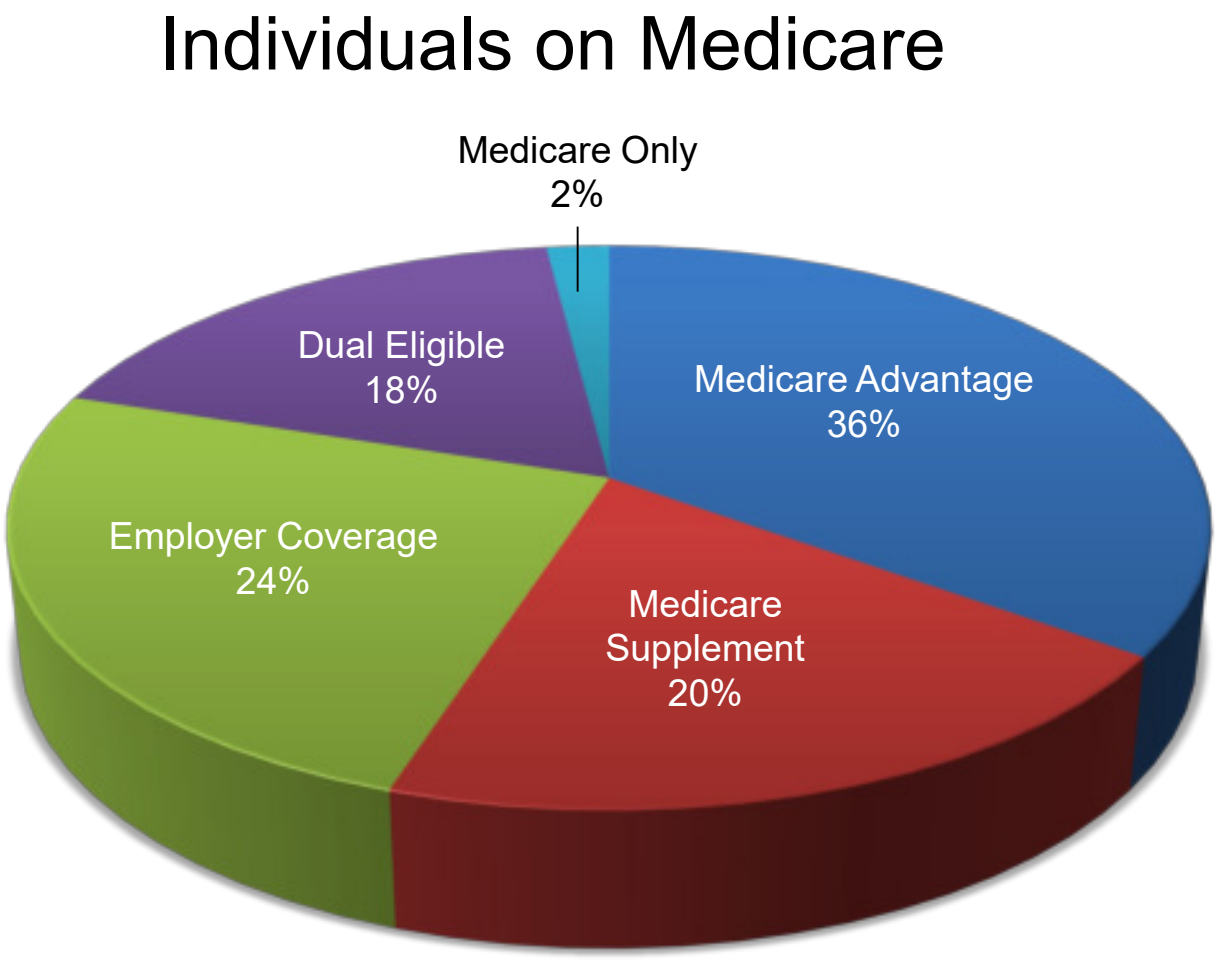
2021 Medicare 101

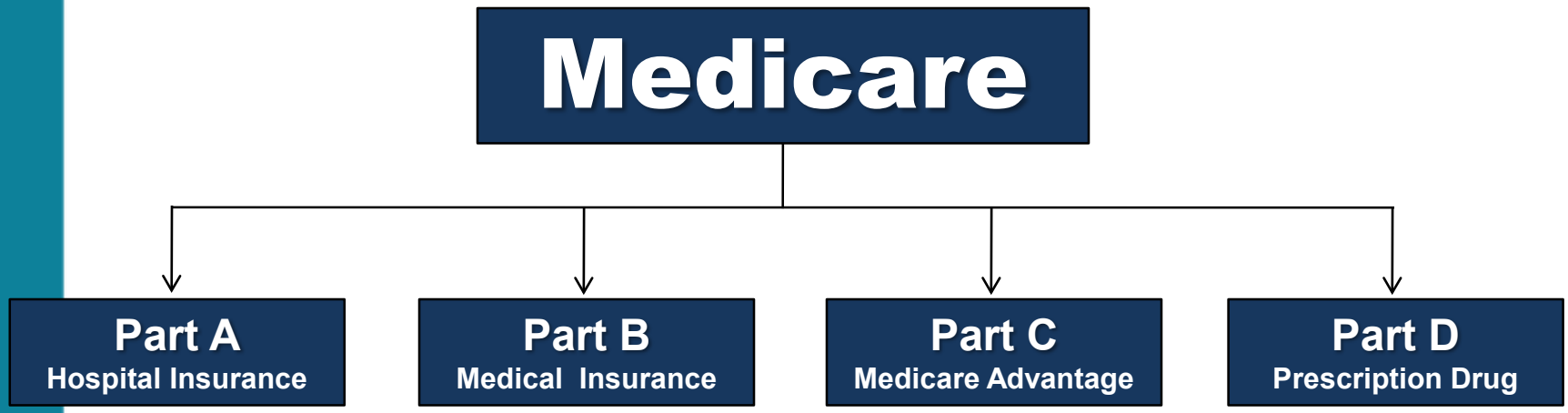
Health Plan Options



Medicare vs. Medicaid

- Medicare is an entitlement
- **Medicare** is a health insurance program for:
  - People 65 years of age and older
  - People under age 65 with certain disabilities
  - People of all ages with End-Stage Renal Disease
- **Medicaid** is joint federal and state program that pays medical costs for those with limited income and resources. Medicaid is means-tested
- A person qualified for both Medicare and Medicaid is called **"dual-eligible"**
- These government programs are administered by the **Center for Medicare & Medicaid Services (CMS)**

The Parts of Medicare



Medicare

Medicare Part A

Hospital Insurance

- **No premiums - due for most people – minimum 40 quarters of Medicare taxes paid for premium-free Part A at 65**
- **People with less than 10 years of Medicare-covered employment can still get Part A**
  - **Will pay a premium up to $471/month in 2021**
- **Eligibility *prior* to age 65 for some people (examples: disabilities and end-stage renal disease)**

Medicare

Medicare Part B

Medical Insurance

- **Premiums deducted from Social Security checks for most people**
- **State Medicaid Program: Pays premium for those who meet income and asset guidelines.**

Medicare Part A

Hospitalization	
Medicare Covers: Semi-private room, meals, general nursing, hospital services & supplies, all but the first 3 pints of blood. Inpatient mental health care coverage is limited to 190 days per lifetime. **Medicare Excludes:** Private duty nursing, comfort or convenience items.	**Gaps in Medicare:** Days 1~60: $1,484 Days 61~90: $371 / Day Days 91~150: $742 / Day All charges for the first 3 pints of blood All costs beyond 150 days Comfort or convenience items

Medicare Part A

Skilled Nursing Care

To Qualify…

- Medicare-certified facility
- 3-Day prior hospitalization
- Transfer within 30 days from hospital discharge to Medicare-certified facility
- Services in nursing home must be for a condition that was treated during hospitalization (conditions test)
- Skilled care only – and requires daily basis for skilled care

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Medicare Coverage

- First 20 days paid in full
- Days 21~100 all but $185.50 per day
- No coverage after days 101 and beyond.

