Navigating Medicare
The Birth of Medicare

- Medicare was passed into law on July 30, 1965
- Federal Health Insurance Program for 3 groups of people
  1. Individuals age 65 and older
  2. Individuals under age 65 with certain disabilities
  3. Individuals of all ages diagnosed with End-stage Renal Disease and ALS
     (Lou Gehrig’s disease)

Medicare has 4 parts:

- Part A – Hospital Insurance
- Part B – Medical Insurance
- Part C – Medicare Advantage
- Part D – Medicare Prescription Drug Coverage
Myths of Medicare

1. Part A is automatic

2. If Part A is delayed, there will be penalties

3. An individual MUST sign up for Medicare at age 65

4. An employee is no longer eligible for their employer based plan when they are eligible for Medicare

5. An individual cannot have a Health Savings Account (HSA) after they turn age 65
Original Medicare - Part A

- No monthly premium for Part A if worked at least 40 Medicare approved quarters (equals to 10 years). Under 40 quarters can be up to $458 per month.

- What does Medicare Part A cover?
  
  *Medically Necessary...*
  
  - Inpatient hospital care
  - Skilled nursing facilities
  - Hospice

- How are these services covered?
  
  - Inpatient – You pay a $1,408 deductible for first 60 days, $352/day for 61-90, and $704/day for day 91 and beyond (per benefit period)
  - Skilled nursing – You pay nothing for days 1-20, $176/day for 21-100, Days 101 and beyond – all costs
  - These holes in coverage are referred to as “GAPS”
Original Medicare - Part B

- Part B has a monthly premium of $144.60 per month (per person)
  (Can be adjusted based on income – Maximum = $491.60 per month)

- What does Medicare Part B cover?
  * Medically Necessary...
    - Outpatient care (diagnostic test, laboratory services, chemotherapy)
    - Doctors’ services
    - Durable Medical Equipment
    - Preventive Care/Home health care

- How are these services covered?
  - You pay $198 calendar year deductible
  - You pay 20% of Medicare-approved amount for medically necessary services
  - Excess charges over the Medicare-approved amount if your doctor does not accept assignment
  - Part B also has holes in coverage referred to as “GAPS"
Medicare Card

Old Medicare Card

NAME OF BENEFICIARY
JOHN DOE
MEDICARE CLAIM NUMBER
000-00-0000-A
SEX
MALE
IS ENTITLED TO
HOSPITAL (PART A) 01-01-2007
MEDICAL (PART B) 01-01-2007

NEW Medicare Card

NAME/NOMBRE
JOHN L SMITH
MEDICARE NUMBER/NÚMERO DE MEDICARE
1EG4-TE5-MK72
ENTITLED TO/CON DERECHO A
HOSPITAL (PART A) 03-01-2016
MEDICAL (PART B) 03-01-2016

Coverage starts/Cobertura empieza
Medicare Roadmap

**Part A**
Inpatient Hospital Insurance

**Part B**
Doctor/Outpatient Insurance

**Original Medicare**
- Must be enrolled in A/B
- Mandated benefits – all carrier plans are the same
- Higher premium / less costs out of wallet at time of service
- No Rx Included (Part D)
- Use any doctor/facility that accepts Original Medicare
- Can be guarantee issued

**Advantage (Part C)**
- Must be enrolled in A/B
- Low premium / Copays at time of service
- Most include Part D at no extra premium
- Networks (HMO/PPO)
- Annual enrollment period (AEP)

**October 15 – December 7**

**Supplement/Medigap**
- Must be enrolled in A/B
- Mandated benefits – all carrier plans are the same
- Higher premium / less costs out of wallet at time of service
- No Rx Included (Part D)
- Use any doctor/facility that accepts Original Medicare
- Can be guarantee issued

**Part D**
- Must have creditable coverage at age 65 – late enrollment penalty otherwise
- Creditable coverage can be through employer plan, VA or other Medicare retiree plan
- National avg. cost $32.74/mo.
- Annual enrollment period (AEP)

**October 15 – December 7**
Medicare Advantage “Part C”

• In order to be eligible for a Medicare Advantage plan, you must be enrolled in Part A and Part B
• Plan offered through private health insurance companies
• LOWER premium plans with HIGHER costs at time of service for hospital and medical services (copays and coinsurance)
• Often includes Medicare Part D benefit
• Provider networks (HMO/PPO)
• Replaces Original Medicare – only show one card for hospital, doctor and prescription
• Annual open enrollment (AEP) – October 15 through December 7
Medigap/Supplement Plans

- In order to be eligible for a Medicare supplement plan, you must be enrolled in Part A and Part B
- Ten mandated benefit plans A - N (vary by price and service)
- HIGHER premium plans, with LOWER costs at time of service for hospital and medical services
- No prescription benefit, so one must enroll in a Part D plan
- No networks (Doctor/facility have to accept Original Medicare only)
- No enrollment periods - can switch plan anytime
- One time enrollment without asking medical questions (e.g. guaranteed within first 6 months of Part B effective date)
**Medicare Supplement Comparisons**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare Part A coinsurance and hospital costs</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Part B deductible</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Blood (first 3 pints)</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Part A hospice care</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Skilled Nursing Facility</td>
<td>X</td>
<td>X</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Part A deductible</td>
<td>X</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Part B deductible</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Part B Excess Charges</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Foreign Travel (up to plan limits)</td>
<td>X</td>
<td>X</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✔️</td>
<td>$5,880</td>
<td>✔️</td>
<td>$2,940</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

*Plan F and G also offers a high-deductible plan. This plan carriers a $2340 deductible in 2020.

