



Overview Medicare Program Basics

Part 1

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Medicare Program Basics



- Medicare is a health benefits program for:
 - People age 65 or older
 - People under age 65 with certain disabilities
 - People of all ages with end-stage renal disease (ESRD) or Amyotrophic Lateral Sclerosis (ALS), often referred to as Lou Gehrig's Disease
- History – Medicare was signed into law in 1965. A brief history of Medicare is available at <http://www.cms.hhs.gov/History/>
- Medicare is administered by the Centers for Medicare & Medicaid Services, an agency of the U.S. Department of Health and Human Services

Medicare Law -- Title XVIII of the Social Security Act (Parts A, B, C, D)



- Medicare law is Title XVIII of the Social Security Act: "Health Insurance for the Aged and Disabled"
 - Part A – Hospital
 - Part B – Medical
 - Part C – Medicare health plans, which must cover Part A and Part B benefits
 - Part D – Prescription drug coverage

Different Ways to Get Medicare



- Original Fee-for-Service (FFS) Medicare (Has two Parts – Part A and Part B)
 - Part A – Hospital, skilled nursing facility, hospice, and home health services
 - Part B – Professional services such as those provided by a doctor or non-physician professional, outpatient care, and other medical services

Quick Review



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Different Ways to Get Medicare, cont'd.



- Part C - Medicare Health Plans (Medicare Advantage plans must include Part A and Part B)
 - Health Maintenance Organizations (HMOs) (some also include Part D)
 - Preferred Provider Organizations (PPOs) (some also include Part D)
 - Private Fee-for-Service Plans (PFFS) (some also include Part D)
 - Special Needs Plans (SNPs) (always include Part D)
 - Medical Savings Account Plans (MSAs) (do not include Part D)
 - Cost and PACE Plans (not Part C MA plans-different plan types, may include Part D)

Note: See training module 2, Medicare Health Plans, for more information.

Different Ways to Get Medicare, cont'd.



- Part D – Prescription Drug Coverage
 - Stand-alone Prescription Drug Plan (PDP) or
 - Coverage in a health plan

Note: See training module 3, Medicare Part D Prescription Drug Coverage, for more information.

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Part C Medicare Health Plans



- All Medicare Advantage (MA) plans must cover all Part A and Part B benefits. Plan cost-sharing must be actuarially equivalent to cost sharing under Medicare Parts A and B, but may be different for specific services.
- Extra Benefits – In addition, Medicare health plans may cover extra benefits not covered by Original Fee-for-Service Medicare, such as:
 - Lower Cost Sharing [Note: a few plans also reduce the Part B premium.]
 - A Maximum Limit on Out-of-Pocket Costs
 - Vision Services
 - Hearing Services
 - Dental Services
 - Podiatrist Services
 - Chiropractic services

Medigap (Medicare Supplement Insurance)



- Medigap insurance is sold by private insurance companies to fill “gaps” in Original Medicare coverage. Medigap policies only work with Original Medicare.
- Medigap insurance does not cover Medicare benefits, but works with Original Medicare coverage. Medigap covers Part A and Part B cost sharing (coinsurance, copayments, or deductibles) for beneficiaries in Original Medicare.
- Some Medigap policies cover benefits not covered by Part A or Part B of Original Medicare, such as assistance with at-home recovery or extra days of coverage for inpatient care.

Note: See slides 19-26 for more information on Medigap.

Quick Review



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Medicare Entitlement – Part A



- Most individuals automatically get Part A coverage without having to pay a monthly payment. This is because they or a spouse paid Medicare taxes while working.
- These individuals receive Part A coverage without paying a Part A premium.
- For those individuals who do not automatically qualify for Part A coverage, the Part A premium is \$443 a month in 2009.
- Individuals with disabilities who are under age 65 are automatically enrolled in Part A after they have received Social Security or Railroad Retirement disability benefits for 24 months.

Medicare Entitlement - Part B



- At Age 65
 - Most individuals who file an application for Social Security or Railroad Retirement benefits 3 months before they turn age 65 or later are automatically enrolled in Part B unless they refuse Part B coverage.
- Individuals with disabilities who are under age 65 are automatically enrolled in Part B:
 - the month they turn 65 if they have received Social Security or Railroad Retirement benefits for at least 4 months before they turn age 65, without having to fill out any additional application for those benefits. They are also given an opportunity to refuse Part B coverage.
 - after they have received Social Security or Railroad Retirement disability benefits for 24 months. They are also given an opportunity to refuse Part B coverage. [Note: Exception for ALS disease.]

