Medicare 101 - the Basics

Senior PharmAssist
406 Rigsbee Ave, Suite 201
Durham, NC 27701
919-688-4772

www.seniorpharmassist.org
Our Work

- Medication Therapy Management
- Direct Financial Assistance
- Tailored Community Referral
- Medicare Insurance Counseling
During COVID-19

Medication Therapy Management
No charge up to 300% FPL

Medicare Counseling
Durham resident any age or income

Community Referrals

Direct Financial Assistance
60+ years & <200% FPL

Telephone Reassurance Calls
Medication-related Problems

- Medicines don’t work in people who don’t take them.
- Sometimes the best medicine is no medicine at all.

• SPA pharmacists have MedLink access & Smart Phrases in DUHS system
North Carolina Medicare Demographics

- In 2018 – There were 1,966,306 Medicare beneficiaries in NC (19% of the population)
  - 67% were in Original Medicare
  - 33% were in Medicare Advantage plan
- In 2017 – 83% were “aged” and 17% were “disabled”
- In 2013 – 19% were full or partially “dually” eligible

Medicare Beneficiaries by Income in NC – 2019
(Federal Poverty Level)

- Under 100%: 13%
- 100-199%: 22%
- 200-399%: 31%
- 400+: 34%

Accessed online (11/8/20): https://www.kff.org/medicare/state-indicator/medicare-beneficiaries-by-fpl/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D
Medical Expenses as a % of Social Security Income

EXHIBIT I.3


<table>
<thead>
<tr>
<th>Year</th>
<th>Average Monthly Social Security Benefit Payment</th>
<th>Medical Expenses as % of Social Security Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$772</td>
<td>7%</td>
</tr>
<tr>
<td>1990</td>
<td>$906</td>
<td>12%</td>
</tr>
<tr>
<td>2000</td>
<td>$1,001</td>
<td>14%</td>
</tr>
<tr>
<td>2010</td>
<td>$1,151</td>
<td>26%</td>
</tr>
</tbody>
</table>

SOURCE: Kaiser Family Foundation analysis based on data from Boards of Trustees 2012.
Income and Race

• In 2016, 50% of Medicare beneficiaries had annual incomes below $26,200 (just above 200% of the federal poverty level)

• National median income for Medicare beneficiaries:
  • Whites = $30,050
  • Blacks = $17,350
  • Hispanics (ethnicity) = $13,650

Figure 1
Medicare as a Share of the Federal Budget, 2018

Total Federal Outlays, 2018: $4.1 trillion
Net Federal Medicare Outlays, 2018: $605 billion

NOTE: All amounts are for federal fiscal year 2018.\(^1\) Consists of mandatory Medicare spending minus income from premiums and other offsetting receipts.\(^2\) Includes spending on other mandatory outlays minus income from offsetting receipts. ACA is Affordable Care Act. CHIP is Children's Health Insurance Program.
Medicare 101 - the Basics

Bruce Hays
Volunteer SHIIP Counselor & SHIIP Volunteer Coordinator
Understanding Medicare

- What is Medicare and who is eligible?
- Four Parts of Medicare: A, B, C & D
- Programs for People with Limited Income & Resources
What is Medicare?

• Federally sponsored individual health plan providing coverage for medically necessary procedures and services
• Medicare coverage requires copays, coinsurance and deductible payments that are the responsibility of the beneficiary (or other secondary insurance)
Who IS Eligible?

• Anyone age 65 or older who participates in Social Security or the Railroad Retirement System
• Employees of Federal, State or Local Governments or those whose spouse has participated
• Individuals under age 65 that have been awarded Social Security or Railroad Retirement Disability after 24 months
• Those disabled due to ALS (Lou Gehrig’s Disease)
• Individuals with End Stage Renal Disease (ESRD)
The 4 Parts of Medicare

- **Part A** Hospital Insurance
- **Part B** Medical Insurance
- **Part C** Medicare Advantage Plans (like HMOs/PPOs) Includes Part A, Part B and sometimes Part D coverage
- **Part D** Medicare Prescription Drug Coverage
### What Does Original Medicare Cover?