Medicare Part A

Home Health Care

To Qualify…

- Doctor must have determined client needs medical care in the home and prepare a written plan of care
- Needed care must include intermittent (not full time) skilled nursing care, or physical or speech therapy
- Client must be homebound
- Home health care agency must be Medicare approved
- Homemaker services (cooking, cleaning, shopping) are not covered

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Medicare Coverage

- 100% of medically necessary, Medicare approved home health care visits
- 80% of Medicare approved charge for Durable Medical Equipment (wheelchairs, hospital beds, oxygen, walkers)

Medicare Part B

Enrolling

- People choose whether or not to enroll in Part B
- Monthly Part B premium
- Premium penalty
  - 10% for each full 12-month period eligible but not enrolled
  - Paid for as long as the person has Part B
  - Limited exceptions
- Initial Enrollment Period (IEP)
  - 7 months starting 3 months before month of eligibility
- General Enrollment Period (GEP)
  - January 1st through March 31st each year
  - Coverage effective July 1st

Medicare Part B

Enrolling

- Some people can delay enrolling in Part B with no penalty
- If covered under employer or union group health plan
  - Based on current employment of person or spouse
  - Will get a Special Enrollment Period (SEP)
    (Sign up within 8 months after coverage ends or employment ends, whichever comes first)

Medicare Part B

Part B Premium

$148.50 Standard Premium for 2021

If your yearly income in 2019 was:

Single	Married	Married Filing Separate	2020
$88,000 or less	$176,000 or less	$88,000 or less	$148.50
$88,001 to $111,000	$176,001 to $222,000	N/A	$207.90
$111,001 to $138,000	$222,001 to $276,000	N/A	$297.00
$138,001 to $165,00	$276,001 to $330,000	N/A	$386.10
$165,001 to $500,000	$330,000 to $750,000	$88,001 to $412,000	$475.20
$500,001 or above	$750,001 or above	$412,001 or above	$504.90

Medicare Part B

Medical Expenses	
Medicare Covers: Eligible expenses for physicians' services, inpatient and outpatient medical services and supplies at a hospital, physical and speech therapy, ambulance, and outpatient psychiatric care. **Initial $203 / year deductible**	Medicare Pays After Deductible: Generally 80% of its approved charge

Medicare Supplements

Medicare Supplement

- Health insurance policy
- Sold by private insurance companies
- Follows federal and state laws designed to protect seniors
- Covers “gaps” in the Original Medicare Plan
- 10 Modernized policies
  - Except in Massachusetts, Minnesota, Wisconsin
  - Allows for easy comparison

Medigap Benefits	Medigap Plans (After January 1st 2020) Eligible for Medicare after 1/1/2020								Eligible for Medicare prior to 1/1/2020	
	A	B	D	G	K	L	M	N	C	F
Medicare Part A Coinsurance hospital costs up to an additional 365 days after Medicare benefits are used up	X	X	X	X	X	X	X	X	X	X
Medicare Part B Coinsurance or Copayment	X	X	X	X	50%	75%	X	X **	X	X
Blood (First 3 Pints)	X	X	X	X	50%	75%	X	X	X	X
Part A Hospice Care Coinsurance or Copayment	X	X	X	X	50%	75%	50%	X	X	X
Skilled Nursing Facility Care Coinsurance			X	X	50%	75%	X	X	X	X
Medicare Part A Deductible		X	X	X	50%	75%	X	X	X	X
Medicare Part B Deductible									X	X
Medicare Part B Excess Charges				X						X
Foreign Travel Emergency (Up to Plan Limits)			X	X			X	X	X	X

* After you meet your out-of-pocket yearly limit and your yearly Part B deductible ($203 in 2021), the Medigap plan pays 100% of covered services for the rest of the calendar year.

