

# Medicare 101

Making Medicare Easy



# What We Will Cover

- What Medicare Covers & What it Costs
- How & When to enroll in Medicare
- What the “holes” are in Medicare and how to fill them
- What are Medicare Supplements and how do they work
- What are Medicare Advantage Plans and how do they work
- How Medicare Supplements and Advantage Plans differ
- How Medicare Drug Plans work and why you must have one

# Medicare 101

Medicare is a federal health insurance program for people 65 and older. It also provides coverage to people under 65 that have certain disabilities and for people with End Stage Renal Disease (ESRD).

The foundation of your Medicare coverage is made up of two parts known as Part A (hospital) and Part B (medical).

These two parts (A & B) combined are commonly called Original Medicare



**MEDICARE HEALTH INSURANCE**

Name/Nombre  
**JOHN L SMITH**

Medicare Number/Número de Medicare  
**1EG4-TE5-MK72**

Entitled to/Con derecho a	Coverage starts/Cobertura empieza
<b>HOSPITAL (PART A)</b>	<b>03-01-2016</b>
<b>MEDICAL (PART B)</b>	<b>03-01-2016</b>

# What is covered

Medicare Part A	Medicare Part B
<ul style="list-style-type: none"><li>■ Inpatient Hospital</li><li>■ Skilled Nursing Facility Care</li><li>■ Hospice</li><li>■ Home Health Services</li></ul>	<ul style="list-style-type: none"><li>■ Doctor Services</li><li>■ Outpatient Care</li><li>■ Lab Tests, X-Rays</li><li>■ Ambulance</li><li>■ Durable Medicare Equipment</li><li>■ Some Outpatient Prescription Drugs</li><li>■ Preventative Services (and More)</li></ul>

# Medicare Preventative Services

- Flu Shots
- Yearly Wellness Exams
- Mammogram
- Diabetes Screening
- Glaucoma Screening
- Prostate Screening
- Welcome to Medicare Exam
- And Many More

# 2020 Medicare Costs at a Glance

Past A Premium  
(monthly)

**Premium-free** with qualifying work history; **\$458** each month without

Part A Deductible  
And Coinsurance

You pay:

**\$1,408** deductible for each benefit period

Days 1-60:

**\$0** coinsurance for each benefit period

Days 61-90:

**\$352** coinsurance per day of each benefit period Days 91 and beyond:

**\$704** 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**

Part B Premium  
(monthly)

The standard Part B premium amount is **\$144.60** (high earners pay more)

Part B Deductible  
and Coinsurance

**\$198** per year and then 20% of the Medicare-approved amount

# 2020 Part B Premiums

Beneficiaries who file **individual** tax returns and have income of:

Less than \$87,000

\$87,000 - \$109,000

\$109,000 - \$136,000

\$136,000 - \$163,000

\$163,000 - \$500,000

More than \$500,000

Beneficiaries who file **joint** tax returns and have income of:

Less than \$174,000

\$174,000 - \$218,000

\$218,000 - \$272,000

\$272,000 - \$326,000

\$326,000 - \$750,000

More than \$750,000

Total Monthly Premium Amount:

\$144.60

\$202.40

\$289.20

\$376.00

\$462.70

\$491.60

# What Does Medicare Cost?

## Part A Cost

- You don't usually pay a monthly premium
- If you or a spouse worked 40 quarters (10 years) and paid Medicare taxes -Part A is premium free
- If you have between 30-39 quarters Part A is \$240/month
- If you have less than 30 quarters Part A is \$437/month

## Part B Cost

- The standard Part B Premium for 2019 is \$135.50/month
- Your Part B premium can be higher based on your income (See Chart on next slide)
- If you have Medicare and Medicaid and Medicaid pays your Part B premium, the state will pay \$135.50/month

