

Medicare Eligible Individuals

Understanding Medicare and Your Choices

Presented by:

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In cooperation with USI Midwest



More than 39 years experience

Independent Agency Licensed in multiple states
with multiple insurance companies

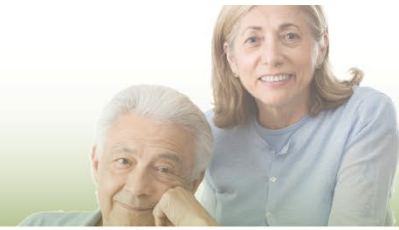
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and education

Offering Medicare Advantage and Part D plans
since 2006 and Medicare Supplements since 1983

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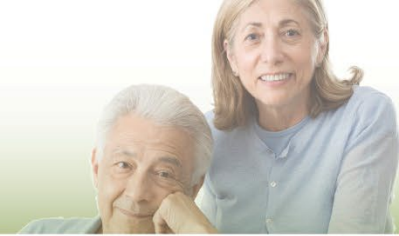
We do not represent every carrier approved by Medicare. For more
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Who is eligible for Medicare?



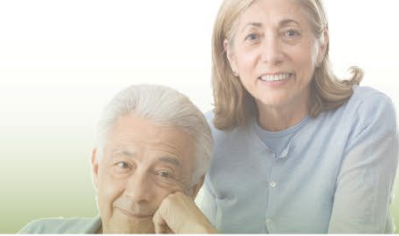
- ❑ **Medicare is a health insurance program for**
 - ✓ **People 65 years of age and older**
 - ✓ **People under age 65 with certain disabilities**
 - ✓ **People with End-Stage Renal Disease (ESRD)**
- ❑ **Administered by Centers for Medicare & Medicaid Services (CMS)**
- ❑ **Enrollment by Social Security Administration (SSA) or Railroad Retirement Board (RRB)**

When do I sign up for Medicare?



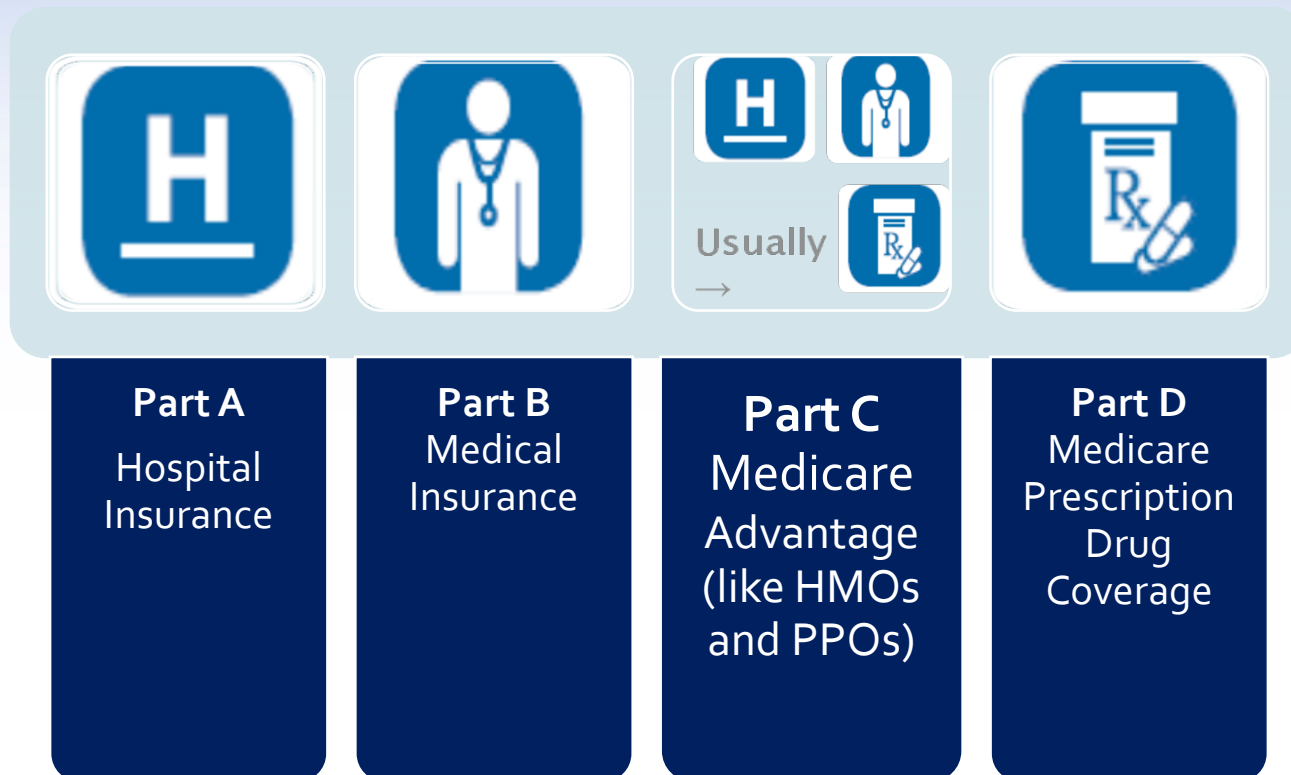
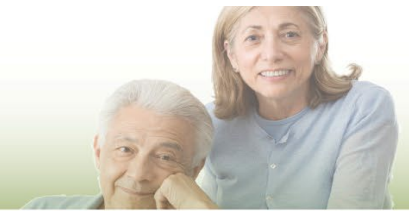
- ❑ **The INITIAL ENROLLMENT PERIOD begins 3 months prior to your BIRTH MONTH and continues 3 months after (7 month window)**
- ❑ **Sign up by enrolling through the Social Security Administration (SSA)**
- ❑ **You can call SSA at 800-772-1213 to schedule an appointment which may take up to 6 weeks to schedule OR**
- ❑ **You can sign up ONLINE at SSA.GOV (generally the easiest)**
- ❑ **Currently most offices are open for appointments**