** Plan N pays 100% of the Part B coinsurance, except for a copayment of up to $20 for some office visits and up to a $50 copayment for emergency room visits that don't result in an inpatient admission

Out-of-Pocket Limits*	
$6,220	$3,110

Medigap Benefits	Medigap Plans (After January 1st 2020)	
	G	G+
Medicare Part A Coinsurance hospital costs up to an additional 365 days after Medicare benefits are used up	X	X
Medicare Part B Coinsurance or Copayment	X	X
Blood (First 3 Pints)	X	X
Part A Hospice Care Coinsurance or Copayment	X	X
Skilled Nursing Facility Care Coinsurance	X	X
Medicare Part A Deductible	X	X
Medicare Part B Deductible		
Medicare Part B Excess Charges	X	X
Foreign Travel Emergency (Up to Plan Limits)	X	X
		Out-of-Pocket Limits*
		$2,370

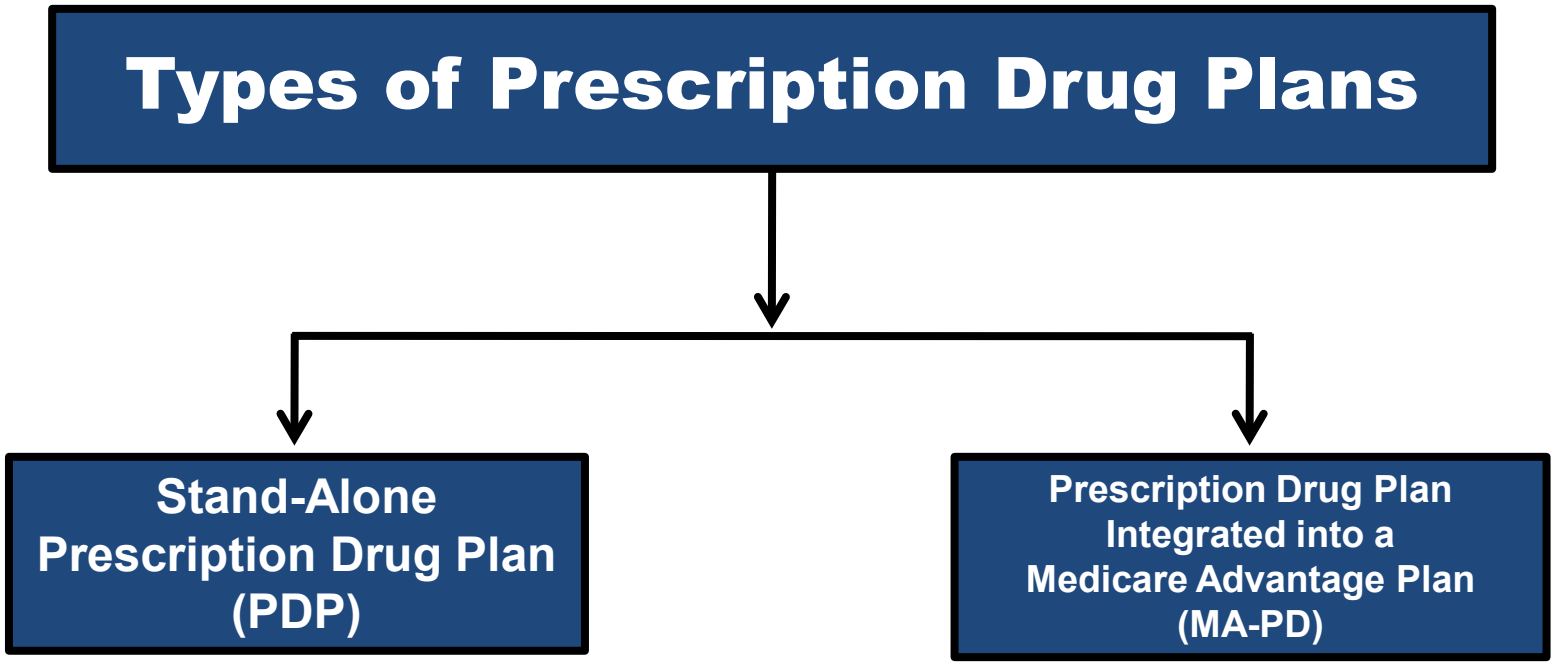
Medicare Supplement

High Deductible Plan G

- Medicare A and B still pay first
- Remaining balance paid for by member until expense reaches $2,370
- Examples
  - Doctor visit - Medicare approved amount $100, Medicare still pays 80% ($80) leaving the client 20% ($20) which applies to the deductible.
  - Member is hospitalized at an inpatient level, Medicare pays for the entire hospitalization minus the Part A deductible of $1,484 which applies to the deductible.

