

# The A B C's of Medicare



# Area Agencies on Aging

- **Area Agencies across the nation**
- **We are responsible for:**
  - planning and funding services for older adults
  - coordinating the services of local senior service organizations to ensure high quality and access
  - advocating by educating policy makers on the needs of older persons



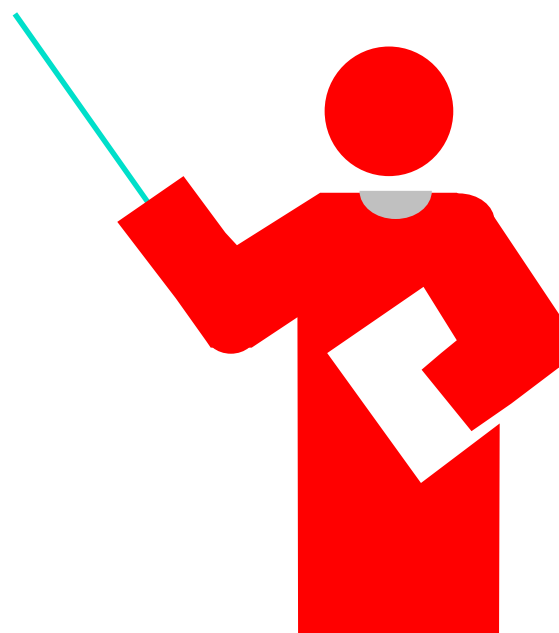
# Programs and Services Supported by AgeOptions

- **Case Management** – to assess a loved one's condition and find services
- **Elder Abuse Intervention**
- **Caregiver Support Services**
- **Long Term Care Ombudsman Program** –to assist nursing home residents and their families
- **Senior Nutrition Programs** –meals served at community sites and delivered to the home
- **Chore and Homemaker Services**
- **Housing Assistance and Home Repair**
- **Take Charge of Your Health** – classes for older adults to help them manage chronic health conditions



# What we'll cover today

- The Medicare Program
- Eligibility
- Enrollment
- Benefits
- Other Options
- Programs in Illinois
- Where to get help



# What is Medicare?

- A **federal health insurance** program
- Run by the **Centers for Medicare and Medicaid Services (CMS)**
- Benefit decisions controlled by the **U.S. Congress**
- **Social Security Administration (SSA)** handles enrollment & eligibility



# Who is eligible for Medicare?

- Age and work history
  - **Age 65+** and eligible for benefits under either Social Security, Railroad Retirement, federal, state or local employee
    - **40+ quarters** of Soc. Sec. covered employment = eligible for Social Security AND Medicare Part A
    - Married may receive benefits under a spouse's work record
    - Married at least 10 yrs to receive benefits under former spouse



# Others Eligible

- Persons with disabilities
  - Receiving disability benefits under Social Security or Railroad Retirement for **24 months** or more
- Any age
  - Receiving regular kidney dialysis or a kidney transplant
  - Amyotrophic Later Sclerosis (ALS) – Lou Gehrig's disease



# Others may purchase Medicare coverage

- Age 65, but not enough qualified work history
  - May purchase coverage
    - 30-39 quarters- \$248 per month for Part A
    - 29 quarters or less- \$450 per month for Part A
- Must be age 65+ and a U.S. resident
  - U.S. citizen **or** permanent legal resident living in the U.S. for 5 continuous years



# When may you enroll?

- **Initial Enrollment**
  - 7 months (3-1-3)
    - 3 months before, month of and 3 months after 65<sup>th</sup> birthday or 25<sup>th</sup> month of SSA disability
- **Special Enrollment Period (SEP)** – age 65+
  - May delay enrollment if still working or covered by working spouse
  - Part B - must enroll within 8 months after work terminates
- **General Enrollment Period** – if don't enroll when first eligible or miss SEP
  - January 1 – March 31 each year
  - Coverage begins July 1<sup>st</sup>
  - Penalties may apply (10% for each year missed)



# **Medicare has 4 Parts – A, B, C, D**

## **Original Medicare**

- Part A – Hospital Insurance
- Part B – Medical Insurance

## **Provided through private companies that have contracts with Medicare**

- Part C – Medicare Advantage
- Part D – Prescription Drug Plans



# **You can get Medicare benefits in two different ways**

## **1. Original Medicare (Parts A & B)**

OR

## **2. Medicare Advantage Plan**

- Health Maintenance Organization (HMO)
- Preferred Provider Organization (PPO)
- Private Fee For Service Plan (PFFS)
- Medicare Savings Account (MSA)