# 2019 Part B Premium Chart

If your yearly income in 2017 (for what you pay in 2019) was			You pay each month (in 2019)
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	\$135.50
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	Not applicable	\$189.60
above \$107,000 up to \$133,500	above \$214,000 up to \$267,000	Not applicable	\$270.90
above \$133,500 up to \$160,000	above \$267,000 up to \$320,000	Not applicable	\$352.20
above \$160,000 and less than \$500,000	above \$320,000 and less than \$750,000	above \$85,000 and less than \$415,000	\$433.40
\$500,000 or above	\$750,000 and above	\$415,000 and above	\$460.50

## Medicare Part B premiums 2020

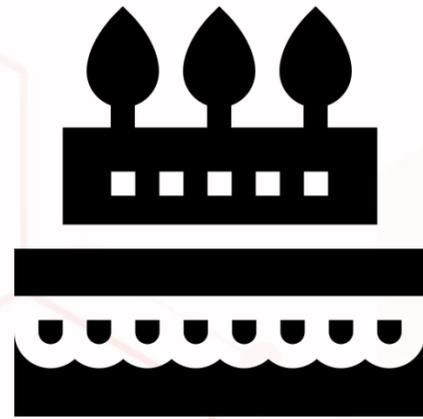
Individual and joint filers

Individual tax filers	Married, file jointly	Adjustment amount	Monthly premium
Up to \$87,000	Up to \$174,000	\$0.00	\$144.60
\$87,000-\$109,000	\$174,000-\$218,000	\$57.80	\$202.40
\$109,000-\$136,000	\$218,000-\$272,000	\$144.60	\$289.20
\$136,000-\$163,000	\$272,000-\$326,000	\$231.40	\$376.00
\$163,000-\$500,000	\$326,000-\$750,000	\$318.10	\$462.70
\$500,000 or more	\$750,000 or more	\$347.00	\$491.60

SOURCE: Center for Medicare and Medicaid Services

# When To Apply For Medicare

Your Initial Enrollment Period



**3 Months Prior**

**65**

**3 Months After**

**7 Month Window to Enroll in Medicare Without Penalty**

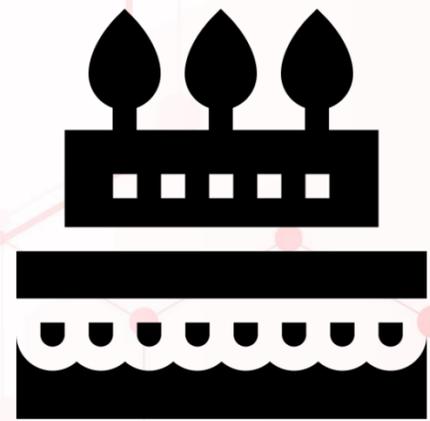
# When To Apply For Medicare

Will you be automatically enrolled?

If you are receiving your Social Security Benefits prior to age 65 you will be automatically enrolled in Medicare!

**Yes:**

Look for your Medicare card in the mail approximately 3 months prior to your birthday!



**65**



**3 Months After**

# Enrolling Yourself in Medicare

**No:**

- If you are not receiving Social Security Income prior to age 65 you will need to actively enroll in Medicare.
  - Enrolling in Medicare is done through the Social Security Administration (Four Ways).
- If you will not have group coverage when you are 65, you will need to enroll in Medicare during the 7-month window we discussed earlier.



1. Online: [SSA.GOV](https://www.ssa.gov)
2. By Phone: 800-772-1213
3. In Person: Local SSA Office
4. By Mail: Mail to SSA

Start your enrollment process as early as possible so you have time to fix any issues that come up.  
Need Assistance Enrolling? We can help!

# Medicare Group and Coverage

If you are turning 65 soon or if you are already 65 and have group coverage (you or spouse) through an employer, you have the option of either joining Medicare or keeping your current plan. Depending on cost and coverage you will want to compare both options.

If your employer has 1-19 employees: Medicare is the primary. You will need to discuss with your benefits coordinator (HR) if they require you to join Medicare. If you are not required to enroll in Part B you can delay without penalty as long as your coverage is credible.

# Medicare Group and Coverage

If your employer has 20+ employees: Your group coverage is primary and they are required to treat age 65+ employees the same as their under 65 employees. You can delay Medicare Part B without penalty as long as this coverage is creditable.