Prescription Drug Plan (PDP)

Medicare Part D



- Only provided by **private** health insurance companies
- Began on January 1st, 2006

Medicare Part D

Who is eligible? Anyone who…

- Is entitled to Medicare Part A and / or
- Is enrolled in Medicare Part B
- Permanently resides in the service area

Also…

- People who qualify for both Medicare and Medicaid (a.k.a. “Dual Eligibles”)
- People can choose to enroll
- Higher premium for people who wait – <u>except</u> for those with other coverage at least as good as Medicare prescription drug coverage
  - Example: VA Drug benefits, Employer Group Plans, SPAPs, etc.

Plan Design

2021 BENEFITS

- Deductible - $445
- Initial Coverage Limit - $4,130
- Out-of-Pocket Threshold - $6,550
- Catastrophic Coverage
  - Generics - $3.70 (or 5%)
  - Other - $9.20 (or 5%)
- Coverage Gap Discounts
  - 75%

Part D: Doughnut Hole

- Client receives benefits for the first $4,130 of retail cost
  - Comprises the <u>total</u> cost of medications
    - Example: Client's monthly cost of a medication is $100. Their co-pay amount is $20 with the insurance company paying $80. $100 gets subtracted from the $4,130.
  - When the $4,130 has been exhausted, the client is now in the doughnut hole and receives a 75% discount on medications

Part D: Doughnut Hole

- The client must spend $6,550 (TROOP) before benefits resume.
  - $100 drug with the client paying $20 co-pay and insurance paying $80, only $20 is going to the $6,550 amount not the full $100
  - You cannot subtract $4,130 from $6,550 to determine the length of the gap in coverage

Part D: Additional Premium

If your yearly income in 2019 was			You pay (in 2021)
Single	Married	Married Filing Separate	Your plan premium
$88,000 or less	$176,000 or less	$88,000 or less	$0.00 + your plan premium
$88,001 to $111,000	$176,001 to $222,000	N/A	$12.30 + your plan premium
$111,001 to $138,000	$222,001 to $276,000	N/A	$31.80 + your plan premium
$138,001 to $165,00	$276,001 to $330,000	N/A	$51.20 + your plan premium
$165,001 to $500,000	$330,000 to $750,000	$88,001 to $412,000	$70.70 + your plan premium
$500,001 or above	$750,001 or above	$412,001 or above	$77.10 + your plan premium

Medicare Advantage

Medicare Part C

Medicare Advantage

Established by the Balanced Budget Act of 1997 (BBA)
to provide Medicare coverage through private health
Care plans that offer Medicare benefits.

- Centers for Medicare & Medicaid Services (CMS); component of Federal government's Department of Health and Human Services that oversees Medicare and Medicaid – regulates all aspects of MA and PDP including plan benefits, marketing, and enrollment
- Covers services normally covered by Medicare Part A & Part B, and sometimes Part D
- Client continues to pay Medicare Part B premium
- Member does not lose Part A & Part B, but gains Part C, where the insurance company pays claims instead of Medicare

Medicare Part C

- Plan premiums usually low to zero
- MA carriers are paid monthly fee for each enrollee
- Plans are filed on an annual basis, can and do change
- Plan determines how much it pays, and how much client pays, for each Medicare-covered service
- Copayments vs. coinsurance: set fee vs. percentage
- Out-of-pocket maximum: member's costs each year are capped for covered services
- Summary of Benefits: plan benefits and client out-of-pocket costs

Medicare Advantage Plans

Eligibility

- Beneficiary must be entitled to and enrolled in **Medicare Parts A and B**
- Beneficiary must permanently reside in the MA Plan's service area **(county-based)**
- Beneficiary must be able to make an informed decision