*With Plan N you are responsible for the $198 Part B deductible before your plan pays 100% minus a copayment of up to $20 for some office visits and up to $50 for ER visits that do not result in inpatient admission.

On 01/01/2020, Medigap policies sold to new members will not be allowed to cover the Part B deductible. Because of this, Plan C and F will no longer be available to newly Medicare eligible members. If you already have these two plans, you will be able to keep your plan. If you were eligible for Medicare before 01/01/2020, but not yet enrolled, you may be able to purchase one of these plans.
# Medicare Part D Standard Benefits

<table>
<thead>
<tr>
<th>Deductible (excluded on some plans)</th>
<th>$435 (calendar year)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Initial Coverage Period</strong></td>
<td>After deductible is met beneficiary pays coinsurance (or copayments) and the Plan pays its share until the combined yearly drug costs (including the $435 deductible) reaches $4,020</td>
</tr>
</tbody>
</table>
| **Coverage Gap “Donut Hole”**       | Once beneficiary & the plan together meet **$4,020**:  
Beneficiary pays  
- 25%* of cost on most brand &  
- 25% of cost on generic  
Until **total yearly out of pocket** paid by beneficiary reaches $6,350  
*the 25% you pay plus the 70% manufacturer discount (total of 95% of the price) applies to the out of pocket |
| **Total Out-of-Pocket Threshold**   | **$6,350** |
| **Catastrophic Coverage**           | Beneficiary pays 5% coinsurance (or copayment) for the remainder of calendar year |
Medicare Part D Enrollment Penalty

• 3 ways to avoid paying a penalty
  o Join a Medicare drug plan when you are first eligible
  o Don’t go more than 63 days in a row without Part D or other creditable coverage (i.e. VA benefits, Employer plan, etc.)
  o Fill out the Declaration of Prior Drug Coverage form when you enroll into a Part D plan.

• How is the penalty calculated?
  o Multiple 1% of the “national base beneficiary premium” ($32.74 in 2020) by the number of months you were not on a Part D plan, or on non-creditable drug coverage

Example:
7 month penalty
0.07 (7% penalty) x 32.74 = $2.29/monthly late enrollment penalty

Part D premium + Late enrollment penalty = Total Part D monthly premium
Medicare and HSAs

- Per IRS rules, ENROLLING in any part of Medicare coverage for any reason will cause an individual to become ineligible to contribute to a HSA.
  
  Please note: Drawing Social Security triggers enrollment into Medicare, if eligible.

- At age 65, an individual can take penalty free distributions from a HSA for any reason. For the distribution to be tax free, it would have to be for a qualified medical expense.

Health Savings Account (HSA)

Contribution Limits for 2020

<table>
<thead>
<tr>
<th></th>
<th>Single</th>
<th>Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,550</td>
<td>$7,100</td>
<td></td>
</tr>
</tbody>
</table>

*add $1,000 to each if over age 55

- If a spouse on a group health plan has any part of Medicare and the employee does not, the employee can still contribute the family maximum limit allowed by the IRS.
Medicare and HSAs cont..

- At age 65, you can use your HSA to pay for Medicare parts A, B, D and Medicare Advantage premiums tax-free **AND** penalty free. You cannot use your HSA to pay for Medigap insurance premiums.
- If you delay Medicare enrollment past age 65, your Part A effective date can be backdated six months.
- The year an individual enrolls in Medicare, they will be able to contribute a pro-rated amount to a HSA for the months they were not eligible for Medicare.

**Example:**
Medicare enrolled date = 7/01/2020
Single maxed allowed in 2020 = $4,550
Pro-rated amount to contribute = $2,275
HORAN
IHM@horanassoc.com
Toll free: 1-844-972-0228

Medicare
1-800-MEDICARE
www.medicare.gov

State Insurance Department
Ohio - 1-800-686-1526
Kentucky – 1-502-564-3630
Indiana – 1-800-622-4461

Council on Aging
www.help4seniors.org
1-800-252-0155

Medicare Benefits Coordination Center
1-855-798-2627

SS Administration
1-866-593-1519 Cincinnati
1-866-504-4224 Florence
1-800-772-1213 National
1-800-318-8782 TTY
1-877-833-2704 Evendale
1-877-895-0038 Dayton
1-888-862-3748 Hamilton
1-800-453-0494 Batavia