**COBRA:** This is not creditable coverage by Medicare Standards. Enroll in Medicare when you are eligible. It may be creditable Part D coverage so you possibly do not need to enroll in Medicare Part D until you lose COBRA RX coverage.

# The Holes in Original Medicare

	Part A Hospital		Part B Doctors		Excess Charges
Days 1-60 Inpatient Hospital stay	\$1,364	+	20%	+	15%
Days 61-90 Inpatient Hospital Stay (\$341/day)	\$11,594	+	20%	+	15%
<b>Medicare Benefit Period Ends</b>					
Days 91-150 Inpatient Hospital Stay (\$682/day) 60 Lifetime Reserve Days	\$52,514	+	20%	+	15%
Medicare Coverage Ends until you are out of the hospital for 60 consecutive days	All Costs	+	All Costs	+	All Costs

## Part A

# The Holes in Original Medicare

### You Owe:

Under Part A you have a deductible of \$1,364 for days 1-60. You pay \$341 per day for days 61-90 and then you get 60 lifetime reserve days at \$670 per day. If you stay in the hospital 150 days you would owe \$52,514 under Part A. You need to be out of the hospital 60 consecutive days for your benefit period to restart. Once you use a lifetime reserve day, that day is gone. After 150 days your Medicare coverage stops.



## Part B

# The Holes in Original Medicare

### You Owe:

Under Part B you have a deductible of \$185 before your Medicare coverage begins. After the deductible Medicare pays 80% and you pay 20%

### Excess Charges:

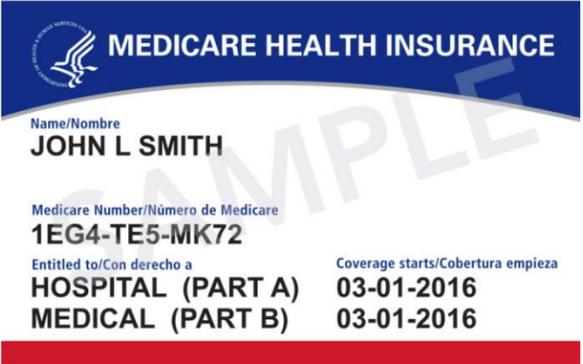
If a doctor does not accept Medicare assignment, there is an allowable 15% access charge you could owe.

These “holes” are why people look to supplement their Original Medicare coverage.

We will show you how to do this and avoid these high out of pocket expenses

# How Do You Fill These Holes?

Step 1: Enroll in Original Medicare



Step 2: Purchase a Medicare Supplement or a Medicare Advantage Plan

Medicare Supplement  
(Medigap)



Medicare Drug Plan Part  
D



Medicare Advantage (Part C)  
Combines your Part A and Part B and most plans include Part D

# What Path Do You Take?

**Medicare  
Supplement  
(Medigap)**

OR

**Medicare  
Advantage  
(Part C)**

**Let's look at it one at a time!**

# Medicare Supplement Plans (Medigap)

Medicare Supplement Plans, known as Medigap Plans are designed to cover the “holes” or “gaps” in Original Medicare. They are sold by private insurance companies. Depending on what plan you buy, you can cover some or all of the “holes” in Original Medicare.

- Medicare Supplements pay after Original Medicare. You must have Parts A & B to purchase a Medicare Supplement Plan.
- Medicare Supplements only cover the individual on Medicare. There are no family plans with Medicare.

# Medicare Supplement Plans (Medigap)

- Medicare Supplement Plans do not include coverage for Prescription medications. You need to purchase a separate stand-alone Part D Plan to help cover your medications.
- You will pay a plan premium for your Medicare Supplement. This premium is in addition to your Medicare Part B premium.
- There are 10 different standardized Medicare Supplement plans that have a designated plan letter A-N.
- Because you are using Original Medicare and the Medigap plan pays after, you are able to see any doctor or hospital in the country that takes Medicare....No Networks.

