Medicare 101

Presented by Tina Davis, University of Utah Retiree Independent Agent
Today’s Goal

➢ Help you improve your understanding of Medicare basics
What is Medicare?
Your Medicare Number is a unique combination of numbers and letters. Your number uses numbers 0 thru 9. The letters S, L, O, I, B, and Z are never used.
Eligibility

- People who are 65 and older
- People who are citizens of the United States (minimum of 5 consecutive years)
- People who are under 65 with a disability and have been receiving 24 months of Social Security Disability income
- People of all ages with End-Stage Renal Disease (ESRD) or ALS
Original Medicare
Medicare Basics

Part A – Hospital

Part B – Medical

Part C – Medicare Advantage Plans

Part D – Prescriptions

Administered by the U.S. federal government

Administered by private insurance companies
Part A – Hospital

What it HELPS to cover:

- Inpatient care in hospitals
- Skilled nursing facilities (three-day hospital stay required)
- Hospice care
- Home health care services
### Part A – Your Responsibility

- NO PREMIUM for Part A if you (or spouse) paid Social Security for 10 years 
  (2020 Part A premium is $458 less than 30 quarters and $252 30-39 quarters)
- Part A does NOT cover all inpatient expenses

<table>
<thead>
<tr>
<th>2020 Part A Cost Sharing</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Hospital Deductible (each benefit period)</td>
<td>$1,408</td>
</tr>
<tr>
<td>Inpatient Hospital Copay (per day) days 61-90 at the hospital</td>
<td>$352</td>
</tr>
<tr>
<td>Inpatient Hospital Copay (per day) days 91-150 at the hospital (no coverage after day 150)</td>
<td>$704</td>
</tr>
<tr>
<td>Skilled Nursing Copay days 1-20</td>
<td>$0</td>
</tr>
<tr>
<td>Skilled Nursing Copay (per day) days 21-100 (no coverage after day 100)</td>
<td>$176</td>
</tr>
</tbody>
</table>
Part B – Medical

What it HELPS cover:

- Doctor services (outpatient and inpatient)
- Outpatient surgical
- Clinical lab tests and x-ray
- Diabetic testing supplies
- Durable medical equipment
- Chemotherapy and Part B drugs
- Preventive services
Part B – Premium

➢ Monthly premium for MOST people enrolled in 2020 is $144.60

➢ People on Medicare with annual incomes over $87,000 single, or $174,000 joint, will pay more

➢ Amounts are determined using your modified adjusted gross income (AGI) from two years prior

➢ People with lower incomes may qualify for extra financial help

<table>
<thead>
<tr>
<th>2020 Part B Cost Sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deductible</strong></td>
</tr>
<tr>
<td>$198</td>
</tr>
<tr>
<td><strong>Coinsurance (NO out-of-pocket maximum)</strong></td>
</tr>
<tr>
<td>20% (percentage may vary)</td>
</tr>
</tbody>
</table>

Your deductible starts over each calendar year
### Part B Premium by Income

If your filing status and yearly income in 2018 was:

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Beneficiaries who file joint tax returns with income:</th>
<th>Income-related monthly adjustment amount</th>
<th>Total monthly premium amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to $87,000</td>
<td>Less than or equal to $174,000</td>
<td>$0.00</td>
<td>$144.60</td>
</tr>
<tr>
<td>Greater than $87,000 and less than or equal to $109,000</td>
<td>Greater than $174,000 and less than or equal to $218,000</td>
<td>$57.80</td>
<td>$202.40</td>
</tr>
<tr>
<td>Greater than $109,000 and less than or equal to $136,000</td>
<td>Greater than $218,000 and less than or equal to $272,000</td>
<td>$144.60</td>
<td>$289.20</td>
</tr>
<tr>
<td>Greater than $136,000 and less than or equal to $163,000</td>
<td>Greater than $272,000 and less than or equal to $326,000</td>
<td>$231.40</td>
<td>$376.00</td>
</tr>
<tr>
<td>Greater than $163,000 and less than $500,000</td>
<td>Greater than $326,000 and less than or equal to $750,000</td>
<td>$318.10</td>
<td>$462.70</td>
</tr>
<tr>
<td>Greater than or equal to $500,000</td>
<td>Greater than or equal to $750,000</td>
<td>$347.00</td>
<td>$491.60</td>
</tr>
</tbody>
</table>
- Long-term care (also called Custodial care)
- Most dental care
- Eye exams related to prescribing glasses
- Dentures
- Cosmetic surgery
- Acupuncture
- Hearing aids and exams for fitting them
- Routine foot care
- Care outside of the United States
When Can I Enroll in Medicare?
When to Enroll – Enrollment Periods

