



IT IS BOOT CAMP TIME!

“**MEDICARE 101**”

## Clarifying:

Medicare = Assistance with  
Medical costs after 65

Social Security Benefits =  
Monthly payments – 62/early  
or 65/66/67+

# Social Security History

**The Great Depression**  
**Oct 29, 1929–1939**

Social Security Act signed by FDR on Aug 14,  
1935

Taxes were collected starting Jan 1937

First payments made 1940.

# Who is paying .... Today's workers help pay for current retirees; not their own future benefits.

- ▶ Money collected per paycheck under “Medicare” does not go into your personal savings account with your name on it for when you need it.
- ▶ Same for Social Security taxes
- ▶ Current recipients of SS and Medicare are using current money being withheld.
- ▶ **BABY BOOMERS ARE HERE!**



# Social Security Check will get a 2.8% boost in 2019

- The Social Security Administration announced that the cost-of-living adjustment for 2019 will be 2.8 %. **\*\$35 approx.**
- In 12 years/2030 - 1 in 5 Americans will be of retirement age/65.
- By 2035, those over 65 and older will outnumber those under 18 by about 2 mil.
- **Only about 1/2/50% of all employees are covered by a retirement plan.**
- Recent study by Bankrate.com:
  - 70 % of non-retired Americans plan to work as long as possible during retirement.



# What Is Medicare?

## Created 1965- tax funded

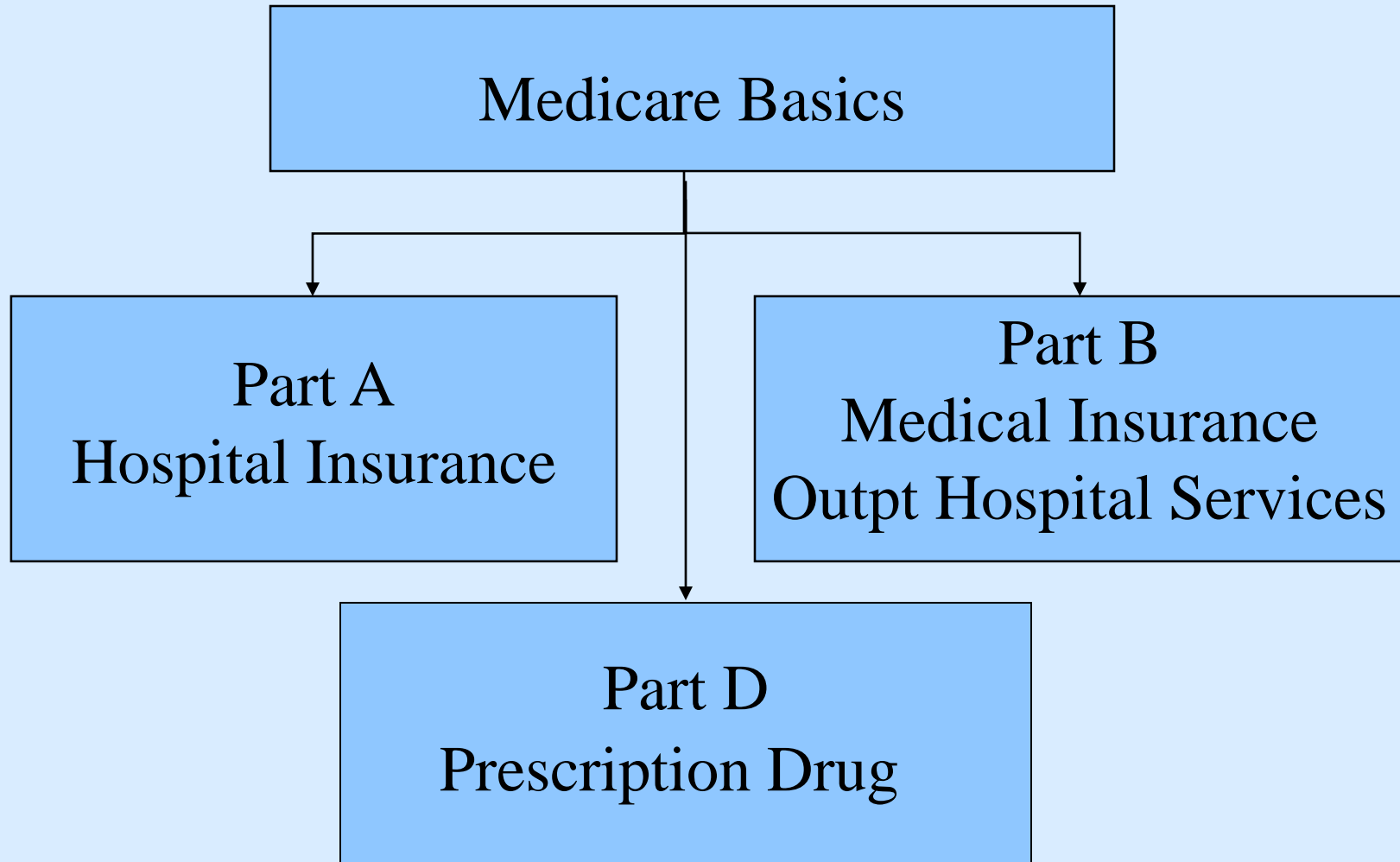
- A health insurance program for
  - People 65 years of age and older
  - People under age 65 with certain disabilities
  - People with End-Stage Renal Disease (ESRD)
- Administered by Centers for Medicare & Medicaid Services (CMS) (July 1965)
- Enrollment by Social Security Administration (SSA) or Railroad Retirement Board (RRB)