Medicare Premiums for Part B



- Beneficiaries enrolled in Part B must pay a monthly premium. Most beneficiaries pay the standard monthly premium for Part B - \$96.40 in 2009. Individuals with income over \$85,000, or filing jointly with incomes over \$170,000, pay more, up to \$308.30 a month in 2009.
- Part B premiums are deducted from Social Security checks, Railroad Retirement checks, or Office of Personnel Management benefits.

Medicare Premiums for Part B, cont'd.



- Individuals who do not enroll in Part B when first eligible (e.g., at age 65) can enroll during a General Enrollment Period in January – March.
 - Part B coverage begins on July 1 of the year they enroll.
 - The Part B premium is increased 10% for each full 12-month period the beneficiary could have had Part B but, did not enroll.
 - Exception: Individuals who have group health plan coverage based on their own current employment or the employment of a spouse are not subject to the premium increase and may enroll in Part B anytime while covered under the group health plan or during a special enrollment period that occurs during the 8-month period immediately following the last month of the group coverage.

Medicare Eligibility – Part C/Part D



- Part C Medicare Advantage Health Plan
 - Individuals who are entitled to benefits under Part A and enrolled under Part B are eligible to enroll in a Medicare Advantage plan.

- Part D Prescription Drug Benefits
 - Individuals who are entitled to benefits under Part A and/or enrolled under Part B are eligible for Part D prescription drug benefits.

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**Help for Individuals with Limited Income/
Resources—Apply to State Medicaid Office**



- Beneficiaries with limited income and resources should be encouraged to apply to their State Medicaid office to determine eligibility for various programs.
- Beneficiaries may qualify for help from the State to pay the Medicare Part B premium, the Part A and Part B deductibles and cost sharing, and/or some Part D prescription drug costs
- Tell them to call 1-800-Medicare (1-800-633-4227) and just say “Medicaid” for the State Medicaid telephone number.

**Help for Individuals with Limited Income/
Resources—Apply to State Medicaid Office**



- Beneficiaries may qualify for help through these programs:
 - Medicaid: help with health care costs. Apply to State Medicaid office.
 - Medicare Savings Program: help paying Medicare Part A and/or Part B premiums and, in some cases, deductibles and coinsurance. Apply to State Medicaid office.
 - Part D low-income subsidy: help paying for prescription drug coverage. Apply to State Medicaid office and State will check for eligibility for this and other programs such as the Medicare Savings Program. Persons interested in Part D help only may call the Social Security Administration (SSA) at 1-800-772-1213 or apply online at www.ssa.gov/prescriptionhelp.
 - Supplemental Security Income (SSI) benefits: help with cash for basic needs. Apply to State Medicaid office.



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Medicare Part A Benefits

- Part A helps cover inpatient care in hospitals that is medically necessary. In 2009, for each benefit period (as defined by Medicare) in a year, beneficiaries pay:
 - \$1,068 deductible and no coinsurance for a stay of up to 60 days
 - \$267 per day for days 61-90 of a hospital stay
 - \$534 per “lifetime reserve day” after day 90 each benefit period (up to 60 days over your lifetime)

Medicare Part A Benefits, cont'd.



- Part A also helps cover:
 - Blood
 - Hospice care
 - Home health care
 - Skilled nursing and rehabilitative care only after a three day hospital stay, up to 100 days in a benefit period (as defined by Medicare), but not custodial or long-term care
 - Inpatient psychiatric care (up to 190 lifetime days)
- Cost-sharing may differ for enrollees of Medicare health plans.

Quick Review



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Medicare Part B Benefits



- Generally covers physician and other health care professional services, outpatient hospital, clinical lab and diagnostic tests, therapies, mental health care, medical equipment, and medications and supplies provided incident to a physician service.
- Beneficiaries pay a deductible each year (\$135 in 2009), and after the deductible is satisfied, 20% coinsurance on most Part B covered services.
- Cost-sharing may differ for enrollees of Medicare health plans.