Initial Enrollment Period (IEP):

- Seven-month window
- Begins three months before your 65th birthday month, the month of your 65th birthday, and three months after your 65th birthday month
- Parts A & B can begin as soon as the first day of the month you turn 65
- Enroll through Social Security – in person, SSA.gov or 800-772-1213
- Receiving Social Security prior to age 65, enrollment in Parts A & B is automatic

<table>
<thead>
<tr>
<th>Birthday Month</th>
<th>Month 1</th>
<th>Month 2</th>
<th>Month 3</th>
<th>Month 4</th>
<th>Month 5</th>
<th>Month 6</th>
<th>Month 7</th>
</tr>
</thead>
</table>

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Enrollment Periods

If you don’t enroll onto Part B when first eligible:

- There may be a 10% penalty for each year you delay applying
- You may avoid a penalty if you or your spouse is actively working AND you are covered by an employers group health insurance plan
- Obtain an employer verification form from your employer or human resources to provide to Social Security

Working past age 65 – Special Enrollment Period (SEP):

- There is an eight-month enrollment period that begins the month after your employment ends to sign up for Part B without accruing a late enrollment penalty

General Enrollment Period (GEP):

- January 1 – March 31, for a July 1 effective date
- A late enrollment penalty may apply
Coverage Beyond Original Medicare
Two Ways to Get Additional Coverage

**Medicare Supplement Plan (Medigap)**

- Part A Hospital
- Medigap
- Part D Prescription

**Medicare Advantage Plan (Part C)**

- Part C Combines Part A, Part B + Part D Prescription + Additional Benefits

- **You CANNOT** have both an Advantage Plan and a Medigap policy.
- You must continue to pay your Part B premium.
Filling in the Gap: Medigap Plans

Medicare Supplement plans (Medigap) are sold by private insurance companies:

- THERE IS NO PROVIDER NETWORK
- Helps pay for the Medicare Parts A & B deductibles and coinsurances
- The plans are subject to Medicare’s benefits, restrictions and exclusions
- Medigap plan do not include prescription drug coverage
### Medigap Benefits

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C**</th>
<th>D</th>
<th>F* **</th>
<th>G*</th>
<th>K</th>
<th>L</th>
<th>M</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part A coinsurance</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Part B coinsurance or copays</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>✓ Yes****</td>
</tr>
<tr>
<td>Blood (first 3 pints)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>✓</td>
</tr>
<tr>
<td>Part A hospice care coins or copays</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>✓</td>
</tr>
<tr>
<td>Skilled nursing facility care coinsurance</td>
<td>No</td>
<td>No</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>✓</td>
</tr>
<tr>
<td>Part A deductible</td>
<td>No</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>50%</td>
<td>75%</td>
<td>50% ✓</td>
</tr>
<tr>
<td>Part B deductible</td>
<td>No</td>
<td>No</td>
<td>✓</td>
<td>No</td>
<td>✓</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Part B excess charge</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Foreign travel exchange (up to plan limits)</td>
<td>No</td>
<td>No</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>No</td>
<td>No</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>Out-of-pocket limit***</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$5,560</td>
<td>$2,780</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Plan F and Plan G also offer a high-deductible plan. If you choose this option, this means you must pay for Medicare-covered costs up to the deductible amount of $2,370 in 2021 before your Medigap plan pays anything.