How do I sign up for Medicare?



- ❑ Go to WWW.SSA.GOV
- ❑ If you previously created an account prior to September 18, 2021 you may directly input your user name and password
- ❑ Otherwise, I'd recommend you use the Login.Gov link to create your login and password. You can also go direct to www.login.gov.
- ❑ You can find a link to create your Medicare application on your Social Security page
- ❑ This application enrolls you in Part A and you will be asked if you want to enroll in Part B. If you are leaving the group plan, then answer YES.

The Four Parts of Medicare



What is Medicare Part A?



Pays for In-Patient Hospital expenses.

- ❑ **For most people Part A is premium free.**

Helps pay for:

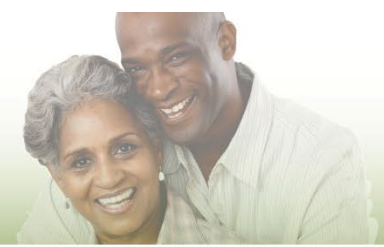
- ✓ **Inpatient hospital services**
- ✓ **Short-term stays in skilled nursing facilities**
- ✓ **Hospice care**

Medicare Part A Deductibles and Copays



- ❑ **Copayments – when you are in the hospital in 2023**
 - ❑ **\$1,600 for hospital stay of 1-60 days**
 - ❑ **\$400/day, days 61-90**
 - ❑ **\$800/day, days 91-150 (One lifetime of reserve days)**
 - ❑ **All costs for each day beyond 150 days or 90 days if the reserve days are exhausted**
 - ❑ **\$200.00 per day for days 21-100 at a Skilled Nursing Facility**

What is Medicare Part B?



- ❑ **Provides benefits for most everything but in-patient hospital expenses and outpatient prescription drugs.**
- ❑ **Example of covered expenses include:**
 - ✓ **Outpatient hospital care**
 - ✓ **Physician services (in-patient or out-patient)**
 - ✓ **Diagnostic tests**
 - ✓ **Preventive services**
 - ✓ **Durable medical equipment**
 - ✓ **Drugs administered in a doctor office (such as chemotherapy)**

Medicare Part B coverage and cost



When you have medical expenses:

- ❑ Annual Part B deductible in 2023 is only \$226
- ❑ Most Part B services are subject to 20% coinsurance

Your monthly premium costs:

- ❑ Ranging from \$164.90 to \$560.50, based on income
- ❑ New Part B enrollees pay from \$164.90
- ❑ Paid from SS check or by monthly draft or quarterly billing

What is IRMAA tax?



Income Related Monthly Adjustment Amount

People with a higher income pay additional taxes directly to Medicare for your Part B and Part D coverage

- ❑ Each year the government bases your tax on your tax filing 2 years prior
- ❑ Brackets are adjusted for inflation each year and generally announced at the end of the calendar year

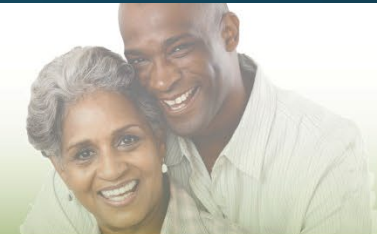
For example: in 2023, your 2021 filing for Modified Adjusted Gross Income sets the rate you pay. In 2024, your 2022 filing, and so on.

