

Mars Hill University

Medicare Basics

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Agenda

- **Medicare Basics**
- **Medicare Eligibility**
- **Medicare Premiums**
- **Medicare and Group Employer Coverage**
- **Medicare Supplement Options**
- **Medicare Part D Prescription Drug Plans**
- **Medicare Cost Examples**
- **Medicare – Other considerations**

Medicare Basics

- **What is Medicare?**
 - Medicare is health insurance for people:
 - Age 65 or older
 - Under 65 with certain disabilities
 - Any age with End-Stage Renal Disease

Medicare Basics

Medicare Components

- The different parts of Medicare
 - Medicare Part A (Hospital)
 - Medicare Part B (Medical)
 - Medicare Part C (Medicare Advantage)
 - Medicare Part D (Prescription Drug Coverage)

Medicare Basics

- **Medicare Part A – Hospital Insurance (no monthly premium)**
 - Covers In Patient Hospital Care
 - Helps cover Skilled Nursing Facility
 - Hospice Coverage
 - Home Health Care under certain conditions

Medicare Basics

- **Medicare Part B (Medical) (\$121.80 - \$389.80 monthly)**
 - Inpatient and Outpatient Medical/surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment
 - Physician's Services
 - Other Services Part A does not cover and some preventive services

Medicare Basics

Medicare Part C (Medicare Advantage)

- Includes all benefits/services covered under Part A/Part B
- Usually includes Medicare Prescription drug coverage (Part D) as part of the plan
- Run by Medicare approved private insurance companies
- May include extra benefits/services for extra cost
- Medicare pays a fixed amount to the insurance company in addition to your premium
- Each plan can charge different out of pocket costs/have own rules regarding coverage
- Must use providers that accept your plan

Medicare Basics

- **Medicare Part D Prescription Drugs**
 - Annual Benefit \$3310 (2016)
 - Gap begins at \$3310 ends \$4850 (2016)
 - Catastrophic Coverage begins at \$4850 (annual out of pocket expense)
 - Deductibles, Cost, Co-pays depend on the plan you choose

Medicare Basics

- **Medicare Deductibles/Co-Pays**
 - Part A 2016 Hospital Deductible is \$1288 per benefit period
 - Part B 2016 Deductible is \$166
 - Co-Pay is 20% of all contracted charges
 - (A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out for 60 days in a row)

Medicare Eligibility

Medicare Eligibility

- **Initial Enrollment Period** - The 7 month period that begins 3 months before your 65th birthday, the month of your 65th birthday and ends 3 months after your 65 birthday (If your birthday is on the first day of the month, your coverage will start the first day of the prior month/if your birthday is not on the first day of the month, your coverage will start the first day of your birth month)
- **General Enrollment Period** – January 1 – March 31 each year with coverage beginning July 1 of that year
- **Special Enrollment Period** – if you or your spouse are working and have group health coverage through your employer or if you are disabled and you or a family member are working and have group health coverage through your employer, you can sign up for Part B any time as long as you are an active employee or during the 8 month period following the end of employment

Medicare Eligibility

Initial Enrollment Period

- Eligibility starts 3 months prior to your 65th birthday for enrollment in Part A (1-800-325-0778 to enroll). Medicare Part A is premium free.
- Medicare Part B is offered to you at the same time you qualify for Part A (you can decline Part B if covered by group insurance and reapply when group coverage is no longer available). Medicare Part B provides basically the same benefits as your group health plan. Medicare Part B has a standard monthly fee of \$121.80 for 2016 (can be increased/decreased in January every year). Part B premiums are determined by the amount of your adjusted gross income (from 2 years ago). Please see attached chart. Medicare will continue to review AGI every 2 years and will adjust premium accordingly.

Medicare Basics

2014 Yearly Income			You Pay in 2016
File Individual Tax Return	File joint tax return	File married & separate tax return	
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$121.80
Above \$85,000 up to \$107,000	Above \$170,000 up to \$214,000	N/A	\$170.50
Above \$107,000 up to \$160,000	Above \$214,000 up to \$320,000	N/A	\$243.60
Above \$160,000 up to \$214,000	Above \$320,000 up to \$428,000	Above \$85,000 up to \$129,000	\$316.70
Above \$214,000	Above \$428,000	Above \$129,000	\$389.80

Medicare and Group Employer Covered Coverage

Medicare & Your Employer Sponsored Plan

- If you are on an employer sponsored plan, why would you consider Medicare as your primary coverage:
 - Benefits – compare your employer’s benefits to Medicare
 - Cost – compare the cost of your employer’s plan to Medicare including the cost of the Medicare Supplement Plan and Part D (employer sponsored plans tend to have higher premiums for employees over Age 65)
 - Potential Penalties

Medicare Supplement Options

Medicare Supplement Options

- **Employer group health coverage**
 - Group Coverage Primary/Medicare Secondary
- **Medicare Supplement Plans**
 - Plans A, F, & N

Medicare Supplement Options

Medicare Supplement Plans

- Plan A (Basic Benefits)
 - Hospitalization – Part A coinsurance plus an additional 365 days after Medicare benefits end
 - Medicare Expenses – Part B coinsurance (20% of Medicare-approved expenses for hospital outpatient services)
 - Blood – First three pints of blood each year
- Plan F (Most Recommended)
 - Basic benefits covered in Plan A
 - Skilled Nursing Coinsurance
 - Part A deductible covered
 - Part B deductible covered
 - Part B excess at 100%
 - Foreign travel emergency (emergency care services for the first 60 days of each trip outside of USA - \$250 deductible)