# Applying for Medicare

- Apply 3 months before age 65
  - **Don't have to be retired**
  - Contact the Social Security Administration &/or..
- Enrollment automatic if receiving Social Security or Railroad Retirement benefits
- Visit “[MyMedicare.gov](https://www.mymedicare.gov)” to access your personalized Medicare information.



# Traditional Medicare



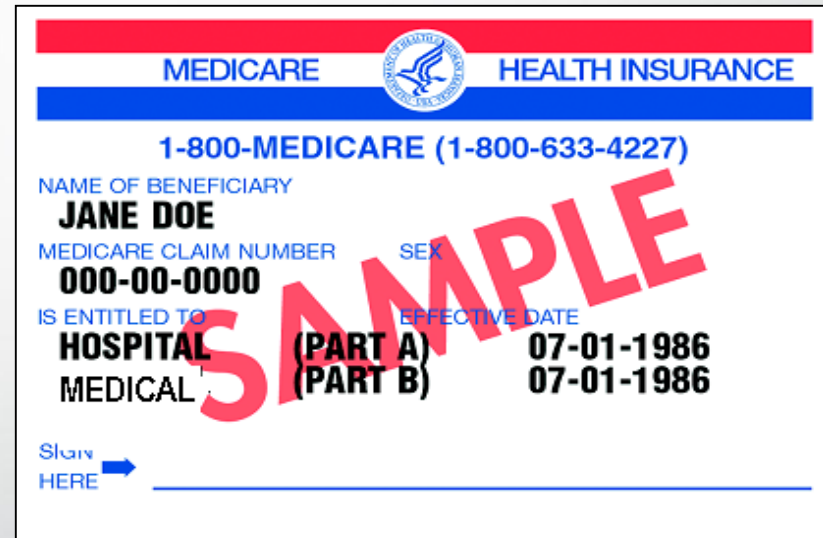


# Patient – New Medicare Cards- no longer SS#

Between 4-18 and 4-19,  
New Medicare Beneficiary Identifier.  
MBI # will be a combination of  
numbers and uppercase letters.  
EX) 1EG4-TE5-MK72  
Ensure address is current.  
SSA.gov/my account  
Transition period thru Dec 2019.  
BIG: Plan F & C Supplemental gone 1-20 for new pt.