<table>
<thead>
<tr>
<th>Medicare Part A</th>
<th>Medicare Part B</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Inpatient Hospital Coverage</td>
<td>• The following services are generally covered at 80%</td>
</tr>
<tr>
<td>• Skilled Nursing Care in a facility (requires a</td>
<td>✓ Physician Services</td>
</tr>
<tr>
<td>minimum 3 day prior hospitalization)</td>
<td>✓ Outpatient Surgery and Services</td>
</tr>
<tr>
<td>• Home Health Care</td>
<td>✓ Home Health Care</td>
</tr>
<tr>
<td>• Hospice</td>
<td>✓ Durable Medical Equipment</td>
</tr>
<tr>
<td>• Blood</td>
<td>✓ Blood</td>
</tr>
</tbody>
</table>

Medicare benefits are administered by the Centers for Medicare and Medicaid Services (CMS) 1-800-633-4227
What is NOT Covered by Original Medicare

- Outpatient Prescription Medications
- Routine Dental Care
- Routine Vision Care and Eyeglasses
- Hearing Aids
- Foreign Travel
- Cosmetic Procedures and Treatments
- Long Term Care
What Does Original Medicare Cost?

**Part A:**

- Most people qualify for *premium-free* Part A based on work history - 40 quarters (equivalent to 10 years) of contribution to the Medicare system (paid through FICA or payroll taxes), by themselves or their spouse.
- For people with fewer than 40 quarters, Part A has a monthly premium
What Does Original Medicare Cost?

Part B:
- Standard premium amount for 2021 is $148.50
- Individuals with incomes above $87,000 couples with incomes above $174,000 pay more (Income-Related Medicare Adjustment Amount)
- Individual with more limited incomes might get assistance to pay this premium (Medicare Savings Programs)

Note: The Part B premium is typically automatically deducted from a person’s monthly Social Security Retirement benefit
<table>
<thead>
<tr>
<th></th>
<th>Modified AGI</th>
<th>Part B Premium</th>
<th>Part D Surcharge</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single Married</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;$88k</td>
<td>$148.50</td>
<td>Your plan premium amount</td>
</tr>
<tr>
<td></td>
<td>&lt;176k</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Single Married</strong></td>
<td>$88k - $111k</td>
<td>$207.90</td>
<td>Add $12.30</td>
</tr>
<tr>
<td></td>
<td>$176k - $222k</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Single Married</strong></td>
<td>$111k - $138k</td>
<td>$297.00</td>
<td>Add $31.80</td>
</tr>
<tr>
<td></td>
<td>$222k - $276k</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Single Married</strong></td>
<td>$138k - $165k</td>
<td>$386.10</td>
<td>Add $51.20</td>
</tr>
<tr>
<td></td>
<td>$276k - $330k</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Single Married</strong></td>
<td>$165k - $500k</td>
<td>$475.20</td>
<td>Add $70.70</td>
</tr>
<tr>
<td></td>
<td>$330k - $750k</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Single Married</strong></td>
<td>$500k plus</td>
<td>$504.90</td>
<td>Add $77.10</td>
</tr>
<tr>
<td></td>
<td>$750k plus</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Part B Costs in 2021

• Additional Cost-sharing
  • Annual deductible - $203
  • 20% of the Medicare approved amount – co-insurance
  • $0 for some preventive services
Automatic Enrollment

• If collecting Social Security Retirement Benefits prior to age 65
• People under 65 entitled to Social Security Disability Benefits
  • Beneficiary will receive Medicare card in the mail indicating automatic enrollment in Part A and Part B
  • Beneficiary has the option to decline Part B coverage by returning the card to Social Security
• Coverage will begin 1\textsuperscript{st} day of birth month unless birthday is the 1\textsuperscript{st} of the month, in which case coverage begins first day of preceding month
Initial Enrollment Period

• If turning 65 there is a seven month period to enroll in Medicare without penalty
• Effective date for coverage will depend on when enrollment occurs
General Enrollment Period

• For those that do not enroll during their Initial Enrollment Period, there is another opportunity to enroll each year
• Begins January 1st and ends March 31st
• Enrollments during this period will have coverage beginning July 1st
• Failure to enroll in Medicare when initially eligible may result in a 10% premium penalty for one’s lifetime for each 12 month period not enrolled
• This is waived when Part B is delayed because of primary EGHP coverage
Special Enrollment Period