Medicare Part B Benefits - Preventive and Screening Tests (1 of 2)



- One-time "Welcome to Medicare" physical exam
- Immunizations – pneumococcal, hepatitis B, annual flu shot
- Bone mass measurements – every 24 months for certain conditions
- Cardiovascular screening blood tests – every five years for all persons
- Colorectal cancer screening – four different tests vary in frequency
- Diabetes screenings – up to two per year for anyone with risk factors

Medicare Part B Benefits - Preventive and Screening Tests (2 of 2)



- Diabetes self-management training – for persons with diabetes
- Glaucoma testing – once per year for those at high risk
- Mammogram – annual screening for all women
- Pap test and pelvic examination – every 24 months for all women and every 12 months for those at high risk
- Prostate cancer screening – every 12 months for all men
- Smoking cessation counseling – for any smoking related illness

Other Part B Items and Services, Part 1 of 2



- Ambulance services
- Limited chiropractic services
- Costs of certain care for beneficiaries in approved clinical trials
- Diabetic supplies
- Durable medical equipment
- Emergency room services
- Eyeglasses after cataract surgery
- Foot exams if a beneficiary has diabetes-related nerve damage

Other Part B Items and Services, Part 2 of 2



- Kidney dialysis, services and supplies
- Medical nutrition therapy services for people who have diabetes or kidney disease
- Certain outpatient mental health services
- Prosthetic/Orthotic items
- Second surgical opinions
- Telemedicine services in some rural areas
- Tests like X-rays, MRIs, CT scans, EKGs
- Transplant services

Not Covered by Medicare Part A & B



- | | |
|---|--|
| <input type="checkbox"/> Acupuncture | <input type="checkbox"/> Routine eye care and eyeglasses |
| <input type="checkbox"/> Dental care/dentures | <input type="checkbox"/> Routine physical exams, except the one-time Welcome to Medicare physical |
| <input type="checkbox"/> Cosmetic surgery | <input type="checkbox"/> Some screening tests and labs |
| <input type="checkbox"/> Custodial care | <input type="checkbox"/> Vaccines, except as previously listed (those not covered under Part B are covered under Part D) |
| <input type="checkbox"/> Health care while traveling outside the US | <input type="checkbox"/> Syringes and insulin unless used with an insulin pump (this is covered under Part D) |
| <input type="checkbox"/> Hearing aids/exams | |
| <input type="checkbox"/> Orthopedic shoes | |
| <input type="checkbox"/> Outpatient prescription drugs (this is covered under Part D) | |
| <input type="checkbox"/> Routine foot care | |

Quick Review



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Original Medicare and Part D Prescription Drug Coverage



- A beneficiary in Original Medicare may receive Part D prescription drug coverage through a stand-alone prescription drug plan (PDP).
- A beneficiary may also leave Original Medicare and receive drug coverage through a Medicare Advantage health plan (MA-PD) or sometimes through a Medicare Advantage (MA) plan and a separate PDP.

Original Medicare and Part D Prescription Drug Coverage, cont'd.



- With the exception of those dually eligible for Medicare and Medicaid, Medicare beneficiaries must actively select a Part D plan.
- Beneficiaries who enroll typically pay a monthly premium, annual deductible and per-prescription cost-sharing. There is a gap in coverage where enrollees pay all expenses and a catastrophic level at which the plan covers 95% of costs. Extra help is available for low-income beneficiaries.
- There is a permanent premium penalty of 1% of the national standard premium for every month that a beneficiary could have had Part D coverage, or equivalent creditable coverage and chose not to enroll. There is no penalty for individuals who qualify for low-income assistance.
- Fall open enrollment is from November 15 to December 31 each year.

Quick Review



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For More Information about Medicare



- Centers for Medicare & Medicaid Services (technical information) www.cms.hhs.gov/
- Medicare (beneficiary audience) www.medicare.gov/
- Medicare & You Handbook**
www.medicare.gov/publications/pubs/pdf/10050.pdf
- Your Medicare Benefits**
www.medicare.gov/publications/pubs/pdf/10116.pdf

Note: Original Fee-for-Service (FFS) Medicare is also referred to as Original Medicare or the Original Medicare Plan

Further information on Medigap (Medicare supplement insurance)



- Medigap is health insurance sold by private insurance companies to fill gaps in Original Medicare coverage.
- Medigap helps pay Part A and Part B coinsurance, copayments, and/or deductibles when Original Medicare determines that a benefit is medically necessary. Some Medigap plans also cover benefits not covered by Original Medicare.
- Available in standardized benefit plans, identified by the letters A - L (different plans are offered in Massachusetts, Minnesota, and Wisconsin).
 - Beginning in June 2010, coverage under Plan E can no longer be sold and new plans M and N will be available with higher cost sharing and lower anticipated premiums.
- Turning age 65 and signing up for Part B triggers a six-month Medigap open enrollment period when Medigap plans must be issued, regardless of any pre-existing conditions.

