MEDICARE RIGHTS CENTER

Getting Medicare right

Medicare Update: Part I

HIICAP Regional Training

Fall 2023

The **Medicare Rights Center** is a national not-for-profit consumer service organization that works to ensure access to affordable health care for older adults and people with disabilities.

Medicare Rights works with HIICAP through:

- Monthly coordinator calls
- Quarterly Medicare Counselor newsletters
- Fall and spring regional trainings

Helpline available for HIICAP counselors:

800-480-2060

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Learning objectives

- Understand factors to consider for clients choosing Medicare coverage
- Determine whether Medicare pays primary or secondary to other types of insurance
- Explain Medicare's coordination of benefits with
  - Job-based insurance
  - COBRA
  - Retiree insurance
  - Health Savings Accounts (HSAs)

Original Medicare and Medicare Advantage

Terms to know

Premium

- Monthly amount a person pays to have Medicare, a private health plan, or a Part D plan

Deductible

- Amount a person must pay for health care services before insurance begins to pay

Coinsurance

- **Portion of cost** of care a person pays after health insurance pays
- Example: Pay 20% of the cost of a doctor's office visit

Copayment

- **Set amount** a person pays for each medical service received
- Example: Pay $20 for each doctor's office visit

Two ways to receive Medicare benefits

Original Medicare

- Medicare benefits through traditional program administered by federal government

Medicare Advantage Plan

(e.g., HMO, PPO)

- Medicare benefits through private health plan that contracts with federal government (also called Part C)
- Not a separate benefit: everyone with Medicare Advantage still has Medicare

Fall Open Enrollment

- Annual period when people can make changes to their Medicare coverage
  - Begins October 15 and ends December 7
  - New coverage will take effect January 1, 2024

Join a new plan

- Join a different Medicare Advantage Plan
- Join a different stand-alone Part D drug plan

Switch coverage

- Switch from Original Medicare to a Medicare Advantage Plan
- Switch from a Medicare Advantage Plan to Original Medicare

Provider questions to consider

- Will the beneficiary be able to use their doctors? Are the doctors in the plan's network?
- Do they need a referral from their primary care provider to see a specialist?

Original Medicare	Medicare Advantage
Can see any doctor that accepts Original Medicare	Networks of doctors, service areas
No referrals for specialists	May need referral for specialist

Coverage questions to consider

- Does the beneficiary want a plan that covers services that Original Medicare does not?
- Are there any rules or restrictions they should be aware of when accessing these benefits?

Original Medicare	Medicare Advantage
Does not include hearing, vision, or dental coverage	May offer additional benefits, including hearing, vision, dental

MA Plans and supplemental benefits

- Plans can also offer benefits not directly considered medical treatment, called supplemental benefits
- Possible supplemental benefits include:
  - Transportation for non-medical reasons
  - Non-skilled in-home support, like housekeeping
  - Adult day health services
- Benefits vary between plans and may not be available to everyone enrolled in the plan
  - MA Plans can offer special supplemental benefits for certain members with chronic conditions, such as diabetes
  - Plan decides whether beneficiary qualifies

Costs to compare

- What costs should the beneficiary expect for their coverage (premiums, deductibles, copayments)?

Original Medicare	Medicare Advantage
No limit on out-of-pocket costs	Limit on out-of-pocket costs
Can purchase a Medigap	Medigap plans cannot be used with Medicare Advantage

- No limit on out-of-pocket costs
- Can purchase Medigap policy to cover Medicare cost-sharing

Original Medicare costs

- Part A premium if beneficiary or spouse have fewer than 10 years of work history in U.S.
- Part B premium: $164.90/month
- 20% coinsurance for most Part B covered services

Medigap policies

- Supplemental plans that pay part or all of remaining costs after Original Medicare pays first
  - Example: Medigap policy can pay for an individual's 20% Part B coinsurance
- **Only work with Original Medicare**
- Provided by private insurance companies
  - 10 standardized plans (Plans A, B, C, D, F, G, K, L, M, and N)
  - Charge a monthly premium for coverage

Medigap basic benefits

All 10 plans cover

- **Part A hospital coinsurance**
  - Full cost of Medicare-covered days in benefit period
  - Full cost of 365 additional lifetime days
- **Part B coinsurance**
  - Part or all of cost of 20% Part B coinsurance
- **Cost of blood**
  - Part or all of cost of first 3 pints of blood needed each year
- **Hospice care coinsurance**
  - Full cost of hospice care coinsurances if Medigap was purchased on/after June 1, 2010

Part D drug coverage

Two ways to get Part D coverage

Original Medicare

- Purchase a stand-alone prescription drug plan
- Private plan offers only drug coverage

Medicare Advantage

- Part D is generally included, and individual receives all Medicare benefits from one plan