# Which Medicare Supplement Should You Buy?

Medigap Plans		1	2	3	4	5	6	7	8	9	10
		A	B	C	D	F*	G	K	L	M	N
1	Part A coinsurance and hospital costs up to 365 days after Medicare benefits are used up	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Part B coinsurance or copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓ <sub>1</sub>
3	Blood (First 3 pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
4	Hospice Care co-insurance or copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
5	Skilled nursing facility care coinsurance			✓	✓	✓	✓	50%	75%	✓	✓
6	Part A deductible		✓	✓	✓	✓	✓	50%	75%	50%	✓
7	Part B deductible			✓		✓					
8	Part B excess charges					✓	✓				
9	Foreign travel (up to plan limits)			80%	80%	80%	80%			80%	80%
	Out-of-pocket limit <sup>+</sup>							\$5,120	\$2,500		

← There are 10 different Medigap plans to cover some or ALL of these 9 gaps

Original Medicare leaves 9 Gaps Open For You to Pay



# Which Medicare Supplement Should You Buy?

- The 10 different standardized Medicare Supplement Plans cover some or all of the “Holes” in Original Medicare.
- Each plan is designated by a plan letter, A-N
- These plans are meant to fit like puzzle pieces to cover the deductibles, coinsurance and excess charges Medicare leaves you to pay

Think of it like this: the more “holes” you cover, the higher monthly premium you pay. The F Plan you’ll notice covers all 9 Original Medicare “Gaps”. Meaning if you buy this plan you will have no out of pocket when you need medically necessary care.

BUT, this plan costs the most...obviously right?

# Which Medicare Supplement Should You Buy?

**Plan F vs. Plan G  
Example:**

Medigap Benefits	Plan F	Plan G
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	✓	✓
Medicare Part B coinsurance or copayment	✓	✓
Blood (first 3 pints)	✓	✓
Part A hospice care coinsurance or copayment	✓	✓
Skilled nursing facility care coinsurance	✓	✓
Part A deductible	✓	✓
Part B deductible	✓	✗
Part B excess charges	✓	✓
Foreign travel emergency (up to plan limits)	✓	✓

← **\$185**

**\$135      \$105**

**In This Example Plan F is \$360 More Per Year**

# Medicare Supplement Plans

## **No Referrals Needed**

Medicare supplement plans do not require a referral to see a specialist. You can simply go directly to any specialist in the country who accepts Medicare.

## **Simple Claims Process**

Medicare and your Supplement company work together to pay your healthcare bills, so you don't have to!

## **Guaranteed Renewable**

Medicare Supplements are guaranteed renewable, which means an insurance company can never cancel your plan due to health conditions as long as you pay your plan premiums.

# Medicare Supplement Open Enrollment Period

When you turn 65 you have a 6-month window to enroll in a Medicare Supplement with no health questions. Insurance companies cannot deny or rate you up based on pre-existing health conditions during this time. After this Open Enrollment period has passed if you want to enroll in a Medicare Supplement you will be subject to health underwriting. This Open Enrollment period occurs when you turn 65 or enroll in Part B.

# Medicare Supplement Plan (Medigap)

## Pros

- No networks: you can use any doctor or hospital in the country that accepts Medicare.
- Comprehensive Coverage: buy a plan that covers most or all of the “Gaps” Original Medicare...little to no out of pocket for you.
- No referrals needed: You’re in control.
- Simple Claims Process: Medicare pays first then electronically bills your supplement company to pay after.
- Guaranteed renewable: As long as you pay your plan premium, the insurance company cannot cancel or increase your premium because of your health.
- Change plans or companies all year long: If you want to shop around for a different plan or company you can any time of the year.

## Cons

- Higher Premiums: You are essentially paying “up front” for your health care.
- Plan Premiums increase with age: as you get older your rates will go up.
- Drug coverage not included: You will need to purchase a stand-alone drug plan to cover your medications.