**You are entitled to all the services covered by Medicare no matter which option you select**




# Original Medicare



- Red, white and blue card
- Pay-per-service system
- Almost any doctor, anywhere in U.S.
- Limits on doctor and hospital fees
- Covers most medical needs
- Medicare Summary Notices (MSN) are sent every three months



# The Medicare Card

MEDICARE			HEALTH INSURANCE
1-800-MEDICARE (1-800-633-4227)			
NAME OF BENEFICIARY			
<b>JANE DOE</b>			
MEDICARE CLAIM NUMBER		SEX	
<b>000-00-0000</b>			
IS ENTITLED TO		EFFECTIVE DATE	
<b>HOSPITAL</b>		<b>(PART A)</b>	<b>07-01-1986</b>
<b>MEDICAL</b>		<b>(PART B)</b>	<b>07-01-1986</b>
Sign HERE →	<u><i>Jane Doe</i></u>		



# Medicare Parts A & B

- **Part A**

- “Hospital Insurance”
- Hospital, skilled nursing facility, home health, hospice

- **Part B**

- “Medical Insurance”
- Doctors, outpatient services, preventive services, lab tests, ambulance services, equipment and supplies



# Part A Benefits

- **Hospital stays**
  - Semi-private room, meals, nursing, supplies, medications
- **Skilled Nursing Facility**
  - Up to 100 days with 3-day inpatient hospital stay
  - Skilled level care only (short-term, rehabilitative)
- **Home Health Care**
  - Part-time skilled nursing care, therapies, aide services, supplies
- **Hospice**
  - Pain and symptom relief and supportive services for terminally ill and their families



# Your Part A Costs- Hospital - 2011

- Hospital deductible = \$1,132 for first day
  - For each 60-day benefit period (may be more than once per year)
- Daily coinsurance for days 1-60 = \$0
- Daily coinsurance for days 61-90 = \$283 per day
- Daily coinsurance for days 91-150 = \$566 per day



# Your Part A Costs- Skilled Nursing Facility

- Days 1-20 = \$0
- Days 21-100 = \$141.50 per day
- Over 100 days, you pay all
- A typical stay is about 20 days
- (Prior 3-day inpatient hospital stay is required)



# Home Health Care Eligibility

- Must have Medicare Part A or B
- Doctor must certify that individual is “homebound” (taxing and considerable effort to leave the home)
  - Exception: may go to church or adult day services
- Medicare may also pay for aide service if qualified for skilled care and doctor orders aide services.
- Intermittent = fewer than 7 days a week and part-time = fewer than 8 hours per day



# Hospice Eligibility

- Medicare Part A
- Physician and hospice medical director certify that life expectancy is 6 months or less
- Patient consents in writing to waive curative care
- Care must be received from a Medicare approved hospice agency



# Hospice Care – Costs in 2011

- \$0 for hospice care
- No more than \$5 for each outpatient prescription drug
- 5% of the Medicare approved amount for inpatient respite care (this amount may change each year)
  - Can stay in a Medicare-approved hospital or nursing home for up to 5 days each time
  - No limit to the number of times you can get respite care



# Part B Benefits

- Doctors' services – inpatient and outpatient, medical and surgical
- Physical, occupational and speech therapy
- Lab services, diagnostic tests
- Ambulance
- Durable medical equipment
- Outpatient hospital services
- Some home health care



# Welcome to Medicare Exam

- One-time free exam within the first 12 months of having Part B
- No co-pay or deductible
- Also called the Initial Preventive Physical Exam
- No coinsurance or deductible in 2011
- Includes: medical history, screening for depression factors, functional ability and safety (falls), physical exam, end-of-life planning, education, counseling and referral for other preventive services



# Your Part B Costs in 2011

**Monthly premium** - you must pay this in addition to any private insurance or Medicare Advantage Plan you buy

1. \$96.40 for most people

- those in the program before 2010 who have their premium deducted from their Soc. Sec. check

2. \$110.50 - new to Medicare in 2010

3. \$115.40 – new to Medicare in 2011 or

- do not have your premiums withheld from your Social Security check or
- you qualify for a Medicare Savings Program and have your Part B premium paid by Medicaid

4. Higher premium (sliding scale up to \$369.10) for those with incomes over

- \$85,000- individual tax return
- \$170,000- married couple



# Additional Part B Costs

- Annual Deductible= **\$162** - this amount will increase every year
- Medicare usually pays 80% of the Medicare approved amount for doctor's services; you pay the difference (20% coinsurance)
- 45% outpatient mental health
  - Will be a little less each year until it reaches 20%
- Outpatient emergency room, hospital and surgery services are a fixed amount, depending on the service



# Doctor Charge Limits

- Doctors who “take assignment”
  - agree to take Medicare approved rate as payment in full
  - Medicare pays 80% of that rate
- Doctors who don’t “take assignment”
  - can charge no more than 15% above Medicare’s approved rate
- Doctors who opt out
  - cannot submit any claim to Medicare
  - Patient signs private contract to pay in full.





