

# Welcome to Medicare

**LEARNING THE DIFFERENT ASPECTS OF MEDICARE**

# Medicare Made Simple

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4 Simple Parts to Medicare + 1 additional element

- ▶ **Part A - Hospitalization**
- ▶ **Part B – Outpatient Services**
- ▶ **Part C – Medicare Advantage**
- ▶ **Part D – Prescription Drug Plans**
- ▶ **Medigap – Medicare Supplements**

# Hospitalization – Part A Inpatient services

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- ▶ You pay nothing for Part A if you have worked 40 quarters in your lifetime, equivalent of 10 p/t years
- ▶ If you don't qualify then you can purchase it on your own
  - ▶ Cost for 2025 is \$518 Month

# Hospitalization – Part A Inpatient services

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## ▶ **Hospitalization**

### ▶ Must be admitted

- ▶ \$1,676 deductible per admission
- ▶ Covers days 1 thru 60
- ▶ Days 61-90: \$419 coinsurance per day of each benefit period
- ▶ Days 91 and beyond: \$838 coinsurance per each "lifetime reserve day" after day 90 for each benefit period (up to 60 days over your lifetime)
- ▶ Beyond lifetime reserve days: all costs

## ▶ **Skilled Nursing Facilities**

- ▶ Requires a 3-day hospital stay
- ▶ Days 1-20 are paid 100%
- ▶ Increased costs on days 21-100 (\$209.50 per day)

# Hospitalization - Inpatient services

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## ▶ **Part A (Continued)**

### ▶ **Home Health Care**

- ▶ Medicare-approved services
- ▶ Medically-necessary skilled care, services, and medical supplies
- ▶ Could include in-home rehabilitation

### ▶ **Hospice**

- ▶ Hospice Services must be provided by a Medicare-approved agency, possible housing cost of \$209.50 per day at a hospice facility

# Outpatient Services – Part B

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- ▶ Contact Social Security if you plan on starting Part B
  - ▶ In person, online, or by phone
- ▶ You have a 7-month window around the month you turn 65
  - ▶ 3 months before your 65<sup>th</sup> birthday
  - ▶ The month of your 65<sup>th</sup> birthday
  - ▶ 3 months after your 65<sup>th</sup> birthday

# Outpatient Services – Part B Continued

- ▶ You may pay a penalty if you don't enroll when you are first eligible. If you don't enroll when you are first eligible you may sign up between January 1 and March 31<sup>st</sup> of each year, for an effective date of the month following enrollment
- ▶ A penalty of 10% will be assessed to you for every 12 months that you are not enrolled and may apply for your lifetime, 2 years = 20%
- ▶ **Not Retiring at age 65?**
  - ▶ If you have a qualified group insurance plan through your employer, you can defer Part B
  - ▶ You will have a SEP (Special Enrollment Period) that will last up to 8 months after you dis-enroll from your employer-sponsored plan
  - ▶ You will be able to enroll into Part B without a penalty

# Outpatient Services – Part B Continued

- ▶ The standard monthly premium Medicare Part B in 2025 is \$185
  - ▶ You may pay a higher or lower premium, based on your annual income, IRMAA
- ▶ **In general**, you need to be enrolled in a Medicare Plan PDP (Prescription Drug Plan) or MAPD (Medicare Advantage Plan) before Part B takes effect
- ▶ **Some exceptions may apply**
  - ▶ Delayed Medicare enrollment on Medicare's end is one example



# Outpatient Services – Part B Continued

- ▶ The 2025 Annual Deductible - \$257
- ▶ After deductible is met, you will pay 20% coinsurance for all Medicare-approved services and Medicare pays 80%
  - ▶ Some providers don't accept Medicare Assignment and may bill and addition 15%
- ▶ Medicare Part B has No Out-of-Pocket Maximum

# IRMAA – Income Related Monthly Adjusted Amount

- ▶ Higher monthly premiums for Medicare Part B and Part D
- ▶ Generally based on prior two-year tax filing status, but not more than three years
- ▶ Calculated from Modified Adjusted Gross Income, MAGI, found on line 11 of a 1040 return
- ▶ Appeals/New Initial Determination available for certain circumstances

