



## Module 1B: Medicare 101



*...helping people with Medicare  
make informed health care decisions*

**National Medicare Training Program Workbook**



**National Medicare  
TRAINING PROGRAM**

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# Module 1B: Medicare 101



**NOTE:** This training module is intended for use with partners who are learning about Medicare.

Welcome to Medicare 101! This short presentation is designed to give you an overview of the Medicare program—and to let you know where you can get more information.

**NOTE:** This training module was developed and approved by the Centers for Medicare & Medicaid Services (CMS), the Federal agency that administers Medicare, Medicaid, and the Children’s Health Insurance Program (CHIP). The information in this module was correct as of April 2009. To check for an updated version of this training module, visit [www.cms.hhs.gov/NationalMedicareTrainingProgram/TL/list.asp](http://www.cms.hhs.gov/NationalMedicareTrainingProgram/TL/list.asp) on the web.

Slides with this symbol in your workbook are not included in the presentation, but are provided as a resource for more detail.

This set of National Medicare Training Program materials is not a legal document. The official Medicare program provisions are contained in the relevant laws, regulations, and rulings.

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## SLIDE 2 *Speaker's Notes*

After a short introduction, we will cover information on:

- Original Medicare
- Medicare Supplement Insurance (often known as Medigap)
- Medicare Advantage and other Medicare Plans (e.g., HMOs and PPOs)
- Medicare prescription drug coverage
- Medicaid and Medicare Savings Programs

### Medicare 101

- Introduction to Medicare
- Original Medicare
- Medicare Supplement Insurance (Medigap)
- Medicare Advantage and Other Plans
- Medicare Prescription Drug Coverage
- Medicaid and Medicare Savings Programs

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## SLIDE 3 *Speaker's Notes*

Medicare was created by Congress in 1965. It is a health insurance program for:

- People age 65 and older
- People under age 65 with disabilities who have been receiving Social Security disability benefits for a set amount of time (24 months in most cases). People with Amyotrophic Lateral Sclerosis (ALS), also known as Lou Gehrig's Disease, automatically get Medicare Parts A and B the month their disability benefits begin.
- People of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).

Medicare is the nation's largest health insurance program, currently covering about 44 million Americans.

While Medicare is administered by the Centers for Medicare & Medicaid Services (CMS), the Social Security Administration (SSA) is responsible for enrolling most people in Medicare. The Railroad Retirement Board (RRB) is responsible for enrolling railroad retirees in Medicare.

### Medicare 101

- Introduction to Medicare
- Original Medicare
- Medicare Supplement Insurance (Medigap)
- Medicare Advantage and Other Plans
- Medicare Prescription Drug Coverage
- Medicaid and Medicare Savings Programs

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## SLIDE 4 *Speaker's Notes*

The Social Security Administration advises people to apply for Medicare benefits 3 months before age 65. People do not have to be retired to get Medicare. Unlike Social Security (for which the full retirement age is gradually increasing to 67), people can still receive full Medicare benefits at age 65.

Medicare benefits can begin no earlier than age 65 except for some people with a disability or End-Stage Renal Disease.

People who are already receiving Social Security benefits (for example, getting early retirement) will be automatically enrolled in Medicare without an additional application. They will receive a Medicare card and other information about 3 months before age 65 or their 25<sup>th</sup> month of disability benefits.

### Applying for Medicare

- Apply 3 months before age 65
  - Don't have to be retired
  - Contact the Social Security Administration
- Enrollment automatic if receiving
  - Social Security
  - Railroad Retirement benefits



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## SLIDE 5 *Speaker's Notes*

Medicare has the following parts:

- **Part A** helps pay for inpatient hospital stays but also helps cover skilled nursing care, home health care, and hospice care.
- **Part B** helps cover medically necessary services like doctors visits and outpatient care. Part B also covers some preventive services including screening tests and shots, diagnostic tests, some therapies, and durable medical equipment like wheelchairs and walkers.
- **Part C** is another way to get your Medicare Benefits. It combines Parts A and B, and sometimes Part D (prescription drug coverage). Medicare Advantage Plans are managed by private insurance companies approved by Medicare. These plans must cover medically necessary services. However, plans can charge different copayments, coinsurance, or deductibles for these services.
- **Part D** Medicare drug coverage helps pay for outpatient prescription drugs.