# Preventive Services in 2011

- Starting in 2011
  - Deductibles and co-pays for most preventive services have been eliminated. Some examples:
    - Colorectal exams for cancer
    - Mammograms
    - Pap, pelvic and clinical breast exams
    - Smoking cessation sessions (no diagnosis)
    - Cardiovascular screening blood tests
- Some tests still have cost sharing
  - Glaucoma screening
  - Diabetes self-management training
- More emphasis throughout the system on prevention and health instead of just illness



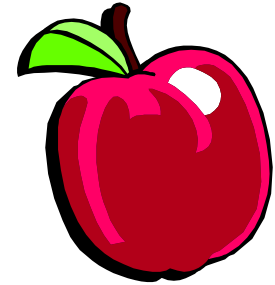


# New Annual Wellness Visit

- Annual physical
- No cost if the doctor accepts assignment
- Eligible 12 months after the Welcome to Medicare exam
- Includes:
  - Routine measurements
  - Medical history, develop or review personalized risk assessment (including mental health)
  - Create schedule for screening and preventive services
  - Advice to treat or prevent health risks



# Part B Preventive Care Benefits in 2011



- Abdominal Aortic Aneurysm screening
- Bone Mass Measurement
- Cardiovascular screening
- Colon cancer screening
- Diabetes screening
- Diabetic self-management
- Immunizations (flu, pneumonia and Hepatitis B shots)
- Glaucoma exam
- NEW! Annual Wellness Exam
- Mammogram screening
- Medical nutritional therapy services
- Prostate cancer screening
- HIV screening
- Pap smears
- Smoking cessation counseling
- "Welcome to Medicare" exam
  - within one year of getting Part B benefits



# Medigap Plans Fill in the Gaps

- Private health insurance
- Also referred to as Medicare Supplement Insurance
- Use with Original Medicare only
  - Only pays if Medicare does
  - Must have Parts A & B
- As of June 1, 2010, 10 standardized “Medigap” Plans are available (A, B, C, D, F, G, K, L, M and N)
  - Plans with same letter have identical benefits
- Variations on standard A-N
  - Medicare Select plans
  - High deductible plans (F)



# Medigap Changes as of June 1, 2010

- Two new plans: M and N
- Plans E, H, I and J are no longer being sold. People who were already in one of these plans before June may keep that plan
- At-home recovery – no longer included as a benefit with any plan sold after 6/1/10
- Preventive care benefits have been removed from plans sold after June 1<sup>st</sup> since Medicare will begin to cover most preventive services in 2011
- Hospice co-insurance is included as a core benefit for plans sold after 6/1/10



# Medigap Benefits

- All plans cover:
  - Daily hospital coinsurance (for long stays)
  - An additional 365 days in the hospital
  - 20% coinsurance for Part B services
  - 1<sup>st</sup> three pints of blood
  - Part A Hospice coinsurance (included as a core benefit for policies sold after 6/1/2010)



# Additional Medigap benefits

- Additional coverage that you can buy – included in certain plans:
  - Medicare deductibles (Parts A & B)
  - Skilled nursing facility (SNF) coinsurance
  - Emergency care while traveling outside of the USA
  - Part B excess charges



# Other supplemental coverage

- Retiree benefits from former employer or union
- Spouse's or your current employer group health plan



# Medicare Part C Medicare Advantage (MA) Plans

- Different types, each with different rules
  - HMOs, PPOs, or PFFS
- Medicare pays the plan a fixed amount each month to provide your Medicare Part A & B services
- You may have to use doctors, hospitals and other providers that work with the plan ( called the “network”)
- Still in Medicare program
  - Get all Part A and Part B services
  - Have Medicare rights and protections
- Some MA plans also include prescription drug coverage



# Who is eligible for Medicare Advantage Plans?

- Must be enrolled in both Parts A & B
- Live in the plan's service area
- Plans must accept everyone on Medicare except people with ESRD (end-stage kidney disease)
- You must fill out & sign application form
- Agree to follow rules
- Can be in the hospice program