# A Note To Remember...

## Medicare Supplement (Medigap) Plans are Standardized!

The benefits under each plan letter are identical no matter what company you purchase your Medicare Supplement through. This means that a Plan F from Humana has exactly the same coverages as a Plan F from Blue Cross Blue Shield, Aetna, United Healthcare or any other company that offers a plan F in your state. Same goes with Plan G or any other plan letter. Medicare standardizes these plans so you can easily shop around for the best price!

This means... If you want to go with Plan G you can look at every Plan G offered in your state knowing the coverage you get is identical. The only thing that can be different is the premium you pay from each insurance company.



# Why Use An Insurance Agent?

**This is why you should use an independent insurance agency that is capable of showing you all of the top companies available to you.**

**Knowing the coverages are standardized you will want to look at price along with other factors when choosing your supplement. Things like the insurance company's financial strength, and their rate increase history.**

# Medicare Advantage Plans

## Part C

Medicare Part C is commonly known as Medicare Advantage. Medicare Advantage Plans are offered by private insurance companies contracted by Medicare to provide you with your Part A, Part B, and usually include Part D all in one plan. These plans work a lot like the insurance you had while working, meaning they have networks, deductibles, and copays. Medicare Advantage Plans are required to provide you all the same rights you have under Medicare. Some also include extra benefits like dental, vision, and gym memberships.

While enrolled in a Medicare Advantage Plan you still have Medicare and you are required to pay your Part B premium. Instead of Medicare administering your health plan and paying your claims, Medicare is paying the insurance company to do this.

# How Do Medicare Advantage Plans Work?

- Medicare Advantage Plans are usually HMOs or PPOs. This means you have to use doctors and facilities contracted by the plan.
- These plans usually include a Part D plan to help cover your drug costs.
- Plan premiums are lower than a Medicare Supplement plans but you may be required to pay copays and coinsurance for covered services.
- Plans are required to include a maximum out of pocket for your yearly health care costs. This provides a “cap” or safety net for you can spend in a given year.
- You must follow plan rules, such as seeing doctors that are in-network or getting referrals to see specialists.
- There is only one health question to be approved to enroll in a Medicare Advantage Plan. That is: Do you have ESRD? People with End Stage Renal Disease are not able to enroll.
- Plans can include “extra benefits” not covered under Original Medicare. Dental and vision is an example.



# Explaining Medicare Advantage

With a Medicare Advantage Plan you might have a monthly premium as low as \$0. This doesn't mean your plan is FREE. You still have to pay co-payments for things like doctor visits, outpatient procedures, hospital stays and more. Each Plan sets its own cost-sharing (the amount you pay) for each covered service. You need to compare each plan's Summary of Benefits to determine which one works best for you. Remember you still have Medicare, and need to continue to pay your Part B premium while enrolled in a Medicare Advantage Plan.

Insurance companies that offer Medicare Advantage have the right to change the plan benefits and premium every year. Fortunately they have to send you notice of these changes by October 1st every year. Then you have an Open Enrollment Period (Oct 15th - Dec 7th) every year to make plan changes if you want. If you make a Plan change during Open Enrollment it will take effect January 1st of the upcoming year.

# Reminder



**It is important to pay attention to the plan material you receive in the mail. This way you will be aware of what is changing with your current plan and if you need to shop around for a new plan you can. Even better: make sure you are a client of an independent agency that reviews your coverage yearly during Open Enrollment.**

# Things To Consider When Shopping For Medicare Advantage

## Key Things To Look For When Comparing Plans

- Are your doctors in the plan's network?
- Are your medications covered on the plan's formulary (list of covered drugs)?
- What is the plan's maximum out of pocket? The most any plan's out of pocket max can be is \$6700 but it can be less in some plans (the lower the better).
- What is your monthly plan premium? (what you pay for the plan in addition to your part B premium).
- What type of network does the plan use? HMO or PPO?
- Do you need referrals for specialist visits and other services?
- What are your copays and coinsurance amounts for things like doctor visits, hospital stays, outpatient surgery, etc.?
- Are there extra benefits offered inside the plan? Things like dental/vision and gym memberships.