**Plan C, Plan F and High Deductible Plan F will no longer be available to beneficiaries who turn 65 January 1, 2020.

*** After you meet your out-of-pocket yearly limit and your yearly Part B deductible, 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 inpatient admission.
### Medigap Benefits

<table>
<thead>
<tr>
<th>Benefit</th>
<th>G</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part A coinsurance</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Part B coinsurance or copays</td>
<td>✓</td>
<td>Yes*</td>
</tr>
<tr>
<td>Blood (first 3 pints)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Part A hospice care coins or copays</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Skilled nursing facility care coinsurance</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Part A deductible</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Part B deductible</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Part B excess charge</td>
<td>✓</td>
<td>No</td>
</tr>
<tr>
<td>Foreign travel emergency (up to plan limits)</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>Out-of-pocket limit</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* 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 inpatient admission.
Medigap – When to Enroll

- Must be enrolled in Medicare Part A & B
- In Utah you must be on Medicare due to age to enroll onto a Medigap plan (age 65 or older)
- Guarantee issue within six (6) months of your Part B effective date
- Best time to buy a Medigap plan is when you first become eligible for Medicare
- Medical underwriting may apply
- Medigap plans DO NOT include prescription drug coverage
Part D Prescription Drug Coverage
Part D – Prescription Drug Plans (PDP)

- Part D helps pay for your prescription drug costs
- Purchased from private companies (approved by Medicare)
- Premiums vary by carrier
- Responsible for coinsurance and copays
What to Look for in Prescription Drug Benefits

- Drug list (also know as a formulary)
  - Are my drugs covered?
  - Drug tiers

- Participating pharmacies
  - Retail
  - Mail order

- Restrictions such as:
  - Prior authorization
  - Quantity limits
  - Step therapy

- Exception Request

- 30-day transition supply within first 90 days of enrollment
Deductible

Meet your plan’s prescription deductible

You first need to meet your plan’s annual prescription deductible. Your deductible amount resets every calendar year on Jan. 1. There is no deductible for generic medications on Tiers 1 and 2.

Initial coverage

Pay a copay or coinsurance for each fill until total spent by you and plan reaches $4,130

After you meet your deductible, you pay a copay or coinsurance for each prescription until the amount you and your plan spend on prescriptions reaches the initial coverage limit. Then you enter the coverage gap. Not everyone will enter the coverage gap.
Prescription Costs in the Coverage Gap

Coverage gap
Pay 25% of negotiated price for generic and brand-name drugs until your prescription spending reaches $6,550
After the initial coverage limit is met, you enter the coverage gap. You pay 25% of your plan's negotiated price for generic and brand-name drugs until your spending on prescription drugs reaches the total out-of-pocket threshold. Then you enter catastrophic coverage.

Catastrophic coverage
Pay the greater of 5% or $3.70 for generic drugs; pay the greater of 5% or $9.20 for brand-name drugs
When you enter catastrophic coverage, you pay only a small amount for your covered drugs for the rest of the year. Your plan pays the rest.
“What if I’ll have prescription coverage when I retire?”

Unless you already have “creditable” prescription drug coverage through an employer, union, VA or other means, you must obtain Part D coverage when you are first eligible. You will pay a late enrollment penalty if you choose to enroll later. This penalty is set by the federal government each year.
### Part D Premium by Income

**If your filing status and yearly income in 2018 was:**

<table>
<thead>
<tr>
<th>Beneficiaries who file individual tax returns with income:</th>
<th>Beneficiaries who file joint tax returns with income:</th>
<th>Income-related monthly adjustment amount</th>
<th>Total monthly premium amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>87,000 or less</td>
<td>$174,000 or less</td>
<td>$87,000 or less</td>
<td>your plan premium</td>
</tr>
<tr>
<td>above $87,000 up to $109,000</td>
<td>above $174,000 up to $218,000</td>
<td>not applicable</td>
<td>$12.20 + your plan premium</td>
</tr>
<tr>
<td>above $109,000 up to $136,000</td>
<td>above $218,000 up to $272,000</td>
<td>not applicable</td>
<td>$31.50 + your plan premium</td>
</tr>
<tr>
<td>above $136,000 up to $163,000</td>
<td>above $272,000 up to $326,000</td>
<td>not applicable</td>
<td>$50.70 + your plan premium</td>
</tr>
<tr>
<td>above $163,000 and less than $500,000</td>
<td>above $326,000 and less than $750,000</td>
<td>above $87,000 and less than $413,000</td>
<td>$70.00 + your plan premium</td>
</tr>
<tr>
<td>$500,000 or above</td>
<td>$750,000 and above</td>
<td>$413,000 and above</td>
<td>$76.40 + your plan premium</td>
</tr>
</tbody>
</table>
Part D Enrollment