• If a beneficiary or their spouse are “actively” working, they may be able to delay enrolling in Medicare Part B
• The Medicare beneficiary or their spouse is actively working for an employer providing the group health insurance coverage
  • For a beneficiary older than 65, the employer must have 20 or more employees
  • For a beneficiary younger than 65 (disability), the employer must have 100 or more employees
Loss of Employer Coverage

• Sign up for Part B and Part D as soon as you can
• Part B – you have an 8-month SEP to enroll without penalty
  • The sooner you enroll in Part B, the sooner your coverage will begin
  • Enrolling in Part B also triggers your 6-month Medigap open enrollment period
• Part D – you only have 63 days to enroll in Part D plan without penalty
  • Your plan will begin the first of the month following the month you enroll
How Do I Enroll?

• Medicare enrollment is handled by the Social Security Administration.
  • Can be completed online at www.ssa.gov
  • Call 1-800-772-1213
  • Appointments can be made for local offices through the above toll-free number
How Do I Enroll in Medicare Part B During COVID-19?

- Due to closure of Social Security offices for face to face service, Medicare Part A only beneficiaries can fax their Part B applications to 833-914-2016
- Be sure to include your 40B and L564 with your fax
Medicare Supplement (Medigap Plans)

- Standardized insurance plans are designed to fill in the “gaps” in Medicare Part A and Part B coverage (deductibles, copayments, coinsurance, etc.)
- Plans are designated by letter codes (A, B, C, D, F, G, K, L, M, N). Plans C, F, and F Prime are only available to individuals Medicare eligible prior to January 1, 2020
- All plans cover a basic group of benefits, with plans each covering a different group of “gaps”
- Coverage is the same from company to company, but premiums do vary
Secondary Coverage Options

- Medicaid – individuals with limited incomes and very little in cash reserves
- Employer Group Health Plans
  - Private employers
  - TRICARE for Life – Military retirees and dependents
  - Federal and State plans for retirees and dependents
- Medicare Supplements/Medigap policies
Employer Group Plans for Medicare Eligible

- Some employers offer a variety of coverage options to retired employees
- Come in many forms and can only be understood on an individual basis
- Some plans offer cash payments allowing the beneficiary to purchase their own coverage
- Many employers are now offering sponsored Medicare Advantage Plans thus making the Medicare Advantage plan their primary coverage instead of Original Medicare
- The only source of information on Employer coverage is the Employer Benefits Administrator
Part C – Medicare Advantage

• Health plan options approved by Medicare
  • Another way to get your Medicare coverage
  • Still part of the Medicare Program
  • Run by private companies
• Medicare pays the plan an amount for each member’s care
• May have to use network doctors or hospitals - ALWAYS check with your healthcare providers
• Types of plans available vary from county to county
• There is an additional opportunity to change your Medicare Advantage Plans Jan. 1 – March 31 each year
When and How Can You Enroll in a Medicare Advantage Plan?

• Generally during the Initial Enrollment Period
• During the yearly Open Enrollment Period of Oct 15-Dec 7
• May be able to join at other times based on Special Enrollment Period
  • Move to a different county or state
  • Qualify for Extra Help
  • Etc.
# How They Work

## Decision Comparison Summary: How They Work

<table>
<thead>
<tr>
<th>Original Medicare</th>
<th>Medicare Advantage Plan (Part C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Covers Part A and Part B benefits</td>
<td>- Covers Part A and Part B benefits and may cover additional benefits (like vision or dental)</td>
</tr>
<tr>
<td>- Medicare provides this coverage directly</td>
<td>- Coverage provided by private insurance companies approved by Medicare</td>
</tr>
<tr>
<td>- You have your choice of doctors and hospitals that are enrolled in Medicare and accepting new Medicare patients</td>
<td>- In most plans, you need to use plan doctors, hospitals, or other providers or you pay more or all of the costs</td>
</tr>
<tr>
<td>- Generally, you or your supplemental coverage pay deductibles and coinsurance</td>
<td>- You may pay a monthly premium (in addition to your Part B premium) and a copayment or coinsurance for covered services</td>
</tr>
<tr>
<td>- You usually pay a monthly premium for Part B</td>
<td></td>
</tr>
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</table>