# Medicare Prescription Drug Plans

## Part D

- Original Medicare does not cover prescription medication. Part D Plans are offered by private insurance companies approved by Medicare.
- Part D Plans can be purchased as stand-alone plans or come included in a Medicare Advantage Plan. Original Medicare does not cover prescription medication.
- Part D Plans are offered by private insurance companies approved by Medicare.
- Part D Plans can be purchased as stand-alone plans or come included in a Medicare Advantage Plan.

Either way, they are regulated by Medicare and they must follow the same basic rules and benchmarks set forth by Medicare to ensure that minimum essential levels of coverage are met. Part D Plans submit their plan designs to Medicare every year for approval.

# What Do ALL Part D Plans Have in Common?

## Benchmarks

Stage 1	Stage 2	Stage 3	Stage 4
Deductible	Initial Coverage	Coverage Gap (Donut Hole)	Catastrophic Coverage
\$0-\$415	\$3,820	25% Brand 37% Generic	\$5,100 Out of Pocket
You Pay Deductible If your Plan has One One	You Pay Cost-Sharing	You Pay a % of the Retail Cost	You pay 5% or \$3.40 Generic \$ 8.50 Brand
January 1st →			

# Prescription Drug Plans

## What Makes Part D Plans Different From One Another?

### Deductibles

Plans can have no deductible or they can have any size deductible up to a max of \$415 in 2019. Deductibles can also just be on certain tiers of medications.

### Premium

The amount you pay monthly for the Part D plans differ between companies.

### Formulary

The formulary is the list of drugs that are covered. Medicare sets forth rules that a certain number of drugs from each category have to be covered but other than that each plan can have a different list of drugs they cover.

# Prescription Drug Plans

## What Makes Part D Plans Different From One Another?

### Drug Tiers

Plans use a tier system to group drugs by cost. Typically plans use a 4 or 5 tier system. Medications are put in these tiers and each tier will have a different cost-sharing amount (what you and the insurance company pay to cover the price of the drug...your copay).

### Network Pharmacies

Medicare supplement plans do not require a referral to see a specialist. You can simply go directly to any specialist in the country who accepts Medicare.

# How Do You Move Through The Part D Stages?

You Move Through the Part D Plan Stages Based On  
The Retail Cost of Your Medication

**Deductible:** this is the amount you pay before insurance pays anything. \$0-\$415 depending on plan you choose

**Coverage Gap:** you pay a percentage of the retail drug cost

**Initial Coverage:** you and insurance company share in the cost of your medication until you reach \$3,820 in retail drug cost for the year. Your portion is a copay or coinsurance amount

**Catastrophic Coverage:** Insurance company now pays 95% of drug cost

# Reminder



To find out what Part D Plan is best for you we recommend using [medicare.gov](https://www.medicare.gov) - It is what we use to help all of our clients choose a Drug Plan. You can enter all of your current medications and the rater will show you all the drug plans available and which one covers your meds at the lowest out of pocket.

**This needs to be done every year....POLICY REVIEW!**

# One Last Thing About Medicare Part D

- If you are Medicare eligible and do not enroll in a Medicare Part D Plan you will be penalized.
- The penalty is increased every month you do not have creditable drug coverage.
- The penalty is added to your Part D premium when you enroll in one. This penalty follows you for the remainder of the time you are on any Medicare Part D Plan.
- The penalty is 1% of the average Part D premium.
- If you have drug coverage from a group plan or VA, or any other creditable coverage the penalty does not apply.

# Medicare Supplement or Medicare Advantage

	Medicare Supplement Plan F	Medicare Advantage
Monthly Premium	\$100-\$150	\$0-\$80
Network	No network - go to any doctor or hospital that accepts Medicare	Usually a local HMO or PPO Network
Out Of Pocket Expenses	None, for medicare approved services	Deductibles, Copays and Coinsurance
Best Option If You Value	Your choice of doctors, no out of pocket after premium, and a predictable healthcare budget	Low monthly premiums Pay as you go Don't mind using a network



**Medicare 101**

**Thank You**