Understanding Medicare

Sherill G. Mason
Principal
Mason Advisors LLC
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Questions to be Answered

- Today, we will provide information to answer the following questions:
  - Who is eligible for Medicare?
  - What are the Medicare coverage options?
  - What do the various options cost?
  - What help is available to Medicare beneficiaries to offset the cost of coverage?
  - When can beneficiaries enroll?
  - Where can I find more information?

Who is Eligible for Medicare?

Who is Eligible for Medicare?

- To qualify for Medicare, a person must be:
  - A U.S. citizen or legal resident for at least five consecutive years *and*
    - Age 65 or older
    - Younger than 65 with a qualifying disability
    - Any age with a diagnosis of ALS or end stage renal disease
  - Coverage begins on the first day of the month a person qualifies
    - If your 65th birthday is July 10, you qualify for Medicare on July 1

What are the Medicare Coverage Options?

What are the Medicare Coverage Options?

- Medicare consists of Part A, Part B, Part C and Part D
  - Part A covers primarily inpatient care
  - Part B covers primarily outpatient care
  - Part C is Medicare Advantage, a managed Medicare option
  - Part D is for prescription drug coverage

Medicare Part A

- Medicare Part A covers the following:
  - Inpatient hospital stays, including acute care hospitals, inpatient rehabilitation facilities, long term acute care hospitals and inpatient mental health care
  - Skilled nursing facility stays
  - Skilled home health services
  - Hospice care
- Medicare Part A covers pre-existing conditions

Beneficiary Costs Under Part A

- Most people do not pay a Part A premium
- There is a late enrollment penalty if a person does not sign up when first eligible and does not have group health insurance coverage
  - Monthly premiums may go up 10% for twice the number of years the person was eligible but did not enroll
- For inpatient hospital care, the patient pays $1,364 per benefit period
  - Days 1-60, no coinsurance
  - Days 61-90, $341 coinsurance per day
  - Days 91 and beyond, $682 coinsurance per lifetime reserve day after day 90 up to 60 days over a lifetime

Beneficiary Costs Under Part A

- Skilled home health services are covered with no coinsurance
- Hospice care is covered with no coinsurance and a copayment of no more than $5 for each prescription drug and 5% of the covered amount for inpatient respite care
- Mental health inpatient stays are covered with a deductible of $1,364 for each benefit period
  - Days 1-60, no coinsurance
  - Days 61-90, $341 coinsurance per day
  - Days 91 and beyond, $682 coinsurance per each lifetime reserve day up to 60 days over a lifetime

Beneficiary Costs Under Part A

- Skilled nursing facility stays of up to 100 days are covered
  - No coinsurance, days 1-20
  - Days 21-100, $170.50 coinsurance per day

Medicare Part B

Medicare Part B Coverage

- Medicare Part B covers
  - Physician services
  - Outpatient hospital services
  - Outpatient therapy
  - Outpatient mental health services
  - Durable medical equipment (DME)
  - Enteral feeding
  - Certain home infusion therapy medications and equipment

Beneficiary Costs Under Part B

- Beneficiaries pay a monthly premium for Part B coverage, based in part on their income
  - The standard premium for Part B in 2019 is $135.50
  - Beneficiaries earning over $85,000 pay higher premiums, up to $460.50 for individuals with income of $500,000 or above
- Part B has a late enrollment penalty of up to 10% of the standard premium that will apply as long as the person is enrolled in Part B
- Part B has an annual deductible of $185 per year
  - After the deductible is met, Part B generally covers 80% of Medicare-approved charges

Medicare Part C

Medicare Part C Coverage

- Medicare Part C, or Medicare Advantage must cover all services that are covered under traditional Medicare Parts A and B
- Medicare Advantage may also cover additional services and items such as hearing aides, vision care, dental care and health club memberships
- Medicare Advantage plans may also provide home health aide support outside of the traditional Medicare home health benefit
- Private insurance companies contract with Medicare to administer Medicare Advantage plans
- Premiums, deductibles, copayments and coinsurance varies by plan
- Insurance companies can combine Medicare Parts A, B and D in one plan

Medicare Part C

- To qualify for Medicare Part C, a person must
  - Be enrolled in Medicare Parts A and B
  - Live in a plan service area
  - Must not have End Stage Renal Disease
- Medicare Part C covers pre-existing conditions
- Because it is a managed care program, Medicare Part C plans usually require members to use in-network healthcare providers or be responsible for payment for services
- Part C programs also often have robust prior approval systems (gate-keepers) to prevent over-utilization of services

Medicare Part D

Medicare Part D

- Medicare Part D covers prescription drugs
- Like Part C, private insurance companies contract with Medicare to administer the Part D benefit
- Medications covered (formularies) vary among plans
- Deductibles, copayments and/or coinsurance varies by plan
- A late enrollment penalty may apply if for any continuous period of 63 days or more after the initial enrollment period, the beneficiary goes without Part D or other creditable prescription drug coverage
  - The penalty would apply for as long as the beneficiary has a Medicare drug plan