*Change so pt pays more 1<sup>st</sup> \$ - like Part B Deductible*

PFNF Education



A sample Medicare Health Insurance Card for Jane Doe. The card features a red header with 'MEDICARE' and 'HEALTH INSURANCE' separated by the Social Security Administration seal. Below the header is a blue bar with the toll-free number 1-800-MEDICARE (1-800-633-4227). The cardholder's name, JANE DOE, is printed in bold. Below this is the Medicare Claim Number 000-00-0000 and the beneficiary's sex, which is blank. The card also shows the effective date for both Part A (Hospital Insurance) and Part B (Medical Insurance), both starting on 07-01-1986. A large red 'SAMPLE' watermark is diagonally across the center. At the bottom left, there is a 'Sign Here' label with a blue arrow pointing to a line for a signature.

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

# Medicare Coverage Basics

(See handout)

Part A	<ul style="list-style-type: none"><li>■ Inpatient hospital care</li><li>■ Skilled nursing care</li><li>■ Home health care</li><li>■ Hospice care</li></ul>
Part B	<ul style="list-style-type: none"><li>■ Doctors' services</li><li>■ Outpatient hospital care</li><li>■ Preventive services</li><li>■ Diagnostic tests</li><li>■ Non-hospital based therapies, imaging, surgery centers, labs</li><li>■ Durable medical equipment</li></ul>
Part D	<ul style="list-style-type: none"><li>■ Outpatient prescription drugs</li></ul>

# Medicare Part A

- Most people receive Part A **premium free- must have 40 worked quarters. 99% pay nothing**
- People with less than 10 years of Medicare (30-39 quarters)- covered employment \$232 /2018
  - Can still get Part A if worked less 30 quarter
    - Will pay a premium of \$248/\$441/\$407/\$411 per month/2012/13/15/16 **\$422 for 2018, \$437 2019**
- For information about Part A entitlement
  - Call SSA 1-800-772-1213/get signed up
  - Contact Medicare 1-800-663-4227; Medicare.gov

# Enrolling in Medicare Part B

## ■ Pay monthly Part B premium

- Base with higher amt based on income /beginning in 2007. \$99.90 2012, down from \$115 2011, \$104.90/15&16.
- Average monthly premium for Part B \$**134 per month 2017& 18, \$135.50 2019.**

## ■ Initial Enrollment Period (IEP)

- 7 months starting 3 months before month of eligibility

## ■ General Enrollment Period (GEP)

- January 1 through March 31 each year
- Coverage effective July 1
- Premium penalty!!
  - 10% for each 12-month period eligible but not enrolled
  - Paid for as long as the person has Part B

# Enrolling in Medicare Part B

- Some people can delay enrolling in Part B with no penalty
  - If covered under employer or union group health plan. “Credible Coverage”
    - Based on current employment
      - Person or spouse (Called: Working Aged)
    - Will get a Special Enrollment Period (SEP)
      - Sign up within 8 months after coverage ends or retire or penalties

# Paying the Part B Premium

- Taken out of monthly payments
  - Social Security /SSA
  - Railroad retirement/RRB
  - Federal government retirement (Plan: Federal BX)
  - Income adjustments can impact the monthly premium.
- For information about premiums –call who enrolled them
  - Call SSA, RRB, or Office of Personnel Management

**NOTE: There is help with premiums for low income seniors.  
Medicaid – Aid for Aged, Blind and Disabled.**

# Original/Traditional Medicare Plan – Medicare Costs

- **Go to any health care provider that accepts Medicare - nationwide**
- Patients are responsible for out of pocket amounts
  - Part A – Inpt deductible
    - \$1156 deductible/2012 /\$1184 in 2013/\$1260 in 2015 , \$1288 in 2016. **\$1316 for 2017; \$1340 for 2018; \$1364 2019**
  - **Deductible is due every 60 days that the pt is out of the hospital.** If out of the hospital/Part A for 60 days = another \$1364 inpt deductible is due. If 2 admits within the same 60 day period = 1 -\$1364 deductible for the 1<sup>st</sup> admit only.
    - Additional costs after 60 days if no break in services. Coinsurance days 61-90 \$289 per day./\$296 2013/\$315 2015, \$322 2016.
    - 91-150 Lifetime Reserve days \$578 per day/\$592 2013./\$630 2015 ; \$644 2016
    - Pt pays 100% after 150 days without a 60 day break
    - \$ amt increases each year for the additional days