Costs for Medicare Part B (IRMAA) taxes?



If your yearly income in 2021 (for what you pay in 2023) was		
<u>and you File an individual tax return</u>	<u>or File joint tax return</u>	<u>Your Part B Premium (in 2023)</u>
\$97,000 or less	\$194,000 or less	\$164.90
\$97,001 up to \$123,000	\$194,001 up to \$246,000	\$238.10
\$123,001 up to \$153,000	\$246,001 up to \$306,000	\$340.20
\$153,001 up to \$183,000	\$306,001 to \$366,000	\$442.30
\$183,001 to \$500,000	\$366,001 to \$750,000	\$544.30
Above \$500,000	Above \$750,000	\$578.30

Costs for Medicare Part D (IRMAA) taxes?



If your yearly income in 2021 (for what you pay in 2023) was		
<u>and you File an individual tax return</u>	<u>or File joint tax return</u>	<u>You pay your Part D premium plus</u>
\$97,000 or less	\$194,000 or less	\$0
\$97,001 up to \$123,000	\$194,001 up to \$246,000	\$12.20
\$123,001 up to \$153,000	\$246,001 up to \$306,000	\$31.50
\$153,001 up to \$183,000	\$306,001 to \$366,000	\$50.70
\$183,001 to \$500,000	\$366,001 to \$750,000	\$70.00
Above \$500,000	Above \$750,000	\$76.40

What should I do if I'm continuing to work?



As a Medicare eligible beneficiary, you can choose to leave employer coverage at any time, even if you are continuing to work full-time

People subject to the IRMAA tax often choose to defer Part B enrollment because of the higher cost of Medicare Part B and D

Your choices:

- ☐ Enroll in Part A (premium free) and maintain employer coverage as primary**
- ☐ Defer both Part A and Part B and continue to use the employer coverage and even the High Deductible Health Plan (for H S A)**

As long your plan is creditable for Part D, there is no penalty for deferring

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INSURANCE OPTIONS

For those opting out and continuing to work
or retirees that chose to make Medicare primary

Medicare Supplement or Medigap Plans

Separate Prescription Drug Plan

Medicare Advantage *with* Prescription Drug Plans



Two Paths to Assist with Medicare – Option 1



Step 1

Enroll in Original Medicare when you become eligible.

ORIGINAL MEDICARE



+



Covers hospital stays

Covers doctor and outpatient visits

Government-provided

Step 2

If you need more coverage, you have choices.

Option 1

or

Option 2

Keep Original Medicare and add:

MEDICARE SUPPLEMENT INSURANCE



Covers some or all of the costs not covered by Parts A & B

Offered by private companies

and/or

MEDICARE PART D



Covers prescription drugs

Offered by private companies

MEDICARE ADVANTAGE (PART C)



Combines Parts A & B



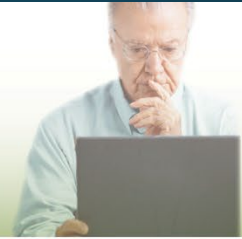
Additional benefits



Most plans cover prescription drugs

Offered by private companies

Medicare Supplement Insurance Coverage



- ❑ Covers “gaps” in Original Medicare UP TO 100%
- ❑ Individual Health insurance policy
- ❑ Sold by private insurance companies
- ❑ Standardized plans
- ❑ Also called **Medigap** Insurance
- ❑ Is not to be confused with a Medicare Advantage Plan
- ❑ There is NO NETWORK
- ❑ Medicare is PRIMARY, no Managed Care by Insurance
- ❑ **Pays automatically upon Medicare’s approval of services**

Medicare Supplement Plans



- ❑ **Standardized health insurance policies in most states making comparisons easier.**
(For Example: Anthem Plan G = AARP Plan G)
- ❑ **Plans lettered Plan A-N (except E,H,I,J) Standardized in 2010**
- ❑ **Plans G is now the most popular and generally is the “best”**
- ❑ **Plan F is grandfathered for anyone who has Part A prior to Jan. 1, 2020 but beware of the costs of a Plan F**

Medicare Supplement Plans



Costs will increase with age and may vary by:

- ☐ By plan
- ☐ By age
- ☐ By company
- ☐ Where you live
- ☐ By gender
- ☐ Smoking status

When Can I Buy a Medigap without Medical Questions?