Medicare Part D

- Beneficiaries who earn more than $85,000 per year are charged an additional monthly fee for Part D, ranging from $12.40 to $77.40 based on income
- Part D plans have four coverage stages
- Some plans have an annual deductible
- In 2019, formulary drugs are covered up to a cost of $3,820 (initial coverage stage)
  - Between $3,820 and $5,100, beneficiaries pay 25% of the cost of brand name drugs and 37% of the cost of generics (coverage gap stage)
  - After $5,100, beneficiaries are responsible only for 5% of drug costs (catastrophic coverage stage)

Medicare Supplement Insurance Plans

Medicare Supplement Insurance Plans

- Supplemental plans help cover gaps in what traditional Medicare Parts A and B cover, such as copayments and deductibles
- Plans are offered by private insurance companies and vary widely in cost and coverage
- Plans are named A, B, C, D, F, G, K, L, M, N and high-deductible F
- Plans C, F and high deductible F offer first-dollar coverage but are being phased out for newly eligible beneficiaries in 2020
- Coverage is guaranteed to continue as long as premiums are paid and goes with the patient anywhere in the US

What Help is Available to Beneficiaries to Offset the Cost of Medicare Coverage?

MSP Program	Eligibility Criteria	Benefits Provided
Qualified Medicare Beneficiary (QMB)	Below 100% FPL; Resources below $7,390 (individual) or $11,090 (married couples)** **These are adjusted annually	Assistance with: • Part A premiums • Part B premiums • Deductibles, coinsurance and copayments
QMB Plus	Below 100% FPL; Resources as stated above and meet state Medicaid eligibility criteria	All Medicaid-covered services and all QMB benefits
Specified Low-Income Medicare Beneficiary (SLMB)	Between 100%-120% FPL; Resources as stated above	Assistance with Part B premiums
Qualified Individual (QI)	Between 120%-135% FPL; Resources as stated above	Assistance with Part B premiums
Qualified Disabled and Working Individuals (QDWI)	Below 200% FPL; Resources below $4,000 (individual) or $6,000 (married); Lost eligibility for premium free Part A due to working	Assistance with Part A premiums

Medicare Savings Programs

- Section 1902(r)(2) of the Social Security Act allows states to "disregard" certain types of income and/or assets for eligibility determination
  - This can result in higher eligibility limits than discussed on the prior slide in states that choose to use this provision
  - Disregards can be "blanket" (i.e. disregarding all income and assets up to a higher level, or removing asset tests) or targeted (i.e. disregarding specific types of assets otherwise counted)
- For more information on MSP programs, visit:

https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/Medicare-Beneficiaries-Dual-Eligibles-At-a-Glance-TextOnly.pdf

Medicare Savings and Part D Low-income Subsidy

- Individuals who qualify as QMB, SLMB, QI, as well as other fully Medicaid eligible beneficiaries are deemed eligible for the Part D low-income subsidy
- This deemed eligibility means that these individuals do not have to actively apply for LIS eligibility; the LIS should begin in the month after determination of eligibility for the other programs
  - Note: when providing assistance to individuals, it may be beneficial to apply for both programs simultaneously even if eligibility for one triggers eligibility for the other. See: https://www.ncoa.org/wp-content/uploads/simultaneous-lis-and-msp.pdf

Conditional QMB Status

- Some individuals may not qualify for Premium-free Part A services, due to a lack of work history and/or payment of Medicare taxes
- In order to be eligible for QMB, a person must be enrolled in Part A and Part B – thus, a conundrum is created since most individuals are unable to afford the Part A premium prior to QMB eligibility determination
- SSA can process a "conditional" application that will enroll the individual in Part A once QMB status is determined or be discarded if QMB is denied
- This can enable the person to enroll outside of the standard initial or open enrollment period provided that they are in a Part A buy-in state. In states without a Part A buy-in agreement, this does not apply
- For information on conditional enrollment:

http://www.medicareadvocacy.org/old-site/Projects/AdvocatesAlliance/IssueBriefs/09_10.19.QMBsWithoutPartA.pdf

- For information on Part A buy-in states:

https://secure.ssa.gov/apps10/poms.nsf/lnx/0600801140

When Can Beneficiaries Enroll?

Medicare Enrollment

- Newly eligible beneficiaries can enroll three months before or three months after the month they turn 65 years old
- If working past age 65, beneficiaries may enroll in Parts A and B but it is wise to advise them to speak with their benefits administrator and keep records of health insurance coverage to avoid late enrollment penalties
- After 65, beneficiaries may be eligible for special enrollment periods for Parts A and B up to 8 months after employer health coverage ends or for Parts C and D, up to two full months after the month when employer health insurance ends

Medicare Enrollment

- For Medicare Supplemental Plans, eligibility begins the first day of the month when the person is 65 or older and enrolled in Medicare Part B
- The Open Enrollment Period for Parts A, B, C and D begins October 15 and ends December 7

Where Can I Find More Information?

Where Can I Find More Information?

- There are many resources available to you and to beneficiaries but the amount of information can be overwhelming
- Medicare.gov has good educational tools
  - https://www.medicare.gov/your-medicare-costs/medicare-costs-at-a-glance
- The State Health Insurance Assistance Program (SHIP) provides Medicare counseling and assistance to individuals
  - To find local SHIP programs, see the SHIP Locator available from the SHIP TA Center at https://www.shiptacenter.org/

Questions?

Thank you!

Sherill Mason smason@masonadvisors.com