Part D coverage

- Each Medicare drug plan has its own **formulary**, or list of covered drugs
- Plans must offer at least two drugs under each type of drug class
- Plans must cover substantially all drugs from a few classes
- A few classes of drugs are excluded from Medicare coverage by law

Part D costs

- Each plan charges different premiums, deductibles, and copays
  - Average basic Part D premium: about $34 in 2024
- Part D plans use tiers to categorize prescription drugs, and individual pays less for drugs in lower tiers
- Sample tiering structure
  - Tier 1: Generics
  - Tier 2: Preferred Brand-Name
  - Tier 3: Non-Preferred Brand-Name
  - Tier 4 and above: Specialty Drugs

Part D costs

- Beneficiary may also have different costs throughout the year, depending on which coverage period they are in
- Part D coverage periods:
    1. Deductible Period
    2. Initial Coverage Period
    3. Coverage Gap
    4. Catastrophic Coverage

Drug cost reminders

- $0 cost-sharing and no deductibles for **Part D vaccines**
- **Insulin copays** are limited to $35 per each month's supply for Part D and Part B-covered products, with no deductible

Creditable drug coverage

- Drug coverage considered as good as or better than the basic Part D benefit
- Several types of insurance plans offer creditable drug coverage, including
  - Veterans Affairs (VA) benefits
  - TRICARE for Life (TFL)
  - Federal Employees Health Benefits (FEHB)
  - Some job-based and retiree plans

Creditable drug coverage

- Employers or plans should send an annual notice around September informing beneficiaries if their drug coverage is considered creditable
- Individuals with creditable drug coverage can delay Part D enrollment without incurring a late enrollment penalty

Part D enrollment and creditable drug coverage

- Beneficiary will have a two-month Special Enrollment Period (SEP) to enroll in Medicare Part D if:
  - They lose creditable drug coverage through no fault of their own, or
  - Their drug benefit is reduced and is no longer creditable
- If beneficiary loses drug coverage that is not creditable, they can use two-month SEP to enroll in Part D but will owe a late enrollment premium penalty

Coordination of benefits

Basics

- Coordination of benefits refers to the sharing of costs by two or more health plans
- How other health plans coordinate with Medicare depends on how someone is eligible for Medicare and the kind of plan

Primary and secondary insurance

- When beneficiary has Medicare and another type of insurance, Medicare will either pay primary or secondary for medical costs
- **Primary** insurance pays first on claim
- **Secondary** insurance pays after primary insurance
  - Usually pays some or all of the costs left after primary insurer has paid (e.g., deductibles, coinsurances)
  - If primary insurance denies claim, secondary insurance may or may not make independent determination on it, depending on plan
  - If beneficiary does not have primary insurance, secondary insurance may make little or no payment

Job-based insurance

Job-based insurance

- Insurance offered by an employer or union for current employees and family members
  - You may also see job-based insurance called current employer insurance, group health plan (GHP), employer group health plan (EGHP)
- How Medicare coordinates with job-based insurance for current employees depends on the size of the employer

Medicare as primary payer

If individual is eligible for Medicare due to **age**:

- Medicare pays primary when beneficiary or spouse's employer has fewer than 20 employees

If individual is eligible for Medicare due to **disability**:

- Medicare pays primary when beneficiary, spouse, or other family member's employer has fewer than 100 employees

Medicare as primary payer: Eligible for Medicare due to age

- Medicare is primary for those covered by job-based insurance from employer with fewer than 20 employees
  - Plan can be from individual or their spouse
- May be able to keep job-based insurance as secondary
- If Medicare is primary, **individual should enroll in Medicare when first eligible**

Medicare as primary payer: Eligible for Medicare due to age

- Because Medicare is primary, individual may have no health coverage if they decline Part B
  - Job-based insurance is not required to pay before Medicare
  - If plan pays primary, it may be doing so because it does not know individual is eligible for Medicare
  - If plan learns of Medicare eligibility, it can stop paying primary and recoup past payments

Medicare as primary payer: Eligible for Medicare due to disability

- Medicare is primary for those covered by job-based insurance from employer with fewer than 100 employees
  - Plan can be from individual, their spouse, or other family member
- May be able to keep job-based insurance as secondary
- After getting SSDI for 24 months, individual is automatically enrolled in Part A and Part B
  - Because Medicare is primary, **individual should keep Medicare**

Exceptions

- Job-based insurance plans that are secondary to Medicare do not have to provide the same health insurance for people eligible for Medicare
- Plan may choose to keep paying primary after individual becomes eligible for Medicare
  - If plan agrees to pay primary, individual may not need to enroll in Part B
  - **Important**: Get written confirmation from employer/union plan if they say they will pay primary when they don't have to