### Medicare Coverage Basics

- Part A (Hospital Insurance)
- Part B (Medical Insurance)
- Part C (Medicare Advantage Plan)
- Part D (Medicare Prescription Drug Coverage)

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## SLIDE 6 *Speaker's Notes*

Most people don't have to pay a monthly payment (premium) for Medicare Part A because they or their spouse paid Medicare or FICA taxes while they were working. (FICA stands for "Federal Insurance Contributions Act." This is the tax withheld from your salary, or that you pay from your self-employment income, that funds the Social Security and Medicare programs.) When people pay these taxes on their earnings, it is called "Medicare-covered employment."

If a person and his or her spouse did not pay Medicare taxes while they were working, or did not work long enough (10 years in most cases) to qualify for premium-free Part A, he or she may still be able to get Medicare Part A by paying a monthly premium. In 2009, the Part A premium is \$244 (for a person who has worked 30-39 quarters) or \$443 (for a person who has worked less than 30 quarters) in Medicare-covered employment.

For information on Part A entitlement, enrollment, or premiums, call the Social Security Administration at 1-800-772-1213 or 1-800-325-0778 for TTY users.

### Medicare Part A

- Most people receive Part A premium free
- People with less than 10 years of Medicare-covered employment
  - Can still get Part A
    - Will pay a premium
- For information about Part A entitlement
  - Call SSA
    - 1-800-772-1213
    - TTY users call 1-800-325-0778

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## SLIDE 7

### Part A Helps Pay for

- Hospital inpatient care
- Skilled nursing facility (SNF) care
- Home health care
- Hospice care
- Blood

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## SLIDE 8 *Speaker's Notes*

People can choose whether or not to enroll in Part B (Medical Insurance). Those who enroll are responsible for a monthly premium for Medicare Part B, which is \$96.40 in 2009.

Since January 1, 2007, some people with higher annual incomes pay a higher Part B premium. In 2009, people with annual incomes over \$85,000 if you file an individual tax return or over \$170,000 if you are married filing jointly, pay these higher premiums. These amounts change each year. Most people still pay the standard Part B premium.)

People can sign up for Part B any time during a 7-month period that begins 3 months before the month they become eligible for Medicare. This is called the **Initial Enrollment Period (IEP)**.

People who don't take Part B when they are first eligible may have to wait to sign up during a **General Enrollment Period (GEP)**. This period runs from January 1 through March 31 of each year, with coverage effective July 1 of that year.

Most people who don't take Part B when they are first eligible will also have to pay a premium penalty of 10% for each full 12-month period they could have had Part B but didn't sign up for it, except in special situations. In most cases, they will have to pay this penalty for as long as they have Part B.

Reference: *Enrolling in Medicare*, CMS pub. 11036

### Enrolling in Medicare Part B

- Automatic Enrollment
  - Must opt out if not wanted
- 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
    - Limited exceptions

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## SLIDE 9 *Speaker's Notes*

Most people covered by a group health plan based on current employment (their own or their spouse's) can delay enrolling in Part B without a penalty.

These people get a Special Enrollment Period. They can enroll in Part B anytime they are still covered by the employer or union group health plan based on current employment, or during the 8 months following the month the employment ends or the group health plan coverage ends, whichever is first. Most people who sign up for Part B during a Special Enrollment Period don't pay higher premiums.

### Enrolling in Medicare Part B

- May delay enrolling in Part B with no penalty if
  - Covered under employer or union group health plan
    - Based on current employment
      - Person or spouse
    - Will get a Special Enrollment Period (SEP)
      - Sign up within 8 months after coverage ends

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## SLIDE 10 *Speaker's Notes*

Let's look at an example.

Marie turned 65 on June 25, 2009, and plans to retire on December 31, 2009. She has group health plan coverage from her employer.

Her Initial Enrollment Period began March 1, 3 months before the month of her birthday, and ends 3 months after her birthday month, at the end of September.

Her Special Enrollment Period begins the following month and continues for the 8 months after she loses her coverage based on current employment.

The General Enrollment Period, for all people with Medicare, runs from January 1 through March 31 of every year.

### Part B Enrollment Periods *Example*

- Marie turned 65 on June 25, 2009. She will have group health coverage from her employer until she stops working on December 31, 2009.
- Part B enrollment opportunities ...