- ✓ **Within 6 months of obtaining Part B at any age from 65**
- ✓ You also have a **Guaranteed right to buy within 63 days of leaving employer coverage.**
- ✓ On your **initial Part A and B date**, you enrolled in a Medicare Advantage plan. You can use your **Trial Special Election at any time in the first year.**
- ✓ **After only having a Medicare Supplement** in your lifetime, you tried a Medicare Advantage plan **for the first time**

Can I change to a different Supplement without Medical Questions?



- ✓ **Only within 6 months of obtaining Part B at any age from 65**
- ✓ Otherwise, you must answer medical questions.
- ✓ You could be declined for coverage.
- ✓ Or you might be charged a higher price

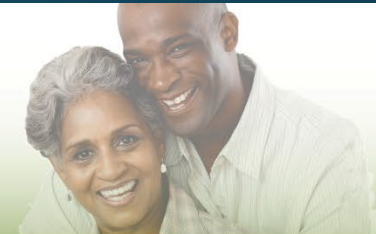
Items Not Covered with a Medicare Supplement Plan



Services not covered under basic Medicare

- ❑ Long-term care (Skilled Nursing Care more than 100 days)
- ❑ Routine vision (Including eyeglasses)
- ❑ Routine Dental care
- ❑ Hearing aids
- ❑ Private-duty nursing
- ❑ Outpatient prescription drugs
- ❑ Foreign Travel
- ❑ Cosmetic treatment
- ❑ Some chiropractic services

Two Paths to Assist with Medicare – Option 2



Step 1

Enroll in Original Medicare when you become eligible.

ORIGINAL MEDICARE



+



Covers hospital stays

Covers doctor and outpatient visits

Government-provided

Step 2

If you need more coverage, you have choices.

Option 1

or

Option 2

Keep Original Medicare and add:

MEDICARE SUPPLEMENT INSURANCE



Covers some or all of the costs not covered by Parts A & B

Offered by private companies

and/or

MEDICARE PART D



Covers prescription drugs

Offered by private companies

MEDICARE ADVANTAGE (PART C)



Combines Parts A & B



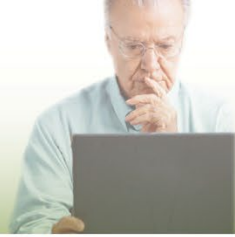
Additional benefits



Most plans cover prescription drugs

Offered by private companies

What are Medicare Advantage Prescription Drug (MAPD) Plans



- ❑ A Medicare health plan **delivering Part A & B** and administered **ONLY** by a private insurance company (Medicare doesn't pay, only the insurance company pays)
- ❑ Also called **Medicare Part C** (usually includes Part D drug coverage)
- ❑ Services provided in **Managed Care Networks** (PPO, HMO, etc.)
- ❑ Offers extra benefits and generally lower premium costs because Medicare pays most of the premium for you
- ❑ Plans have a **maximum out of pocket** limit that varies by company
- ❑ There are **NO** Medical history questions ever.

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Types of Medicare Advantage Plans



- ☐ **Health Maintenance Organization (HMO)**
- ☐ **Preferred Provider Organization (PPO)**
- ☐ **Private-Fee-For-Service (PFFS)**
- ☐ **Special Needs Plan (SNP)**

Who Can Enroll in an Advantage Plan?



Eligibility requirements, YOU MUST:

- ✓ Live in plan's service area
- ✓ Enrolled in Medicare Part A
- ✓ Enrolled in Medicare Part B

Things to be aware of in Advantage Plan?



Before enrolling:

- ✓ Check the Network:
 - ✓ Check Doctors, Dentists and Hospitals
 - ✓ Is network local, regional or national
- ✓ Be aware of the Out-of-Pocket Maximum
- ✓ Look at the Prescription costs and formulary
- ✓ Star Ratings are a customer service index
- ✓ Examine the Summary Benefits for the copays. Not everything is a \$0 copay

Part D Prescription Drug Plans



What is Medicare Part D?



- ❑ Coverage for Prescription Drug expenses.
- ❑ Available to anyone with Medicare Part A or B

Plans, Costs & Benefits are Provided through:

- ❑ Private Medicare Prescription Drug Plans – insurance companies
- ❑ Medicare Advantage plans
- ❑ Some employers

What is Medicare Part D penalty?