Medicare as secondary payer

If individual is eligible for Medicare due to **age**:

- Medicare pays secondary when beneficiary or spouse's employer has 20+ employees

If individual is eligible for Medicare due to **disability**:

- Medicare pays secondary when beneficiary, spouse, or other family member's employer has 100+ employees

Medicare as secondary payer

- If Medicare will be secondary, individual doesn't necessarily need to enroll in Medicare when first eligible because they already have primary job-based insurance
  - **Can delay enrollment** and use Part B Special Enrollment Period for up to 8 months after they no longer have job-based coverage

- Enrollment decisions with Medicare as secondary
  - Part A is premium-free for most people, so many people choose to enroll in Part A as secondary
  - Part B has a monthly premium, so some people choose to delay Part B enrollment until they stop working

Coordination of benefits: Medicare and job-based insurance

Conditions	Primary	Secondary
65+ and currently working (Fewer than 20 employees)	Medicare	Employer
Disabled and currently working (Fewer than 100 employees)	Medicare	Employer
65+ and currently working (20 or more employees)	Employer	Medicare
Disabled and currently working (100 or more employees)	Employer	Medicare

Part B Special Enrollment Period (SEP)

- Individuals covered by job-based insurance may be eligible to use Part B SEP to enroll in Medicare
- **Part B SEP starts:** When individual has coverage from current work (job-based insurance) and they are in their first month of eligibility for Part B
- **Part B SEP ends:** Eight months after individual loses coverage from current employment because employment or insurance ends

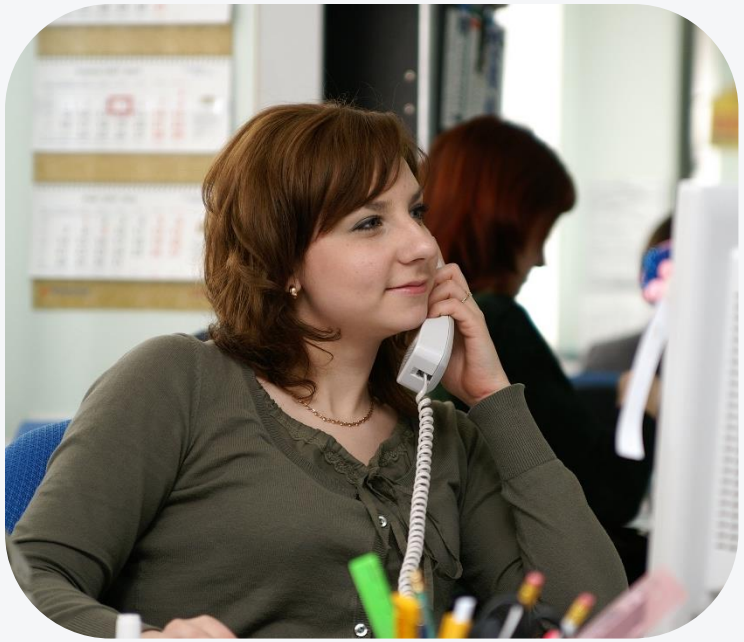
Part B SEP reminders

- Using Part B SEP means individual will not have Part B late enrollment penalty
- Those with COBRA or retiree coverage are not eligible for Part B SEP unless they had job-based insurance coverage within the past 8 months

Medicare and COBRA

COBRA

- COBRA: Consolidated Omnibus Budget Reconciliation Act
- Federal law that lets certain employees, their spouses, and their dependents keep group health plan coverage for 18 to 36 months after individual leaves a job or loses coverage for certain other reasons, as long as individual pays full cost of premium
- Generally applies to job-based insurance from employers with 20+ employees in the prior year



COBRA eligibility

An individual is eligible for COBRA **if both of the following conditions apply:**

1. They are enrolled in job-based insurance (employer group health plan) where COBRA applies
2. And, they have a "qualifying event" that causes them to lose job-based insurance
   - The type of qualifying event determines the length of COBRA coverage

COBRA and Medicare coordination

- For individuals **with COBRA** who become Medicare-eligible:
  - COBRA coverage usually ends on the date that beneficiary gets Medicare
  - They should enroll in Part B immediately
    - COBRA is not health insurance from current work, so when it ends, they will not have the Part B SEP

- For individuals **with Medicare Part A or Part B** who become eligible for COBRA:
  - They must be allowed to enroll into COBRA
  - Medicare is primary insurance, COBRA is secondary

Part B enrollment with COBRA

- Medicare-eligible individuals with COBRA should take Part B because Medicare is primary
  - If individual has COBRA and Part A, COBRA policy may recoup payments if individual doesn't sign up for Part B and the COBRA policy incorrectly pays as primary
  - Their spouse and dependents may keep COBRA for up to 36 months, regardless of whether they enroll in Medicare during that time