# Let's make this real- Traditional Inpatient

- Hospital billed for 4 day medical inpt stay. Billed Medicare \$16,900.
- Medicare pays a flat fee for the entire stay based on the diagnoses that were treated during the stay. **\*DRG (only need 1 covered day to receive the DRG \$)**
- Hospitals are required to 'accept assignment' with inpt services and must absorb/write off all charges beyond the DRG payment with consideration of the \$1364 inpt deductible.
- The total payment from Medicare to the hospital: DRG payment \*no consideration for charges\*

less the inpt deductible due every 60 days =

Total payment from Medicare. All remaining charges are absorbed.

EX) \$16,900

DRG payment \$10,000 --- from which the inpt deductible of \$1,340 is withheld and collected from the pt

**TOTAL Medicare \$ 8,660 (\$10,000 - \$1,364 = \$8,636) 51% of billed charges**

**Amount written off:** \$ 6,900 (difference between DRG payment and billed charges. Required)



# Another “Real” Example

## ■ Outpt Hospital Services –Part B/Traditional

- Outpt Xray is ordered as part of an ER visit
- Doctor ordered; medically necessary due to the nature of the ER visit
- Chest Xray    2 V                  CPT code   77110              Charge: \$200
- ER level 4 visit                  CPT code   99284              Charge: \$400
- Total:                                         **\$600**
- Medicare pays according to the CPT code. (Same process with provider offices)

Payment:

77100	Medicare flat payment: \$44.00 of which the pt pays a froze
amt/regardless of charges	\$9.00 (\$35.00 pd by Medicare)
99284	Medicare payment: \$230 of which the pt pays a frozen
amt/regardless of charges	\$12.00 (\$218 pd by Medicare)

**TOTAL Medicare payment: \$253 plus pt portion \$21.00 = TOTAL FROM ALL: \$274 46% (if deductible of \$185 has been met)**

Hospital accepts assignment and absorbs/writes off: Difference between charges \$600-\$274 = \$326

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\*\*\*Different for critical access hospitals/under 25 beds (Ex: Jerome, Burley, Rupert ++)

# Skilled Nursing Facility + Critical Access = Swing Beds

- Requires 3 **clinically appropriate** days as an inpt to have SNF coverage
- 100% coverage of skilled care up to 20 days
- 21-100 days, SNF per day out of pocket of \$144.50  
2012/\$148 2013/\$157.50 2015/ \$161 2016 **\$164.50**  
**per day 2017; \$167.50 per day 2018**
- Very difficult to meet 'skilled' up to 100 days a year.
- Long term care/LTC = maintenance = no coverage
- Many seniors “spend down” and live in LTC on Medicaid benefits.

# Medigap/Supplemental Insurance

- Health insurance policy to cover the out of pocket deductibles and coinsurance.
  - Sold by private insurance companies
  - Must say “Medicare Supplement Insurance”
  - Covers “gaps” in the **Original Medicare** Plan/not Medicare Advantage/Part C
    - Deductibles, coinsurance, copayments
    - Average monthly premium of \$180
    - **Golden rule: If Medicare approves the service, the supplemental insurance will also approve the service. They are the payer AFTER Medicare.**

# Making it real – SS \$ with Traditional Medicare Monthly Reductions

- Women live to 85 yrs
  - Ave SS \$1200
  - - Part B premium \$135.50
  - - Part D premium \$50
  - - Plan F supplemental insurance for out of pocket \$180
  - Total premium monthly reductions: \$330.50
  - Remainder to live on: \$734.50
- \*\*Without Supplemental Insurance, all Part A & Part B deductibles and coinsurance would be due from pt –as used.**