Medicare Advantage Plans

Different Types

- Health Maintenance Organization (HMO, HMO-POS)
- Preferred Provider Organization (PPO)
- Special Needs Plan (SNP)
  - Dual-SNP
  - Chronic-SNP

These plans may or may not offer prescription drug coverage: MAPD vs. MA or MA-only (**Exception** – SNPs must include Part D coverage)

Medicare Advantage Plan

HMO and HMO-POS

- Carrier has an established network of providers members must access for all care
- Emergency care covered out-of-network
- Member must choose Primary Care Physician (PCP) – referrals may be required for specialist visits
- Some services may require pre-authorization
- If plan offers Point-of-Service (POS), client may obtain certain services out-of-network at a higher cost
- CMS does not allow stand-alone Prescription Drug Plan with a network-based MA-only plan

Medicare Advantage Plan

PPO

- Carrier has an established network of providers members may access for the lowest out-of-pocket costs
- All services covered out-of-network at higher costs to members
- No PCP or referrals required
- CMS does not allow stand-alone Prescription Drug Plan with a network-based MA-only plan

Medicare Advantage Plan

SNP

- Three types:
  - *Institutional*
  - *Dual-Eligible*
  - *Chronic illness*
- Network based with PCP required
- Care coordination included
- Must include prescription drug coverage

Medicare Advantage Plan

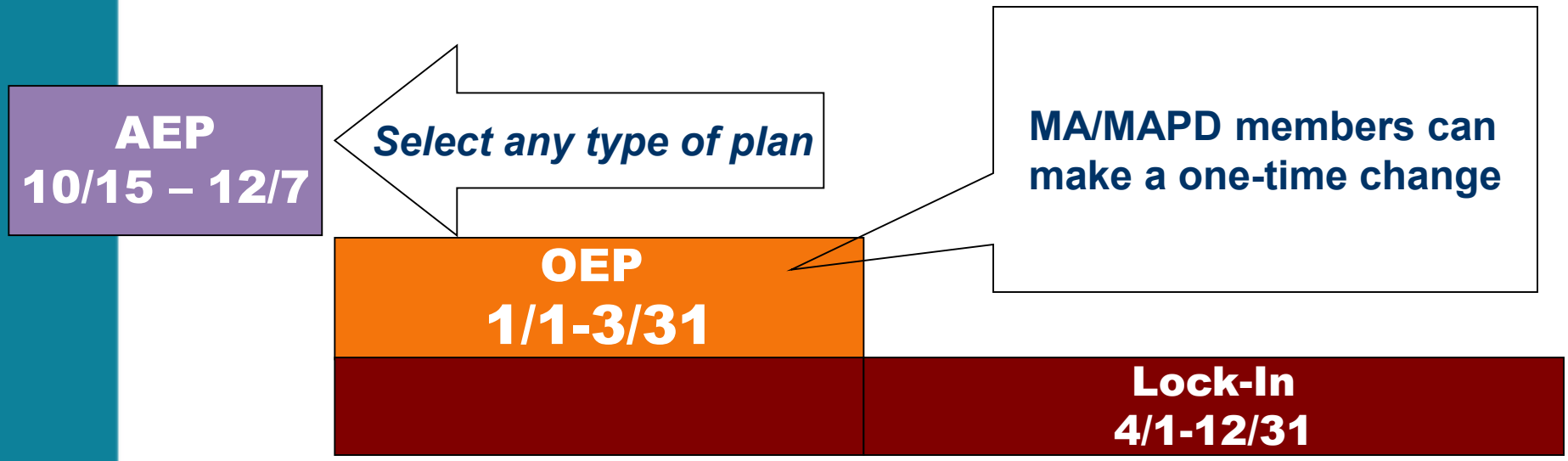
Election Periods

Enrollment into MA and PDP only
during valid election periods

- Initial Election Period (IEP / ICEP)
- Annual Election Period (AEP)
- Open Enrollment Period (OEP)
- Special Election Period (SEP)