Upon eligibility at age 65 you must buy a Part D drug plan unless:

- ❑ You have creditable coverage through your employer plan

What if I do not have Creditable Coverage?

- ❑ You pay a permanent cumulative lifetime penalty for each month that you do not have creditable coverage
- ❑ The penalty is 1% per month that you did not have coverage – 12% per year times the national average premium applied to your monthly premium
- ❑ The penalty accumulates until you have a valid election period to enroll in coverage which typically is the Annual Election in October each year for a January 1 start date

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Medicare Part D: Costs



Key Terms:

- Deductible and Copays
- Initial Coverage Level
- Coverage Gap (Donut Hole)
- Catastrophic Coverage

Medicare Part D: Costs



Key Terms:

Deductible and Copays

Some plans will have a deductible (\$505 in 2023) before benefits are paid and some will apply the deductible to brand name drugs only

Copays are small fixed dollar amounts paid per prescription

Medicare Part D: Costs



Key Terms: Initial Coverage Limit

Medicare tracks the cost of your drugs.

When the retail cost of your prescriptions exceed **\$4,660** in 2023, you are in the Coverage Gap or commonly called the Donut Hole

Medicare Part D: Costs



Key Terms: Coverage Gap or Donut Hole

You are responsible for a 25% or flat fee of \$35 or less on certain diabetes drugs for costs in the donut hole unless your plan covers drugs in the donut hole.

There are negotiated discounts that *you keep* for drugs purchased in the donut hole.

The Drug Manufacturers are required to contribute 70% of the cost of your drugs

Medicare Part D: Costs for Insulin



Key Terms: Senior Savings Model

Addresses the high cost of insulin.

Insulin is the most common drug that causes a beneficiary to go into the donut hole.

Copays: \$35 or less for certain insulin-pen prescriptions

Medicare Part D: Costs



Key Terms:

Donut Hole Costs - TrOOP

Throughout the Donut Hole your out-of-pocket costs are counted toward the **True Out of Pocket Maximum or TrOOP**.

Again, the Drug Manufacturer contributes 70% of the cost in the donut hole to your TrOOP cost.

You generally contribute 25% of Donut Hole costs toward the TrOOP unless you have costs under the Senior Savings Model.

Medicare Part D: Costs



Key Terms: Donut Hole discounts/TrOOP

For example: you purchase a brand-name medication with a retail cost of **\$1000**:

It receives a 75% discount, 5% is paid by the carrier and the 70% is Manufacturer discount.

You will pay 25% or **\$250** for the medication. **\$700** as a discount is contributed by the manufacturer. You receive **\$950** credit toward meeting your 2023 total out-of-pocket spending limit (TrOOP).

Medicare Part D: Costs



You reach the Catastrophic Level or Phase when:

Your Initial Coverage Level costs (copays and deductible) **PLUS**

Your share of costs in the Donut Hole (25% or \$35 copays) **PLUS**

the **70%** that the Manufacturer contributes in the donut hole **EQUALS**

\$7,050 in 2022

Medicare Part D: Costs



When the amount your TrOOP calculation totals **\$7,050** in 2022, you have reached the **Catastrophic coverage limit**.

Then you pay the greater of **5%** of the cost of each drug, **or \$3.95** for generics and **\$9.85** for brand-name drugs.

Medicare pays about 95% of the cost from there on.

Note: persons with extra help low income subsidy have no donut hole and pay the Catastrophic limit copays in all phases

Medicare Enrollment



Enrollment Periods



- ❑ **Initial Enrollment Period (IEP or ICEP)**
 - ✓ 3 months before your birth month thru 3 months after
- ❑ **Special Enrollment Period (SEP)**
 - ✓ Begins when you elect Part B after deferring it
 - ✓ Coverage effective first of month after election
- ❑ **General Enrollment Period (GEP)** for those who missed other election periods
 - ✓ January 1 through March 31: effective July 1

When do I Need to Enroll in Medicare Part B?



- ❑ When you are turning 65 you may enroll 3 months before the month you turn 65, and the 3 months after your birth month
- ❑ If you have **employer** medical coverage – you may enroll in Medicare Part B anytime after turning 65.
- ❑ You can take advantage of Medicare's Special Enrollment Period "SEP" to enroll upon leaving **employer** coverage.
- ❑ You have up to 8 months after your employer coverage ends to enroll using a Special Enrollment Period. BUT **COBRA** does not qualify for employer coverage and you will incur a penalty if you miss this.