# Part C/Medicare Advantage

**Fall enrollment period: 10-15 thru 12-7 yearly.**

- All plans have to offer the basic Traditional Benefits. **Private insurance companies** sell Medicare Advantage plans.
- They can offer more services, not less.
- They cannot impose any pre-existing conditions or others that are not related to Traditional Medicare
- Part C – usually packages Part A, B, and D into 1 out of pocket monthly premium. **The co-payments are tied directly to each insurance plan. All are different.**
- **“Do over” –Jan- March 30<sup>th</sup> each year.**

# What is the Regulation for Managed Medicare?

(Dr Ronald Hirsch/Accretive Health, 2016 PA & UR Boot camp\*\*)

**Medicare Advantage/Part C plans must provide their enrollees with all basic benefits covered under original Medicare.**

Consequently, plans may not impose limitations, waiting periods or exclusions from coverage due to pre-existing conditions that are not present in original Medicare.

MA plans need not follow original Medicare claims processing procedures. MA plans may create their own billing and payment procedures as long as providers – whether contracted or not – are paid accurately, timely and with an audit trail.

Medicare Managed Care Manual, Ch 4

# Medicare Advantage/Part C/Managed Medicare

- Created from the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.
- Private insurance companies are paid a per member-per month fee to manage the Medicare pt. Higher risk based pt = higher monthly fees.
- Maximum amt out of pocket to be paid by a pt. EX) \$6,700 2017 \$5,000 2016. \*No max with Traditional\*
- No ability to purchase Medicare Supplemental insurance for out of pocket

## Medicare Advantage Plans/Part C/Managed – Multiple types

- EX) Health Maintenance Organization (HMO) Plans & Preferred Provider (PPO)
  - Referral to see specialist
  - Out of network impact for non-emergent care
  - Medicare Part C DOES NOT follow Traditional Medicare rules. Part C is contract driven.
  - Each plan has its own premiums and deductibles.
  - **Part C/Advantage is sold by private insurance companies. Healthcare providers must request approval for most services on behalf of the pt.**



# Medicare Prescription Drug Coverage/Part D

- Coverage began January 1, 2006
- No coverage for outpt medications at all prior to 2006
- Available to all people with Medicare A and/or B
- Must enroll, not automatic
- Provided through
  - Medicare Prescription Drug Plans
  - Medicare Advantage and other Medicare plans
  - Insurance Plans sell Part D
  - Not Federal Government/Private Insurances

# Enrollment Periods-Part D

- Initial Enrollment Period (IEP)
  - 7 months
  - Starts 3 months before month of eligibility
- Annual Coordinated Election Period (AEP)
  - November 15 through December 31 each year
  - Can join, drop, or switch coverage
    - Effective January 1 of following year
- Special Enrollment Period (SEP) – moved out of plan's service area, LTC, change in credible coverage.

## Late Enrollment- Part D

- People who wait to enroll may pay penalty
  - Additional 1% of national base premium for every month eligible but not enrolled
  - Must pay the penalty as long as enrolled in a Medicare drug plan
- Unless they have other coverage at least as good as Medicare drug coverage
  - “Creditable coverage” (EX: VA, TRICARE, Retiree drug coverage, Fed Employees)

# Prescription Drug Plans- Sold thru private insurance companies

- At a minimum, must offer standard benefit
- Check list of drugs against formulary and tiers
  - Members may pay
    - Monthly premiums – based on income with the base of \$31.17 per month/2013- varies by plan going forward.  
**Average \$50 monthly**
    - Annual deductible, no more than \$320 (plan specific)
    - True out of pocket/TrOOP. Pt pays out of pocket drug costs to \$3750 2018; \$3820 2019. Met TrOOP/donut hole /covr gap
    - Move to Catastrophic coverage of Part D-\$5000 2018; \$5100 2019. Cost reduced to \$3.30 generic and \$8.25 brand.
- Can be included in Part C package pricing.

