is greater**, until end of calendar year.
- Drug company sends you a monthly statement.

- *Medicare & You 2017, Pg. 90*



Part D

Late Enrollment Penalty

- If you delay enrolling in Part D or have a break in continuous drug coverage for 63 days or more, and don't have other "creditable" drug coverage or Extra Help:
 - When you enroll, a late enrollment penalty will be added to your Part D monthly premium **for life**.
 - Penalty is 1% of the "national base beneficiary premium" (which changes every year) multiplied by number of uncovered months.
- *Medicare & You 2017, Pg. 90*



IV. Extra Help

- **A Medicare program that helps people with limited income and resources pay Medicare drug costs.** Also called Limited Income Subsidy (LIS)
 - Helps pay Medicare drug plan monthly premiums, deductible, coinsurance and copayments.
- **For more information, contact Social Security:**
800/772-1213 (TTY: 800/325-0778)
Monday through Friday, 7:00 am to 7:00 pm
www.socialsecurity.gov/retirement
 - *Medicare & You 2017, Pg. 97*

V. Enrollment Timeframes

- 1. Turning 65 or New to Medicare**
- 2. Leaving Employer-Sponsored Group Plan**
- 3. Annual Election Period**
- 4. 12-Month Trial Right**
- 5. Medicare Advantage Disenrollment Period**

1. Turning 65 or New to Medicare

- **Medicare Supplement Insurance**
(Medigap Plans A-N)

You have Guaranteed Issue for **3 months before** to **6 months after** your Medicare Part B effective date to enroll in a Medigap plan with **no health questions.***

- Must have Medicare Parts A and B.

** Special rules apply for persons with ESRD.*

- *Medicare & You 2017, Pg. 83*

Turning 65 or New to Medicare (cont.)

- **Medicare Advantage HMO & PPO Plans**

You may enroll **3 months before** the month you turn age 65, to **3 months after**, **no health questions.***

- Must have Medicare Parts A and B.

- **Part D Prescription Drug Plans**

Enroll **3 months before** to **3 months after** your Medicare Part A ***and/or*** B effective date, whichever was first, with **no health questions.**

- May have Medicare Part A ***and/or*** Part B.

**Special rules apply for persons with ESRD.*

- *Medicare & You 2017, Pg. 77*

2. Leaving Employer-Sponsored Group Health Plan

- Medicare Supplement Insurance
(Medigap Plans A-N)
 - You have **Guaranteed Issue for 63 days** after group plan ends (*or 6 months if new to Medicare Part B*) to enroll with **no health questions**.
 - Must have Medicare Part A and Part B

Need Certificate of Termination from group plan

- *Medicare & You 2016, Pg. 102*

Leaving Employer-Sponsored Group Health Plan (cont.)

- Medicare Advantage HMO & PPO Plans

- You have **2-months** after group plan ends to enroll*.
- Must have Medicare Part A and Part B.

- Part D Prescription Drug Plans

- You have **2 months** after group plan ends to enroll.
- May have Medicare Part A *and/or* Part B.

Need Certificate of Termination and proof of other drug coverage from group plan.

**Special rules apply for persons with ESRD.*

3. Annual Election Period

OCTOBER 15th - DECEMBER 7th

Open Enrollment for Medicare Advantage and Part D Stand-Alone Drug Plans ONLY.

- All Medicare beneficiaries can join, switch or drop a Medicare Advantage Plan* or Part D “stand-alone” Prescription Drug Plan.
 - Must have Medicare Parts A and B for Advantage plans. Medicare Parts A *and/or* B for drug plans.
- **New plan starts January 1st.**

**Special rules apply for persons with ESRD.*

- *Medicare & You 2017, Pg. 77*

4. 12-Month Trial Right

- If you **enroll in a Medicare Advantage plan** when first eligible for Medicare at age 65

OR

- If you **drop a Medigap plan** to enroll in a Medicare Advantage plan for the first time

You can try the Advantage plan for 12 months and **within the first 12 months of joining the Advantage plan**, you can enroll in or go back to a Medigap plan with **no health questions**.

- *Medicare & You 2016, Pg. 103*

5. Medicare Advantage Disenrollment Period

JANUARY 1st - FEBRUARY 14th

- **Drop a Medicare Advantage Plan**
 - You may disenroll from a Medicare Advantage plan and switch to Original Medicare Parts A and B.
 - May enroll in a Part D drug plan (PDP).
 - Apply for a Medigap plan, **subject to health questions.**
 - *Medicare & You 2017, Pg. 77*

Questions?



***Thank you for
attending.***



FOR MORE INFORMATION

The information provided is a brief summary and not complete. To learn more about Medicare, the different parts of Medicare and Medicare enrollment periods; and your other coverage options, enrollment time frames and election periods, refer to the Medicare & You handbook or visit <http://go.usa.gov/iDJ> to view the Medicare & You handbook.

You can also call (800) MEDICARE or (800) 633-4227, 24 hour a day/seven days a week and request a Medicare & You handbook in the mail. TTY users should call (877) 486-2048.