2023 Annual Income: Individual	2023 Annual Income: Filing Jointly	2023 Annual Income: Filing Separately	Medicare Part B Premium 2025	Medicare Part D Premium 2025
\$0 – \$106,000	\$0 – \$212,000	\$0 – \$106,000	\$185.00	Plan Premium
> \$106,000 and < \$133,000	> \$212,000 and < \$266,000	–	\$259.00	Plan Premium + \$13.70
> \$133,000 and < \$167,000	> \$266,000 and < \$334,000	–	\$370.00	Plan Premium + \$35.30
> \$167,000 and < \$200,000	> \$334,000 and < \$400,000	–	\$480.90	Plan Premium + \$57.00
> \$200,000 and < \$500,000	> \$400,000 and < \$750,000	> \$106,000 and < \$394,000	\$591.90	Plan Premium + \$78.60
> \$500,000	> \$750,000	> \$394,000	\$628.90	Plan Premium + \$85.80

# Medicare Plans – Medicare Supplements

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## ▶ **Medicare Supplements**

### ▶ **Plans come in Letters**

#### ▶ A through N

- ▶ Some plans are no longer available
- ▶ Not all plans are sold by every company
- ▶ All Medicare Supplements are standardized (G is an G no matter which company offers it). By law it must have the same benefits

# Medicare Plans – Medicare Supplements

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## ▶ **Plan F**

### ▶ Plan F pays:

- ▶ All deductibles and coinsurance for all Medicare-covered expenses
- ▶ You pay your premium and then you pay nothing after that, for all Medicare-covered expenses
- ▶ Plan F sunset 1/1/2020 for those that are new to Medicare after 1/1/2020

## ▶ **Plan G**

- ▶ You pay the Part B deductible - \$257
- ▶ Then the plan will pay 100% of all Medicare-covered expenses after the Part B deductible is paid.

# Medicare Plans – Medicare Supplements

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## ▶ **Plan N**

### ▶ You will pay

- ▶ Part B deductible

- ▶ Then you will pay \$20 for doctor visit

- ▶ Then you will pay \$50 for emergency room visits

- ▶ Plan will pay 100% of all covered Medicare Expenses after co-pays and deductibles

- ▶ \*\*\*Policy holders may be billed 15% excess charges

## ▶ **High-deductible Plan G**

- ▶ You must meet a deductible of \$2,870 (does not include the Part B deductible which is separate \$257) depends on how you met the plan deductible
- ▶ How do you reach your Plan deductible?
  - ▶ Part A Deductible - \$1,676
  - ▶ Part B Deductible - \$257
  - ▶ and then 20%
  - ▶ Once you reach your deductibles, then the Plan will pay 100% of all covered Medicare charges

## ▶ **Medicare Supplements**

- ▶ **Washington State regulations allow for portability**
  - ▶ You can change plans every month if desired
    - ▶ Without underwriting and with guaranteed insurability
    - ▶ The new plan will begin on the 1<sup>st</sup> day of the next month



# Medicare Plans – Medicare Supplements

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► **Any questions about Medicare Supplements?**

# Medicare Plans – Prescription Drug Plans

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- ▶ Offered by individual insurance companies that have a contract with Medicare
- ▶ Can be stand-alone (PDP) or attached to Medicare Advantage Plans (MAPD)
- ▶ In most cases they CANNOT be added to a Medicare Advantage Plan (MA)
  - ▶ Adding an individual PDP may result in the cancellation of the Medicare Advantage Plan

# Medicare Plans – Prescription Drug Plans

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- ▶ Covers prescription drugs at a pharmacy or mail order
- ▶ Benefits must be equal to or better than those defined by Medicare
- ▶ Covers prescriptions drugs that are on the plan's formulary
  - ▶ A formulary is a list of drugs approved by the plan sponsors
- ▶ Part D plan formularies must include:
  - ▶ At least two drugs in each therapeutic category
  - ▶ Generic and brand-name drugs

# Medicare Plans – Prescription Drug Plans

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- ▶ Must be enrolled in Medicare Part A or Part B
- ▶ Coverages vary by insurer and plan type
- ▶ Part D is “Voluntary”
- ▶ A late enrollments penalty is assessed per month lifetime applies
  - ▶ Penalty is based on 1% the national average of all drug plan costs in the current year, average for 12 months, is about \$4.00 per month
- ▶ **Part D plans do not cover...**
  - ▶ Drugs not on the plan’s formulary
  - ▶ Drugs excluded from coverage by Medicare
  - ▶ OTC medications
  - ▶ Drugs purchased outside the U.S.