- Initial Enrollment Period (turning 65)
- Annual Election Period
  - October 15 – December 7
- Lock-in Period
- Special Election Period (moving, qualify for extra assistance, lose group coverage)
- Becoming eligible due to a disability at any age
PART C/MEDICARE ADVANTAGE PLANS

A & B & (D)+ Additional Benefits = C

Some offer additional benefits such as:

- Vision
- Dental
- Fitness membership
- Hearing
- Prescription drug coverage
- Coverage when you travel

Availability varies by county

If you purchase an MA plan, you pay a monthly premium and a percentage of some costs. You will also be required to continue paying your Part B premium.
Types of Medicare Advantage Plans

- PPO (Preferred Provider Organization)
- HMO (Health Maintenance Organization)
MEDICARE ADVANTAGE ENROLLMENT

- Initial Enrollment Period (turning 65)
- Annual Election Period
  - October 15 – December 7
- Medicare Advantage Open Enrollment Period January 1 – March 31
- Lock-in Period
- Special Election Period (moving, qualify for extra assistance, lose group coverage)
- Becoming eligible due to a disability at any age
# Medigap vs. Medicare Advantage

<table>
<thead>
<tr>
<th>Medicare Supplement/Medigap</th>
<th>Medicare Advantage/Part C</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Pays secondary to Original Medicare Part A and Part B</td>
<td>➢ Replaces the benefits of Medicare Part A and Part B</td>
</tr>
<tr>
<td>➢ Accepted by all Medicare providers</td>
<td>➢ Provider network: PPO, HMO and PFFS</td>
</tr>
<tr>
<td>➢ Identified by Plans A-N (Plan F, G and N most popular)</td>
<td>➢ Plan names vary by carrier</td>
</tr>
<tr>
<td>➢ Premiums generally, age based</td>
<td>➢ Premiums are generally lower than Medigap – not age rated</td>
</tr>
<tr>
<td>➢ Need to purchase a separate Medicare Prescription Drug Plan (Part D)</td>
<td>➢ Most plans include Prescription Drug Coverage (Part D)</td>
</tr>
<tr>
<td>➢ Out-of-pocket costs fairly predictable</td>
<td>➢ Out-of-pocket medical costs may vary by plan</td>
</tr>
<tr>
<td>➢ 3 Cards (Medicare, Medigap and Part D)</td>
<td>➢ 1 Card</td>
</tr>
<tr>
<td>➢ Doesn’t include extra benefits such as routine vision or hearing</td>
<td>➢ Often includes extra benefits not covered by Original Medicare</td>
</tr>
<tr>
<td>➢ Portable – you can move and keep it</td>
<td>➢ Must reside within the plans service area</td>
</tr>
<tr>
<td>➢ Underwriting may apply</td>
<td>➢ Make changes during the Annual Election Period or during a Special Election Period</td>
</tr>
<tr>
<td>➢ Must be age 65+</td>
<td>➢ Medicare for disability or 65+</td>
</tr>
</tbody>
</table>

Both options require enrollment in Medicare Part A and Part B. You must continue to pay your Part B Premium.
Once you enroll in Medicare, you are no longer eligible for make HSA contributions. Remember, enrolling in SSI (the income portion of Social Security) automatically enrolls you in Medicare Part A.

Once you are 65 and eligible for Medicare, you can use your HSA to pay Medicare premiums (A, B, C and D), out-of-pocket expenses that Medicare does not cover.

You CANNOT pay Medigap premiums with your HSA.

“CAN I USE MY H.S.A. FUNDS TO PAY PREMIUMS FOR EMPLOYER-BASED RETIREE COVERAGE?”

Yes, as long as you are 65 or older.
How to Enroll for Medicare Coverage

- **Original Medicare**
  - Contact Social Security to up for Part A & Part B: [www.socialsecurity.gov/retirement](http://www.socialsecurity.gov/retirement)
  - In person
  - Call 1-800-772-1213

- **Medicare Advantage, Part D and Medicare Supplement Plans**
  - Licensed Producer (agent or broker)
  - [www.medicare.gov](http://www.medicare.gov)
  - Complete a paper application form
  - 1-800-MEDICARE
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