# What Are the Medicare Options in Cook County?

- Original Medicare- with or without a Medigap plan
  - Medicare HMOs
  - Preferred Provider Organizations (PPO)
  - Private Fee For Service Plans (PFFS)
- \*\*Medicare Advantage plans may be available with or without prescription drug coverage (Medicare Part D)



# Health Maintenance Organizations (HMOs)

- Managed care plans owned and operated by private companies
- You usually must use the plan's network of doctors and hospitals
- Primary doctor coordinates all care- need a referral for most specialists
- HMOs must accept all people with Medicare Parts A&B (except those with serious kidney disease)
- May offer additional benefits
- Some have \$0 monthly premiums



# Preferred Provider Organizations (PPO)

- Generally, in a PPO you can see any doctor or provider that accepts Medicare
- Usually don't need a referral to see a specialist or any provider out-of-network

BUT

- If you go to doctors, hospitals or other providers who aren't part of the plan (called 'out-of-network' or 'non-preferred'), you will usually pay more



# Private Fee For Service (PFFS) Plans

- Offered by private insurance companies
- Medicare pays company to provide coverage
- Currently no networks – each doctor or provider has to agree to accept the terms and conditions of the plan
  - many may drop out when required to have a network next year
- The insurance company decides how much you pay for services



# Medicare Advantage Plans for Special Needs Individuals

- Special Needs Plans (SNPs)
- Offered to individuals with special needs:
  - \*Institutionalized
  - \*Receive Medicaid
  - \*With severe or disabling chronic conditions such as diabetes, congestive heart failure, mental illness, HIV/AIDS



# What to consider before joining a Medicare Advantage plan

- Can you see your current doctors and use the hospital of your choice and get full benefits?
- Is the list of specialists extensive in your area?
- What are the co-pays for various services you might need?
- When/how can you get out of it if you don't like it?
- Check out claims made by the sales agent before enrolling (e.g., call your doctor to be sure s/he is in the plan's network and accepting new MA patients)



# General considerations when choosing a health plan

- Choice of doctors / specialists
- Monthly costs
- Predictable costs
- Benefits
- Convenience
- Coverage when traveling away from home





## **Medicare Advantage Maximum Out-of-Pocket Limits – New in 2011**

- Medicare Advantage plans are now required to have a maximum out-of-pocket limit for Medicare Parts A and B services
- \$6,700 or less in 2011 but many plans have lower limits
- If the limit is met, the plan covers the costs of Part A and B services for the remainder of the calendar year



# Whatever coverage you have

## - Exercise your rights

- Always ask questions about your care
- Let your doctor know what you think you need
- You may appeal decisions by Medicare or your health providers
  - If a service is denied
  - If you are in the hospital or nursing home and told you have to leave right away, you can challenge that
  - If you need a drug not on the Part D formulary – ask for exception – if denied, appeal



# Your right to appeal

- If a doctor knows a service won't be covered, they should give you a notice to sign that says you understand that
- Medicare requires hospitals to give you written notice within 2 days of admission and two days before discharge
- You have a minimum of 4 hours to decide if you wish to appeal the discharge
- The nursing home appeal process is similar, but may take longer to get a response to your request for reconsideration



# Programs to Help with Costs



# Medicaid

- State program that pays for medical care
- If you have Medicare, it only covers prescription drugs that Medicare does not cover (you must use Part D)
- Income limit = \$933 for one person and \$1,251 for a couple
- Asset limit = \$2,000 for one person and \$3,000 for a couple
- If applicant is over the income limit, may “spend down” for partial help



# Medicare Savings Program

- For people with lower incomes and savings
- The state helps pay your Medicare premiums
  - If qualify for QMB, also pays coinsurance and deductibles
- If eligible these program may help people with Medicare save at least \$1,157 a year (example: \$96.40 x 12)



# Extra Help

- Federal prescription assistance program to help people with Medicare who have limited incomes pay for Part D premiums, deductible and co-pays
- Also called the Low-Income Subsidy (LIS)
- Apply with Social Security by mail or online
- Annual income less than:
  - \$16,344 – single
  - 22,068 – married
- Assets less than:
  - \$12,640 – single
  - \$25,620 - married



# Illinois Cares Rx

- State program to help older adults age 65+ and people with disabilities to pay for Part D costs
- Annual Income limits:
  - \$27,610 (single)
  - \$36,635 (household of two)
  - \$45,657 (household of three)
- No asset limit
- Pay between \$2.50 - \$15 for prescriptions