Enrollment period	Begins	Ends
IEP	3/1/09	9/30/09
SEP	10/1/08	8/31/09
GEP ( <i>each year</i> )	1/1	3/31

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## SLIDE 11

### Part B Coverage

- Doctors' services
- Outpatient medical/surgical svcs & supplies
- Diagnostic tests
- Outpatient therapy
- Outpatient mental health services
- Some preventive health care services
- Other medical services

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## SLIDE 12 *Speaker's Notes*

People who choose Medicare Part B usually have the premium automatically taken out of their monthly Social Security or Railroad Retirement payment. Federal government retirees may be able to have the premium deducted from their retirement check.

For information about Medicare Part B premiums, people can call the agency that enrolled them in Medicare (SSA or RRB), or the Office of Personnel Management (OPM) for retired Federal employees.

Medicare sends a quarterly bill for Medicare Part B premiums to people who don't get a retirement payment. The bill can be paid by credit card, check, or money order.

People may also choose to have their Part B premiums automatically deducted from their bank account using the Easy Pay option. Easy Pay may also be used to pay the premium for Part A. People can contact 1-800-MEDICARE (1-800-633-4227) to request a Medicare Easy Pay Authorization Form.

### Paying the Part B Premium

- Pay monthly Part B premium
  - Most pay \$96.40 in 2009
  - Higher income may pay more
- Taken out of monthly payments
  - Social Security
  - Railroad retirement
  - Federal government retirement
- For information about premiums
  - Call SSA, RRB, or Office of Personnel Management
- If no monthly payments
  - Billed every 3 months
  - Medicare Easy Pay

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## SLIDE 13 *Speaker's Notes*

We have just talked about what services Medicare covers and how to sign up for Part A and Part B. (We will cover how to sign up for prescription drug coverage later in this module.) People can choose to get Medicare health care coverage in several ways. The Medicare plan people choose affects their costs, benefits, and convenience, and their doctor, hospital, and pharmacy choices. No matter how people choose to get their Medicare health care, they are still in the Medicare Program.

Original Medicare is available nationwide. It is also known as “fee-for-service.” We will talk about this more in depth in a few minutes. However, there are other plans besides Original Medicare that people can choose to get their Medicare health care coverage.

Congress created Medicare Advantage, also called Medicare Part C, to let private insurance companies offer choices in coverage to people with Medicare. There are several types of Medicare Advantage Plans, as well as other types of Medicare Plans, which we will discuss in a few minutes.

Some people get their Medicare prescription drug coverage as part of these Medicare Advantage Plans and other Medicare plans. There are also Medicare Prescription Drug Plans that add coverage to Original Medicare and some other Medicare plans.

### Medicare Choices

- Original Medicare
- Medicare Advantage Plans
- Other Medicare Plans
- Medicare Prescription Drug Plans

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## SLIDE 14 *Speaker's Notes*

People in Original Medicare may go to any doctor, hospital, or other health care provider that accepts Medicare. While most people don't pay a premium for Part A, they are responsible for a **Part A deductible** for inpatient hospital stays. The deductible is the amount a person with Medicare must pay before Medicare begins to pay. There is a deductible of \$1,068 in 2009 for hospital stays up to 60 days, and additional costs for longer stays. Costs are different for other Part A services.

People pay a monthly premium for Part B (\$96.40 in 2009) and are also responsible for the Medicare **Part B deductible**, which is \$135 in 2009. This means that in 2009 a person with Medicare is responsible for the first \$135 of his or her Medicare-approved Part B medical services before Medicare Part B starts paying for care. In addition, a person who needs blood is responsible for the first three pints. These amounts can change every year. People with Original Medicare also are responsible for **some copayments or coinsurance** for Part B services (20% in most cases).

After people get health care services, they get a Medicare Summary Notice (MSN) showing Medicare's payments. This notice lists the service received, what was charged, what Medicare paid, and how much the person may be billed.

Some people have other health insurance coverage, such as a plan from a former employer, that may cover some or all of these costs. In a few minutes we'll talk about private insurance policies called Medigap that also may help with these costs. For people who can't afford to pay these costs, there are special programs that can help, which we'll also discuss later.