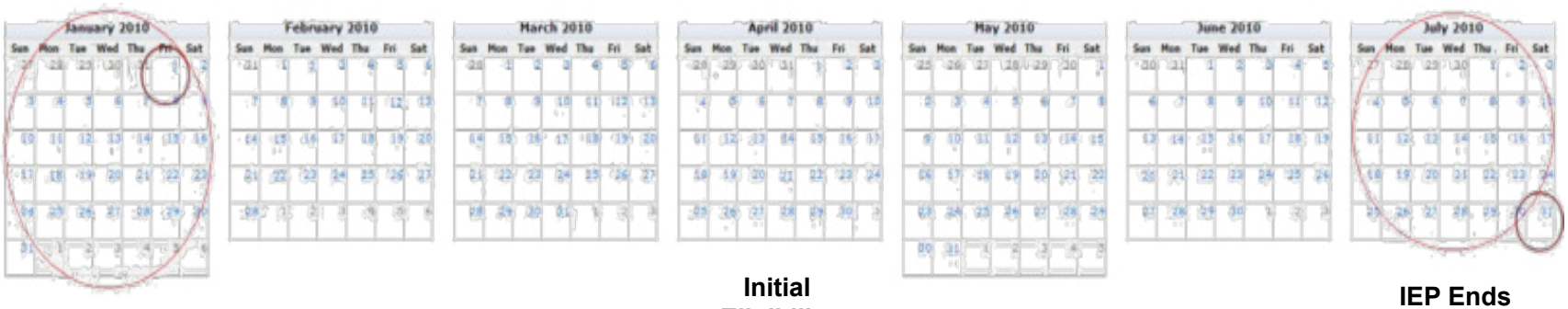
Agents must select the correct election period on the application

2021 Enrollment Elections



2021 Enrollment Elections

IEP – Begins three months before and ends 3 months after the month of the individual's 65th birthday or becomes Medicare eligible.



IEP Begins 1/1

Initial Eligibility Month

IEP Ends 7/31

The beneficiary can choose **any** type of plan during the IEP period

2021 Enrollment Elections

Open Enrollment Period (OEP)

January 1st – March 31st

- Medicare Advantage beneficiaries can make a one-time election
- Examples:

Current Coverage	Can Switch To
MA-PD Enrollee	• MA-PD • MA-Only • Original Medicare with or without PDP
MA-Only Enrollee	• MA-Only • MA-PD • Original Medicare with or without PDP

2021 Enrollment Elections

OEP Newly Eligible MA Enrollees

- MA enrollees may change once during the period that begins the month the individual is entitled to both Part A and Part B and ends the last day of the 3rd month of entitlement
- May also make a coordinating election to enroll or disenroll from Part D
- Example:
  - Client uses IEP to enroll in MAPD plan for September 1st, when their Parts A and B go into effect
  - Can change in September, October or November into another MAPD

2021 Enrollment Elections

Special Election Period (SEP)

Qualify if…

- Client permanently moves out of the plan's service area
- Client voluntary or involuntary loses Employer Group Coverage
- Client enters, resides in, or leaves a long-term care facility
- Dual Eligible (1 enrollment per quarter through September)
- Chronic Condition (1 SEP per condition)
- Other exceptional circumstances

SEP Grid shows eligible SEPs and application codes

2021 Enrollment Elections

Opportunities During Lock-In Period

April 1st – December 31st

- Turning 65: IEP / ICEP
- Dual-Eligible & Low Income Subsidy: “SEP-Dual/LIS”
- Loss of Employer Group Coverage – Voluntary or Involuntary “SEP-Loss of Employer Group Coverage”

Medicare Comparison

Advantage Plan	Supplement Plan
Pay as You Go	Fully Insured
Annual Contract	Guaranteed Renewable
Low to No Premium	Annual Rate Increase
Network Provider Provider Acceptance	Any Provider Who Bills Medicare
Election Periods	Unrestricted Enrollment (subject to underwriting)
No Underwriting	Underwriting
Built-in Part D	Separate PDP
CMS Regulation	Federal / State Regulation

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