## **Prescription Coverage Basics**

- ▶ Insurers use tiers to define the levels of coverage
  - ▶ Common Tiers of Drug classifications:
    - ▶ Tier 1 – Preferred Generic Drugs
    - ▶ Tier 2 – Non-Preferred Generic Drugs
    - ▶ Tier 3 – Preferred Brand Name Drugs
    - ▶ Tier 4 – Non-Preferred Brand Name drugs
    - ▶ Tier 5 – Specialty Drugs

# Medicare Plans – Prescription Drug Plans

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- ▶ **All Drug plans have 3 distinct components**
  - ▶ **Deductible** – Member pays 100% until deductible is met, the maximum deductible for 2025 is \$590
  - ▶ **Initial Coverage Period** – member pays co-pays/co-insurance until the total of what the member pays, plus any prescription discounts equals \$2000 for 2025. This is known as TROOP (True Out of Pocket).
  - ▶ **Catastrophic Coverage** – After reaching the annual out-of-pocket threshold (TROOP), the beneficiary pays nothing

## ► **Medicare Prescription Payment Plan – M3P**

- The Medicare Prescription Payment Plan is a new payment option in the prescription drug law that works with your current drug coverage to help you manage your out-of-pocket costs for drugs covered by your plan by spreading them across the calendar year (January–December). Starting in 2025, anyone with a Medicare drug plan or Medicare health plan with drug coverage can use this payment option. All plans offer this payment option, and participation is voluntary.
- If you select this payment option, each month you'll continue to pay your plan premium (if you have one), and you'll get a bill from your health or drug plan to pay for your prescription drugs (instead of paying the pharmacy). There's no cost to participate in the Medicare Prescription Payment Plan.



## ► **Terminology**

- **Quantity Limits** – Amount of pills the plan will allow a member to be given at one time.
- **Step Therapy** – Occurs when a member is prescribed a medication that has a lower-cost alternative available. The member may be required to try the lower-cost drug before they are allowed the more expensive drug.
- **Prior Authorization** – Occurs when a member has tried a lesser-cost alternative and it is not as effective. The member can be authorized to receive the more expensive drug.



## ► **Transition Fill**

- One-time, 30-day supply of a prescription medicine automatically within the first 90 days after switching MAPD or PDP plans.
- This allows time for any Quantity Limits, Step Therapy, or Prior Authorization arrangements to be made for certain drugs to be filled properly.

# Medicare Plans – Prescription Drug Plans

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## ▶ **Low Income Subsidy – (LIS)**

- ▶ Based on income and assets
- ▶ Can reduce Part D premium
- ▶ Can reduce co-payments and co-insurance
- ▶ Also, will eliminate a PDP penalty

# Medicare Plans – Prescription Drug Plan

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▶ **Any Questions on Prescription Drug Plans?**

# Medicaid Eligibility in Washington State

- ▶ Medicaid eligibility is determined from monthly income. The current limit for an individual is \$1,799.99, & married couple is \$2,432, or less
- ▶ Currently the State of WA does not include assets for some of the available programs. IE: Medicare Savings Program, the State will pay the clients Part B monthly premiums.

# Medicare Plans – Medicare Advantage

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- ▶ **To be eligible you must:**
  - ▶ Reside inside the service area
  - ▶ Be enrolled in Part A and Part B
- ▶ Medicare Advantage Plans are offered by private insurance companies
- ▶ Medicare Advantage benefits must be as good or better than Original Medicare
- ▶ Medicare does not endorse or recommend a plan, they simply approve them to be sold

# Medicare Plans – Medicare Advantage

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- ▶ Most plans will include Prescription Drugs (MAPD)
- ▶ Some plans may not include Prescription Drugs (MA)
- ▶ In most cases you CANNOT add a standalone Prescription Drug Plan to an MA or MAPD only plan
  - ▶ This will result in the cancellation of the first plan that had been applied for
- ▶ **Medicare Advantage Plans Monthly Cost**
  - ▶ Government now pays the insurance company
    - ▶ Plan premiums can be as low as \$0 monthly
    - ▶ Plan premiums can be as high as \$118 monthly

- ▶ **Plan years are figured on a calendar year basis**
  - ▶ All plans must contain a MOOP
    - ▶ Maximum Out-Of-Pocket
      - ▶ Once that amount is spent by the policy member, the plan will pay 100% of all Medicare-covered charges going forward.