# Why Is Coordination of Benefits/COB Necessary?

- Prior to 1980, Medicare was primary
- Federal law changed
  - **Medicare Secondary Payer (MSP)**
    - Certain employers' insurance pays as primary
    - Determination based on all available insurance
  - **Medicare Modernization Act (MMA) 2003**
    - Requirements for plans providing drug coverage
    - Improved oversight and communications

# What Is MSP?

## ■ Medicare Secondary Payer/MSP mandates

- Certain insurance pays health care bills **before** Medicare pays
- Identify other insurance that may pay first

## ■ Medicare is primary

- In the absence of other insurance
- Includes prescription drug coverage

# Initial Enrollment Questionnaire/IEQ

- Improves how MSP information is gathered
- Mailed to people
  - About 3 months before Medicare entitlement
  - Requests other health insurance information
  - Five different questionnaires
  - Information entered in Common Working File/CWF
    - Maintains record of person's data

# Other Possible Payers primary to Medicare

- No-fault or liability insurance
- Workers' compensation
- Federal Black Lung Program
- COBRA continuation coverage
- Employer group health plans /EGHP
  - Working Aged \*19% working over 65/ 2017\*
  - Military coverage (VA and TRICARE For Life)
  - Others



# Working thru ‘who is primary payer’

- Medicare is the only insurance
- **When the pt is retired..MEDICARE IS PRIMARY**
- Other source of coverage is
  - Medicaid- payer of last resort
  - Retiree benefits
  - Indian Health Service
  - Veterans benefits and TRICARE for Life
  - COBRA continuation coverage
    - Except 30-month coordination period for people with End-Stage Renal Disease (ESRD)

# Medicare is Secondary

- To Employer Group Health Plans (EGHP)
  - Working aged: EGHP with 20 or more employees
  - Disability: EGHP with 100 or more employees
  - ESRD/End Stage Renal Disease= EGHP of any size
    - 30-month coordination period
- To non-EGHP involving
  - Workers' Compensation (WC)
  - Black Lung Program
  - No-fault/liability insurance

# EGHP...Working Aged

- Age 65 or older AND
  - Working and covered by EGHP or
  - Covered by working spouse's EGHP
- Medicare is generally secondary payer
  - If employer has 20 or more employees
  - For self-employed, if covered by EGHP of employer with 20 or more employees

# Plus more working past 65...

*“More Americans age 65 & over are still punching the clock and the last time the percentage was this high was when John F Kennedy was in the White House, 1962. “*

*“Last month, 19% of Americans age 65 and over were still working, according to government data released Fri. That’s the highest rate since, 1962 and it caps a long trend higher since the figure bottomed out at 10% in 1985.”*

Why? Some work to feel engaged. Others do not have enough money to retire. Employee Benefit Institute survey: Nearly 1/3 of all workers with less than \$10,000 in savings will work until 70. \*Associated Press 5-7-17

**Medicare Secondary Payer to commercial insurance**

**PS By 2020 - 10,000 people will be turning 65 daily! WOW!**

# Large EGHP...Medicare Due to Disability

- Have Medicare based on disability AND
  - Working and covered by large EGHP (LGHP) or
  - Covered by LGHP of working spouse
    - Or other family member
- Medicare is secondary payer
  - If employer has 100 or more employees or
  - Self-employed, if covered by LGHP of employer with 100 or more employees

# If you are in an accident...

- **Primary payment will always be the insurance company/cited person** from the accident report. EX) Car insurance pays, any liability lawsuit pays, and if anything is still owing – the provider bills Medicare.
- All funds from insurance and liability lawsuits must be used to resolve healthcare related bills.
- **BE AWARE ---Settlements.**

# EGHP...End Stage Renal Disease/ESRD

- Have Medicare and ESRD AND
  - Covered by EGHP of any size
  - Coverage through self or family member
  - Need not be based on current employment
- Medicare is secondary payer
  - During 30-month coordination period
  - Unless Medicare already primary to retiree plan

# For More Information

- 1-800-MEDICARE (1-800-633-4227)
  - TTY users call 1-877-486-2048
- [www.mymedicare.gov](http://www.mymedicare.gov)
- [www.cms.hhs.gov](http://www.cms.hhs.gov)
- State Health Insurance Assistance Program (SHIP)
- *Medicare & You* handbook
  - Other publications