### Original Medicare

- Go to any provider that accepts Medicare
- People are responsible for
  - Part A in 2009
    - \$1,068 deductible for hospital stays up to 60 days
      - Additional costs after 60 days
    - Different costs for other Part A services
  - Part B in 2009
    - \$135 annual deductible
    - 20% coinsurance for most Part B services
- Some programs may help with costs

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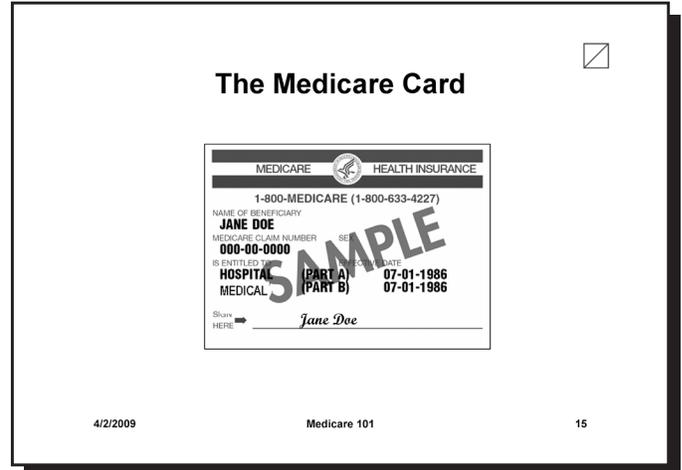
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## SLIDE 15 *Speaker's Notes*

When people enroll in Medicare, they get a red, white, and blue Medicare card. The card shows the type of Medicare coverage (Part A Hospital Insurance and/or Part B Medical Insurance) and the date coverage began. People in Original Medicare will present their Medicare card when obtaining health care services and supplies. Medicare Advantage Plans, Other Medicare Plans, and Medicare Prescription Drug Plans will issue their own membership cards for enrollees to use when obtaining health care.



The Medicare card also shows the person's Medicare claim number. For most people, the claim number has 9 digits and 1 letter. There also may be a number or another letter after the first letter. The 9-digit number shows which Social Security record the person's Medicare entitlement is based on. The letter or letters and numbers tell the person's relationship to the number-holder for that record. For example, people receiving Medicare on their own Social Security record might have the letter "A," "T," or "M" depending on whether they are entitled to both Medicare and Social Security benefits or to Medicare only. For someone receiving Medicare on a spouse's record, the letter might be a B. For railroad retirees, numbers and letters appear before the Social Security number. These letters and numbers have nothing to do with entitlement to Medicare Part A or Part B.

If any information on the card is incorrect, the person should contact SSA, or the RRB for people who receive railroad benefits.

People should protect their Medicare card and number as if it were a credit card.

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## SLIDE 16 *Speaker's Notes*

We've talked about Original Medicare. Now let's talk about **Medigap**. Original Medicare pays for many health care services and supplies, but it doesn't pay all of a person's health care costs. A Medigap policy is a health insurance policy sold by private insurance companies to fill the "gaps" in coverage under Original Medicare, like deductibles, coinsurance, and copayments. Some Medigap policies also cover benefits that Medicare doesn't cover, like emergency health care while traveling outside the U.S.

The insurance companies that sell these policies must follow Federal and state laws that protect people with Medicare. The Medigap policy must be clearly identified as "Medicare Supplement Insurance."

A Medigap policy only works with Original Medicare. If you join a Medicare Advantage Plan or other Medicare plan, your Medigap policy can't pay any deductibles, copayments, or other cost-sharing under your Medicare plan.

In all states except Massachusetts, Minnesota, and Wisconsin, a Medigap policy must be one of 12 standardized plans (A - L) so people can compare them easily. Each plan has a different set of benefits. The benefits in any Medigap plan A - L are the same for any insurance company. It's important to compare Medigap policies, because costs can vary.

**NOTE:** Insurance companies don't have to offer every Medigap plan. Each company decides which Medigap policies it will sell and the price for each plan, with state review and approval.

### Medigap

- Health insurance policy
  - Sold by private insurance companies
  - Costs vary by plan, company and location
  - Must say "Medicare Supplement Insurance"
  - Covers "gaps" in Original Medicare
    - Deductibles, coinsurance, copayments
    - Does not work with Medicare Advantage Plans
  - Up to 12 standardized plans A - L
    - Except in Massachusetts, Minnesota, Wisconsin
    - So people can compare easily

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## SLIDE 17 *Speaker's Notes*

The best time for a person to buy a Medigap policy is during his or her Medigap open enrollment period (OEP) which lasts for 6 months starting on the first day of the month a person is enrolled in Medicare Part B and age 65 or older. During the Medigap OEP, a person has the right to buy any Medigap policy sold in his or her state. (Some states have additional enrollment guarantees for people under age 65.)

People may also buy some Medigap policies if through no fault of their own, their employer group health plan coverage ends, if they move out of the service area, or under certain circumstances, if they leave their Medicare Advantage Plan. People may also buy a Medigap policy any time an insurance company will sell them one, but their health history may be used to decide if they can buy one and how much they have to pay.