Annual Enrollment Periods



❑ **Annual Election Period (AEP)**

- ✓ October 15 through December 7 each year
 - ✓ Coverage effective January 1
 - ✓ Make multiple changes of any plan type
 - ✓ The final application on December 7 is your plan for next year
-
- ✓ Plan info for Part D and Part C Medicare Advantage plans is made public on October 1



❑ **Medicare Advantage Open Enrollment Period (MA-OEP)**

- ✓ January 1 through March 31 each year
- ✓ Coverage effective first of month following election
- ✓ You may only use this ONE TIME per year
- ✓ ONLY available if you are enrolled in a Medicare Advantage (Part C)
- ✓ Allows you to change a Medicare Advantage Plan (Part C) to another Medicare Advantage Plan or return to original Medicare and purchase a Part D drug plan and a Medicare Supplement plan (if you qualify by health history for the Supplement)

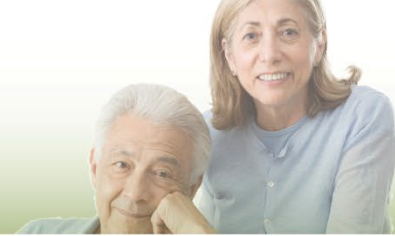
What can I do?



❑ **Medicare Advantage Open Enrollment Period (MA-OEP)**

- ✓ Allows you to change a Medicare Advantage Plan (Part C) to another Medicare Advantage Plan
- ✓ or return to original Medicare and purchase a Part D drug plan and a Medicare Supplement plan
- ✓ Note you would need to qualify by health history for the Supplement unless you are in the Trial period

How to Enroll in Medicare



- ❑ **Enroll with Social Security**
 - ✓ **Visit local office (when available)**
 - ✓ **Call 1-800-772-1213 to schedule a phone interview**
 - ✓ **Online at www.socialsecurity.gov or www.ssa.gov**
 - ✓ **Mail forms to your local Social Security office (only when absolutely necessary)**

Notes:

- ❑ **Enrollment in Medicare Part A is automatic if you are receiving Social Security (and Part B is optional)**
- ❑ **Otherwise, enrollment is not automatic in Medicare**
 - ✓ **For instance, you are still actively working (choosing to defer Pt. A and/or B)**

Coordination with Your Group Coverage



Your Choices under Employer Medical Coverage



- ☐ Accept **Medicare Part A only**, do not apply for Medicare Part B and remain on the company medical plan. Medicare is secondary to the Employer plan when your employer has 20 or more full time employees. There is NO PENALTY for deferring Part B.
- ☐ **Choose a Medicare benefit plan**, such as a Medicare Advantage or Medicare Supplement plan, **waive your medical plan** and stop your payroll deductions.
- ☐ Note HSA plan enrollees have special requirements due to IRS rules. You would have to defer both Part A & B to continue to have new money put in your HSA account. This is without penalty as long as your health plan is creditable for Part D drug coverage.

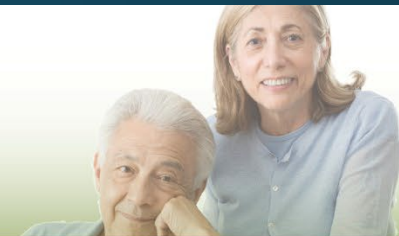
Your Rights under Medicare



- ☐ You can always elect to be covered by Medicare and your Employer plan. The company plan will be primary and Medicare secondary when your Employer has 20 or more full time employees.
- ☐ If you find that an alternative to Employer coverage provides better benefits and is less expensive (out-of-pocket costs) **you may opt out** of your company plan **at any time**.
- ☐ If you elect to drop the Employer plan, you will only have coverage from the Medicare option you selected and you can only return at open enrollment for the plan.

It is your choice!

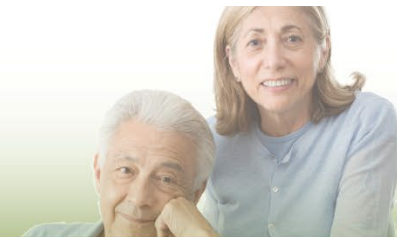
If you want to get more information



Beware of commercials and online searching

- Marketing companies sell your information
- You will receive calls and won't be able to stop them
- Medicare rules do not allow pro-active marketing
- Phone marketers clearly violate the law in calling people. They simply ignore the law.
- Marketers cannot knock on your door

If you want to get more information



Contact:

Medicare Specialist will follow-up with you. We can assist you in determining if it makes sense to consider your own plan or stay on the group.

Pillar Insurance

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513.528.6789 Ext 107

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