Note: To avoid premium penalty, individual should enroll in Part B during their Initial Enrollment Period (IEP) or Part B SEP (within 8 months of losing job-based insurance)

Retiree insurance

Retiree insurance basics

- Health insurance employers provide to former employees who have retired
- Almost always pays secondary to Medicare

Retiree insurance and Medicare coordination

- Some retiree plans require members to sign up for Parts A and B once they are Medicare-eligible
- Although Medicare is primary, it may be beneficial for individual to keep retiree coverage as secondary:
  - May provide coverage for Medicare cost-sharing
  - May offer creditable prescription drug coverage, which could allow individual to delay Part D enrollment
  - May cover services that Medicare doesn't cover (e.g., routine vision and/or dental)
- Check with HR department or benefits administrator to find out how retiree coverage will work with Medicare

Part B enrollment with retiree insurance

- Medicare-eligible individuals with retiree insurance should take Part B
  - If retiree plan is paying primary, it may be because it's not aware of individual's Medicare eligibility
  - Retiree plan can stop paying primary at any time and recoup prior payments it made in error
- Without Part B, individual has no primary health coverage

Note: To avoid premium penalty, individual should enroll in Part B during their Initial Enrollment Period (IEP) or Part B SEP (within 8 months of losing job-based insurance)

Retiree insurance plans

- Some employers sponsor Medicare Advantage Plans or group Medigap policies for Medicare-eligible retirees
  - These plans often combine Medicare and retiree health benefits
  - Some employers require individuals to join their sponsored Medicare Advantage Plan to continue getting retiree health benefits after becoming Medicare-eligible
- Individual can choose not to take their employer's coverage and sign up for Original Medicare or a different Medicare Advantage Plan
  - However, they may not be able to get that retiree coverage back if they want it at a later date

Other types of retiree insurance

TRICARE for Life (TFL)

- For military retirees and dependents
- Must take Parts A and B to have TFL
- Medicare is primary

Veterans Affairs (VA) benefits

- Can have both Medicare and VA, but they don’t work together
- VA only covers care at VA facilities
  - Medicare does not pay for care received at a VA facility
- Medicare covers care at Medicare-certified facilities that work with individual’s Medicare coverage
  - VA benefits will not pay for Medicare cost-sharing

Federal Employees Health Benefits (FEHB)

- Different types of plans (HMOs, fee-for-service)
- Medicare is primary for those who enroll in Part B
  - FEHB is secondary and may cover Medicare cost-sharing
- FEHB pays primary for retirees who do not enroll in Part B
  - Some individuals choose to enroll in Part A because it is premium-free, but turn down Part B because of the monthly premium
  - If individual wants to enroll in Part B later, they may face the Part B premium penalty and coverage gaps

Which is primary?

Type of Insurance	Conditions	Primary	Secondary
Employer retiree insurance	Eligible for Medicare	Medicare	Employer
Federal Employee Health Benefits (FEHB)	Enrolled in Part B	Medicare	FEHB
TRICARE for Life (TFL)	Eligible for Medicare	Medicare	TFL
VA benefits	Claim from VA facility	VA benefits	N/A

Health Savings Accounts (HSAs)

HSA basics

- Accounts for individuals with high-deductible health plans (HDHPs)
- Funds in HSA are not taxed when put in or taken out, as long as they are used to pay for qualified medical expenses
  - Funds can be withdrawn for other purposes but will be taxed

HSAs and Medicare enrollment

- When individual enrolls in Medicare, they can keep HSA but no longer contribute to it
  - Individual with health insurance other than high-deductible health plan (including Medicare Part A or Part B) cannot contribute pre-tax dollars to HSA
- If individual wants to continue contributing to HSA, they must wait to take Social Security retirement benefits and Part A
  - Part A offers 6 months of retroactive coverage, so beneficiaries must stop contributing to their HSA at least 6 months before enrolling in Part A
  - If individual does not stop HSA contributions at least 6 months before Medicare enrollment, they may incur a tax penalty

HSAs and Medicare enrollment

- If beneficiary has HSA from an employer that is primary to Medicare, they may decide to delay enrollment in Medicare
- If beneficiary's job-based insurance pays secondary to Medicare, they typically should take Medicare when they first qualify, though they will lose the tax advantages of their HSA

HSAs and qualified medical expenses

- While Medicare beneficiaries cannot contribute to their HSA, they can continue to use account for qualified medical expenses on a tax-free basis
- Consult tax professional about what types of expenses are qualifying under the HSA rules

For more information & help

Medicare Rights Center HIICAP Technical Assistance Helpline:

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- (800) 480-2060

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Thank you!