Medigap Coverage



Most Medigap plans pay for some or all of the following costs:

- | | |
|--|--|
| <input type="checkbox"/> Part A Coinsurance and Hospital Benefits | <input type="checkbox"/> At-Home Recovery not covered by Medicare |
| <input type="checkbox"/> Part A Deductible | <input type="checkbox"/> Blood (First 3 pints) |
| <input type="checkbox"/> Coverage for 365 Additional Hospital Days when Medicare coverage ends | <input type="checkbox"/> Foreign Travel Emergency not covered by Medicare |
| <input type="checkbox"/> Part B Coinsurance or Copayment | <input type="checkbox"/> Hospice Care Coinsurance |
| <input type="checkbox"/> Part B Deductible | <input type="checkbox"/> Preventive Care Coinsurance |
| <input type="checkbox"/> Part B Excess Charges | <input type="checkbox"/> Preventive Care not covered by Medicare (up to \$120) |
| | <input type="checkbox"/> Skilled Nursing Facility Care Coinsurance |

Beneficiaries in Original Medicare with Medigap Drug Coverage



- Medigap plans H, I, and J with drug coverage could no longer be sold as of January 1, 2006. Plan E can no longer be sold as of June 1, 2010.
- Some beneficiaries may have decided to keep their Medigap policy with the drug coverage they had before January 1, 2006. Insurers are required to notify beneficiaries annually whether or not the prescription drug coverage they have is creditable (coverage that expects to pay, on average, at least as much as Medicare's standard Part D coverage expects to pay).
 - If these beneficiaries choose a Part D plan now, they must pay a Part D late enrollment penalty unless their Medigap coverage was creditable. To enroll in Part D these beneficiaries may:
 - Keep their Medigap coverage with the drug portion of the coverage removed and enroll in a Part D PDP plan; OR
 - Drop their Medigap coverage and enroll in a MA-PD or other health plan with a PDP.

Note: See also training module 3, Medicare Part D Prescription Drug Coverage.

Medigap is NOT



- Medigap is NOT a Medicare Advantage health plan or other Medicare health plan.
- In addition, a Medigap plan cannot be used with a Medicare Advantage health plan.
- It is illegal to sell a Medigap plan to someone already in a Medicare Advantage health plan.
- Medigap supplements Original Medicare benefits only.

Medigap is NOT, cont'd.



- Types of coverage that are NOT Medigap policies
 - Medicare Advantage Plans (Part C), such as an HMO, PPO, PFFS, SNP, or MSA
 - Medicare Cost Plans
 - Medicare Part A or Part B
 - Medicare Prescription Drug Plans (Part D)
 - Medicaid
 - Employer or union plans
 - TRICARE
 - Veterans' Administration (VA) benefits
 - Long-term care insurance policies
 - Indian Health Service, Tribal and Urban plans

Medigap Plans A through L



Medigap Benefits	A	B	C	D	E*	F**	G	H*	I*	J*	K	L
Part A Coinsurance and Hospital Benefits	X	X	X	X		X	X	X	X	X	X	X
Part A Deductible		X	X	X	X	X	X	X	X	X		
Part B Coinsurance or Copayment	X	X	X	X	X	X	X	X	X	X	50%	75%
Part B Deductible			X			X				X		
Part B Excess Charges						X	80%		X	X		
At-Home Recovery (up to plan limits)				X			X		X	X		

* Plans H, I, and J could not be sold as of January 1, 2006. Plan E cannot be sold as of June 1, 2010.

** "X" indicates that coverage is up to 100% of the Medicare allowable amount. A percentage number indicates the proportion of the Medicare allowable amount covered.

Medigap Plans A through L



Medigap Benefits	A	B	C	D	E*	F**	G	H**	I**	J**	K	L
Blood (First 3 pints)	X	X	X	X	X	X	X	X	X	X	50%	75%
Foreign Travel Emergency (up to plan limits)			X	X	X	X	X	X	X	X		
Hospice Care Coinsurance or Copayment											50%	75%
Preventive Care Coinsurance	X	X	X	X	X	X	X	X	X	X	X	X
Preventive Care not Covered by Medicare (up to \$120)					X					X		
Skilled Nursing Facility Care Coinsurance			X	X	X	X	X	X	X	X	50%	75%

* Plans H, I, and J could not be sold as of January 1, 2006. Plan E cannot be sold as of June 1, 2010.

** Note: "X" indicates that coverage is up to 100% of the Medicare allowable amount. A percentage number indicates the proportion of the Medicare allowable amount covered.

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For More Information about Medigap



- Centers for Medicare & Medicaid Services:
<http://www.cms.hhs.gov/Medigap/>
- www.medicare.gov/medigap/
- 2009 Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare:
<http://www.medicare.gov/medigap/default.asp>

Session 1 Review



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