May 2016

Medicare—Getting Started
Part D – Medicare Prescription Drug Coverage

• Anyone covered by Medicare (Part A and/or Part B) is eligible to join a Part D plan

• Plans are sold by private insurance companies and require payment of monthly premiums

• Each plan covers a group of prescription medications (formulary list) and typically have copayments for prescriptions and possibly an annual deductible

• Plans and formulary lists change annually
Medicare Drug Benefit - 2021

- Initial Coverage Phase
  - Part D plan pays 75%
  - 25% or Flat Co-Pay

- Former Gap Phase or “Donut Hole”
  - 75% Brand & Generic discount
  - 25%

- Deductible Phase (sometimes just for higher tiers)
  - Beneficiary Out-of-Pocket Spending
    - $445

- Catastrophic Coverage Phase
  - Part D Plan pays 15% & Medicare pays 80%
  - 5%

- $4,130
  (out-of-pocket threshold of $6,550)

- $9,314

$4,130
$445
Part D – Extra Help Program

• Financial assistance is available for people with limited income and assets
  ✓ $19,320/single or $26,136/couple
  ✓ Liquid assets/resources less than $14,790 or $29,520

• Eligibility is determined by the Social Security Administration; Senior PharmAssist also screens

• Can reduce or eliminate monthly premiums, reduce prescription copayments, and provide a quarterly opportunity to make a change in their plan

• Quarterly changes are available only during the first 3 quarters of the calendar year

• All changes made the last quarter will become effective January 1 of the following year
When Can I Enroll in Part D Plan?

• During your 7-month Initial Enrollment Period
• During the annual Open Enrollment Period
  • October 15th – December 7th each year
  • Coverage begins on January 1st
• May be able to join at other times
  • Medicare Advantage Open Enrollment Period January 1 – March 31
• Special Enrollment Period
  • For example, anytime you get Extra Help
Projected 2020 Rx Savings at Senior PharmAssist

- Of those we saw in stand-alone Part D plans (734/1317) during the end of 2019, 77% switched plans for a mean annual savings of $777 (median = $378) – *It Pays to Compare*
  - First time people needed to switch 77% of the time
- Those with full LIS “Extra Help” – mean savings of $1,247
- Growth of preferred pharmacies – clinically worrisome
- One-on-one appointments - clinical pharmacists at Senior PharmAssist involved in counseling
Differences between Medigap Plans and Medicare Advantage Plans

<table>
<thead>
<tr>
<th>How Are Medigap Policies and Medicare Advantage (MA) Plans Different?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medigap (Medicare Supplement Insurance) Policies</strong></td>
</tr>
<tr>
<td><strong>MA Plans (Part C)</strong></td>
</tr>
<tr>
<td><strong>Offered by</strong></td>
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<tr>
<td><strong>Government Oversight</strong></td>
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<tr>
<td><strong>Works with</strong></td>
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<tr>
<td><strong>Covers</strong></td>
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<tr>
<td></td>
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<tr>
<td><strong>You must have</strong></td>
</tr>
<tr>
<td><strong>Do you pay a premium?</strong></td>
</tr>
</tbody>
</table>
Your Medicare Coverage Choices

Original Medicare

- Part A Hospital Insurance
- Part B Medical Insurance

You can add

Medicare Supplement Insurance (Medigap) Policy

Part D Prescription Drug Coverage

or

Medicare Advantage Plan

- Part C Combines Part A and Part B

May include, or you may be able to add

- Part D Prescription Drug Coverage (Most Part C plans cover prescription drugs. You may be able to add drug coverage to some plan types if not already included.)
Where Can You Get Help?

Senior PharmAssist, Durham County’s SHIIP Coordinating site
919-688-4772 (by appointment only)
www.seniorpharmassist.org

Seniors’ Health Insurance Information Program (SHIIP)
1-855-408-1212 (toll free)
www.ncshiip.com

Social Security Administration
1-800-772-1213 (toll free)
www.ssa.gov

Medicare – (24 hrs/7 days/week)
1-800-633-4227 (toll free)
www.medicare.gov
Questions?

www.seniorpharmassist.org