# Medicare Plans – Medicare Advantage

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- ▶ **Co-pays or co-insurance could be, for example:**
  - ▶ Primary care co-pays could be as little as \$0
  - ▶ Specialist co-pays could be as little as \$0, but most are \$25-\$50 per visit
  - ▶ X-rays – \$15
  - ▶ Lab tests – \$0-\$10
  - ▶ Outpatient surgery – a Co-pay
  - ▶ Complex imaging – a Co-Pay or 20%
  - ▶ Routine physicals – \$0 for Medicare-covered tests



## ▶ **Hospitalization**

- ▶ Could be as little as \$320 per day for the first 4 to 5 days, depending upon the plan
  - ▶ Plans will pay 100% after the maximum amount of days (4 to 5) are utilized in a given hospital stay

## ▶ **Skilled Nursing Facility**

- ▶ In most cases DOES NOT require a 3-day hospital stay
- ▶ Most plans have a \$0 cost per day for the first 20 days
- ▶ After 20 days a co-pay may be charged

# Medicare Plans – Medicare Advantage

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- ▶ **Can include extra benefits such as:**
  - ▶ Routine vision exam and hardware
  - ▶ Routine hearing exam and hearing aids
  - ▶ Preventive dental and some comprehensive
  - ▶ Fitness programs
  - ▶ OTC benefits
  - ▶ May include other additional benefits

# Medicare Plans – Medicare Advantage

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- ▶ **In our area Medicare Advantage Plans come in two different forms**
  - ▶ HMO – Health Maintenance Organization
    - ▶ Network Physicians, in most cases NO out-of-network coverage
    - ▶ However, you may go out of network in an emergency or when seeking urgent care
    - ▶ Some HMOs require a referral to see a specialist
  - ▶ PPO – Preferred Provider Organization
    - ▶ You do not need a referral to see a doctor
    - ▶ You may go in or out of network to receive care
    - ▶ Emergencies will be paid at the in-network rate
    - ▶ Staying in network will result in the lowest cost share
    - ▶ Out of network
      - ▶ Will result in higher cost share
      - ▶ Doctors have to agree to take you
      - ▶ Can result in balance billing

## ▶ **Enrollment Periods**

### ▶ IEP – Initial Enrollment Period

- ▶ When you first become eligible for Parts A & B (usually age 65)
- ▶ 7-month window (3 months before your birthday month, the month of your birthday, and the 3 months after your birthday month)

## ▶ **AEP – Annual Enrollment Period (Oct 15<sup>th</sup> – Dec 7<sup>th</sup>)**

- ▶ You may add, drop, or switch a Medicare Advantage or a PDP during this period
- ▶ You may change your mind as many times as you want. The plan that is in place on December 7<sup>th</sup> is the plan that will be effective on January 1<sup>st</sup>

## ▶ **OEP – Medicare Advantage Open Enrollment Period**

- ▶ Annually - January through the end of March
- ▶ Switch to a different Medicare Advantage plan
- ▶ Dis-enroll from a Medicare Advantage plan, go back to Original Medicare, and enroll into a Prescription Drug Plan and a Medicare

## ▶ **SEP – Special Enrollment Period**

- ▶ A period of time when you can change your plan due to a life-changing event like relocating, becoming disabled, receiving/losing Extra Help on your prescriptions, entering a nursing home for long-term care, qualifying for Medicaid, etc.

- ▶ **Quality of plans is determined by Star Ratings**
  - ▶ **CMS** – Medicare assigns a grade to all plans each year based on many factors. Some of these are:
    - ▶ How members rate their plan
    - ▶ How the plan and providers engage with their members
    - ▶ How well a plan manages members with critical illnesses
    - ▶ How long members stay on hold when they call
    - ▶ Plus many other factors

# Medicare Wrap-Up

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## ► Medicare rates plans from one to five stars and half stars in between

- \*\*\*\*\* Excellent
- \*\*\*\* Above Average
- \*\*\* Average
- \*\* Below Average
- \* Poor



# Spokane Market

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- ▶ Over the past 10 years we have had an expanding Medicare advantage market. More companies have come into our area which has created division in the networks.
- ▶ The Medicare supplement market has stayed fairly consistent. With increasing premiums every year.
- ▶ The prescription drug coverage, whether a stand-alone prescription, drug plan, or a embedded in a Medicare advantage plan has changed drastically beginning this year. With the \$2,000 Max out of pocket puts a lot more expense on the insurance company.

# Medicare Wrap-Up

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► **Any Questions?**

# Medicare Wrap-Up

Thank you for attending this workshop.

We hope you found that the information was valuable.

Contact:



**Donna D. Peck**

Health Guardian Angels, LLC

Specializing in Medicare & Health Insurance

*Including Life Insurance, Dental & other Health Protection*

Donna.HealthGuardianAngels@Gmail.com

509.993.0265