# Complexity from all directions-

## Patients impacted

- Patients unaware they are ‘seamlessly converted ‘ to the Mgd Medicare Plan when they had the same carrier as a Commercial plan. HOLY MOLY!
- See [www.washingtonpost.com/national/health-science/senior-surprise-getting-switched-with-little-warning-into-Medicare-advantage/2016/07/26](http://www.washingtonpost.com/national/health-science/senior-surprise-getting-switched-with-little-warning-into-Medicare-advantage/2016/07/26).
- Patients received letter /one of many as they approach 65. They MUST opt OUT of the plan or they are **seamlessly** being enrolled. “With Medicare’s specific approval, a health insurance company can enroll a member of its marketplace or other commercial plan into its Medicare Advantage plan...which takes effect within 60 days unless the member opts out.”
- Many pts without their doctor and more money out of pocket as didn’t know they were part of a Mgd Plan!!!

# When Can I Sign Up for Medicare Part B?

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## Medicare Enrollment Periods:

- Initial – at age 65
- Special – if still working- 8 mons after retiring to get signed up with no penalties
- General – January-March

# Medicare Has Four Parts

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## Part A - Hospital Insurance

- Covers most inpatient hospital expenses
- Yearly deductible \$1340 each 60 days/2018

## Part B - Medical Insurance

- Covers ave. 80% doctor bills & other outpatient medical expenses after yearly deductible in approved charges
- 2017 & 2018 standard monthly premium \$134.00
- Plus co-payment for each visit/outpatient service.

# Medicare Has Four Parts

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## Part C – Medicare Advantage Plans

- Health plan options offered by Medicare-approved private insurance companies
- When you join a Medicare advantage plan, you can get the benefits and services covered under Part A, Part B, and in most plans, Part D

## Part D – Medicare Prescription Drug Coverage

- Covers a major portion of your prescription drug costs
- Your out-of-pocket costs—monthly premiums, annual deductible and prescription co-payments—will vary by plan
- You enroll with a Medicare-approved prescription drug provider not Social Security

## Initial Enrollment Period

Begins 3 months before your 65<sup>th</sup> birthday and ends 3 months after that birthday

# Medicare Enrollment

## General Enrollment Period

January 1 – March 31

## Special Enrollment Period

If 65 or older and covered under a group health plan based on your – or your spouse's – current work.



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**If you enroll in this month of your initial enrollment period:**

**Then your Part B Medicare coverage starts:**

One to three months before you reach age 65

The month you reach age 65

The month you reach age 65

One month after the month you reach age 65

One month after you reach age 65

Two months after the month of enrollment

Two or three months after you reach age 65

Three months after the month of enrollment



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# The standard Part B premium for 2017 is \$134.00.

If you're single and file an individual tax return, or married and file a joint tax return:

Modified Adjusted Gross Income	Part B monthly premium amount	Prescription drug coverage monthly premium amount
Individuals with a MAGI of \$85,000 or less Married couples with a MAGI of \$170,000 or less	2017 standard premium \$134.00	Your plan premium
Individuals with a MAGI above \$85,000 up to \$107,000 Married couples with a MAGI above \$170,000 up to \$214,000	Standard premium + \$53.50	Your plan premium + \$13.30
Individuals with a MAGI above \$107,000 up to \$160,000 Married couples with a MAGI above \$214,000 up to \$320,000	Standard premium + \$133.90	Your plan premium + \$34.20
Individuals with a MAGI above \$160,000 up to \$214,000 Married couples with a MAGI above \$320,000 up to \$428,000	Standard premium + \$214.30	Your plan premium + \$55.20
Individuals with a MAGI above \$214,000 Married couples with a MAGI above \$428,000	Standard premium + \$294.60	Your plan premium + \$76.20



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# AR Systems' Contact Info

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NEW EXPANDED WEBPAGE:

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