Medicare Supplement Options

Plans Continued

- Plan N
 - – Skilled Nursing Facility Coinsurance
 - – Part A Deductible
 - – Part B Coinsurance except \$20 copay for office visit and up to \$50 copay for ER visit

Medicare Supplement Options



Medicare Supplement Plan Costs*

Age Attained:	A		F		N
	Area 1	Area 1	Area 1	Area 1	
65	\$ 90.00	\$ 140.00	\$ 97.00		
67	101.00	162.00	113.00		
69	107.00	179.00	126.00		
71	118.00	193.00	136.00		
73	123.00	209.00	144.00		
75+	131.00	234.00	163.00		

Medicare Basics



Medicare Supplement Plan Costs*

Age Attained:	A		F		N
	Area 1	Area 1	Area 1	Area 1	
Female					
65	\$ 84.00	\$ 130.00	\$ 90.00		
67	93.00	150.00	105.00		
69	99.00	166.00	116.00		
71	109.00	179.00	126.00		
73	113.00	193.00	133.00		
75+	121.00	216.00	152.00		

*Premiums increase annually based on Age (July 1)

*Premiums can increase based on plan performance



Medicare Part D Prescription Drug Plans

Medicare Part D Options

- Two most important things to look for in a Part D Prescription Drug Plan
 - Selecting a Plan that covers the medications you take at an affordable price
 - Making sure you have a large selection of network pharmacies to choose from
- There are over 100 vendors offering plans
 - Work with someone you can trust representing a vendor with familiarity

Medicare Part D Prescription Drug Plans

Medicare Part D Basics

- General plan options for all plans
 - All plans use a formulary (listing of covered drugs)
 - Plans may or may not offer a deductible
 - Pre-determined premiums (can be deducted from SS check)
 - Co-pay structure for cost sharing
 - Initial coverage benefit is \$3310 for all plans (predetermined copay) before the coverage gap (you pay 45% of brand name/58% of generic cost during gap unless plan chosen provides coverage for gap period). The gap ends when you have paid a total annual expense of \$4850.
 - Catastrophic Coverage begins after the \$4850 has been reached (you pay 5% or \$2.95 copay for generic/\$7.40 copay for all other drugs)
- Total Cost of Part D coverage depends on the Plan/Income
 - Premiums can range from \$18.00 - \$100+ a month

Medicare Cost Example

Cost Example for Medicare Supplement & Part D Coverage

- Part B through Medicare for 2016
 - \$121.80 (average premium)
- Medicare Supplement Plan F
 - \$140 (Va. Age 65 rate)
- Part D Prescription Drug Plan
 - \$56.80 (average plan cost)
- Total \$318.60 Monthly

Medicare Basics



2014 Yearly Income	File Joint Tax Return	File Married & Separate Tax Return	You pay in 2016
File Individual tax return \$85,000 or less	\$170,000 or less	\$85,000 or less	Your plan premium only
Above \$85,000 up to \$107,000	Above \$170,000 up to \$214,000	N/A	\$12.70 + your plan premium
Above \$107,000 up to \$160,000	Above \$214,000 up to \$320,000	N/A	\$32.80 + your plan premium
Above \$160,000 up to \$214,000	Above \$320,000 up to \$428,000	Above \$85,000 up to \$129,000	\$52.80 + your plan premium
Above \$214,000	Above \$428,000	Above \$129,000	\$72.90 + your plan premium

Medicare - Other Considerations

Creditable Prescription Drug Coverage vs. Non-Creditable Prescription Drug coverage

- Creditable coverage is a plan that will pay on average at least as much as Medicare's Standard Prescription drug coverage
- Example: Employer plan with deductible less than the standard deductible of \$360 with an unlimited annual benefit
- Not all High Deductible Health Plans associated with HSA's are considered Creditable
- Non-creditable Prescription Drug Coverage is a plan that does not meet or exceed Medicare's Standard Prescription drug coverage
- Example: Employer plan that offers a deductible of \$3000 for both medical and drugs would be a non-creditable drug plan



Medicare – Other Considerations

Health Savings Account (HSA) Contributions



- If enrolled in Medicare A and/or B
 - No employee contribution allowed
 - No Employer contribution allowed

- If not enrolled in Medicare A and/or B
 - Employee contributions can continue
 - Employer contributions can continue

Medicare – Other Considerations

- Consequences of not enrolling when first eligible
 - Creditable Drug Coverage – no consequence
 - Non-Creditable Drug Coverage – penalty for lifetime
- Penalty
 - 1% of “national base premium” (\$33.13 in 2015) times the number of months with no creditable coverage added to the monthly premium

Medicare Basics

- **Contact Information**
- Nadine H. Lang
 - 434-832-2136
 - 800-365-0101 Ext. 2136
 - nlang@scottins.com
- **Medicare**
 - 1-800-Medicre (1-800-633-4227)
 - www.medicare.gov
 - Drug Coverage (Part D) provides enrollment information, eligibility information, how Part D coordinates with other insurance and what coverage is included
 - Enroll in Medicare online
 - Information on benefits/procedures covered through Medicare