# Benefits for Veterans

- Only Veterans are eligible - not spouses or survivors
- Income must be less than \$29,402 for a single vet
- Income must be less than \$35,284 for a vet with a single dependent
- Must enroll in the program
- Get medications through VA hospitals/clinics
- Co-payments of \$8 for a 30-day supply
- Call 1-877-222-8387 for an application



# Healthcare Reform and Medicare



# The not-so-good news - 2011

- NO Social Security cost of living increase for the second year in a row
- Not related to healthcare reform
- Based on a formula related to the Consumer Price Index (doesn't fit older adults well)
- May mean that Part B premiums won't increase



# What will NOT change with healthcare reform

- Essential structure remains
  - Medicare will continue to cover health costs the same way
  - Eligibility stays the same
  - Still have the option of Original Medicare or Medicare Advantage
- Medicare parts A & B are protected – no cuts
- No “death panels”





# Medicare: Doctors

- Pays primary care doctors with many Medicare patients a 10% bonus (2011)
- Medical and nursing school scholarships to build up the number of primary care providers
- Provides financial incentives for doctors to coordinate care and improve patient health (2012)
- Increased support for community health centers
- Temporary 'fix' of payment issues – separate from reform
  - through November 30, 2010 (Congress needs to act after the election)
  - stops 21% cuts, adds 2.2% increase





# Medicare Advantage Plans

- Currently are paid more for each person than under Original Medicare
- Over time, these extra payments will be reduced
  - This change accounts for a big part of the savings to Medicare
  - Savings will be put back into the Medicare program
  - MA plans may get higher payments based on a 5- Star rating system for quality and service. Focus on health outcomes.
- No payment changes in 2011
- In the future, some plans may decide not to continue or may reduce extra benefits (like vision, gym memberships)





# Part B and D Premiums for Higher Income Beneficiaries

- Since 2007, people with higher incomes pay higher Part B premiums

Beginning in 2011 -

- Income levels frozen at \$85,000 (single) or \$170,000 (married couple)
  - so more people will pay higher Part B premiums over the next 10 years (through 2019)
- People with these incomes will also pay higher Part D premiums



# Coordination and Testing New Delivery Models

- **Better coordination between federal and state programs**
  - For people with low incomes (e.g., with both Medicare and Medicaid)
  - Moving from one setting to another
- **Pilots and programs for patient-centered care, medical homes**
- **Transitional care**
  - To coordinate care when you leave the hospital or nursing home
  - Reduce quick re-admissions
  - Role for non-medical supports and providers



# Policies to Reduce Fraud, Waste and Abuse

- Strengthens claims review and payment processes to find fraud
- Allows the government to suspend payment during investigations
- Reduces the time healthcare providers have to submit claims (limited to 12 months)
- Strengthens penalties on providers and suppliers that commit fraud, waste and abuse



# Good Resources

- **[www.medicare.gov](http://www.medicare.gov)**
  - Compare plans and providers (hospitals, nursing homes)
  - Information on Medicare benefits
- **[www.mymedicare.gov](http://www.mymedicare.gov)**
  - See personalized list of preventive services you are eligible for
  - Track your Medicare claims
- **[www.kff.org](http://www.kff.org)**
  - Good info on healthcare reform
- **<http://www.mymedicarematters.org/AboutMedicare/>**
- **[www.healthcare.gov](http://www.healthcare.gov)**
  - Good Medicare basics
- **[www.illinoishealthmatters.org](http://www.illinoishealthmatters.org)**
  - Information about healthcare reform including state specific information for Illinois



# Don't hesitate to call for answers

- HealthCare Choices **(800)789-0003**
- SHIP **(800)548-9034**
- 1-800-Medicare **(800)633-4227**
- Social Security **(800)772-1213**



HealthCare Choices Resource Center (AgeOptions)	<b>Suburban Cook County</b>	<b>(800)789-0003</b> or <b>(708)524-1653</b> (TTY)
Chicago Department of Family and Support Services, Division of Senior Services	<b>Chicago</b>	<b>(312)744-4016</b> or <b>(312)744-6777</b> (TTY)
Northeastern Illinois Area Agency on Aging	<b>Collar Counties</b>	<b>(800)528-2000</b>
Progress Center for Independent Living	<b>Persons with disabilities</b>	<b>(708)209-1500</b> or <b>(708)209-1826</b> (TTY)