**NOTE:** People can no longer buy Medigap policies covering prescription drugs because Medicare now offers prescription drug coverage. However, people with an existing policy that covers prescription drugs can keep it.

People pay the insurance company a monthly premium for their Medigap policy and also pay their monthly Part B premium (\$96.40 in 2009). After they get a health care service, they will get a Medicare Summary Notice showing what Medicare paid, and their Medigap insurance company will send them information on what it paid.

For more information: visit [www.medicare.gov](http://www.medicare.gov), or call 1-800-MEDICARE (1-800-633-4227) to get or view *Choosing A Medigap Policy: A Guide to Health Insurance for People With Medicare* (CMS Pub. No. 02210). Or, call the local SHIP to get a list of Medigap policies, including premium amounts, available in their state.

### How Medigap Works

- People can buy a Medigap policy
  - Within 6 months of enrolling in Part B
    - Must be age 65 or older
  - If they lose certain kinds of health coverage
    - Through no fault of their own
  - If they leave MA Plan under certain circumstances
  - Whenever the company will sell them one

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## SLIDE 18 *Speaker's Notes*

There are other ways people can choose to get their Medicare benefits—Medicare Advantage Plans, sometimes called Medicare Part C, and other Medicare plans.

There are five types of Medicare Advantage Plans:

### **Health Maintenance Organizations (HMO) Plans**

—Members must generally get health care from providers in the plan's network. Some HMO Plans offer a Point-of-Service option, where members can go to doctors and hospitals that aren't part of the plan, but it may cost more.

**Preferred Provider Organization (PPO) Plans**—similar to an HMO plan but members can see any doctor or provider that accepts Medicare and don't need a referral to see a specialist. Going to a provider that isn't part of the plan will usually cost more.

**Private Fee-for-Service Plans**—Members can go to any provider that accepts the plan's terms, and they may get extra benefits. The private company decides how much it will pay and how much members pay for services.

**Special Needs Plans**—limit all or most of their membership to people in some long-term care facilities (like a nursing home); who are eligible for both Medicare and Medicaid; or who have certain chronic or disabling conditions. Special Needs Plans are available in limited areas.

**Medicare Medical Savings Account Plans**—have two parts. One part is a Medicare Advantage Plan with a high deductible, and one part is a Medical Savings Account into which Medicare deposits money that people can use to pay health care costs.

### **Medicare Advantage (MA) Plans**

- Health Maintenance Organization (HMO) Plans
  - Some have Point-of-Service option
- Preferred Provider Organization (PPO) Plans
- Private Fee-for-Service (PFFS) Plans
- Special Needs Plans
- Medicare Medical Savings Account (MSA) Plans

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## SLIDE 19 *Speaker's Notes*

There are three types of other Medicare plans:

**Medicare Cost Plans**—similar to an HMO, but services received outside the plan are covered under Original Medicare,

**Demonstrations/Pilot Programs**—Demonstrations are special projects that test improvements in Medicare coverage, payments, and quality of care. They are usually for a specific group of people and/or are offered only in specific areas. There are also pilot programs for people with multiple chronic illnesses. These programs are designed to reduce health risks, improve quality of life, and provide savings.

**PACE (Programs of All-inclusive Care for the Elderly)**—PACE combines medical, social, and long-term care services for frail elderly people. This program can help them continue to live at home for as long as possible before moving to a nursing home. PACE is only available in states that have chosen to offer it under Medicaid, and the qualifications vary from state to state.

Visit [www.medicare.gov](http://www.medicare.gov) on the web or call 1-800-MEDICARE (1-800-633-4227) to get the most up-to-date and detailed Medicare plan information.

### Other Medicare Plans

- Medicare Cost Plans
- Demonstrations/Pilot Programs
- Programs of All-inclusive Care for the Elderly (PACE)

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## SLIDE 20 *Speaker's Notes*

Medicare Advantage Plans and other Medicare plans are available to most people with Medicare. To be eligible to join a Medicare Advantage Plan or other Medicare plan, a person must:

- Live in the plan's geographic service area or continuation area.
- Have Medicare Part A and Part B.
- Continue to pay the monthly Medicare Part B premium. However, some plans may offer an additional benefit by reducing the amount members pay for their Medicare Part B premium.
- Pay an additional monthly premium to the plan (if the plan has one).

People with End-Stage Renal Disease (ESRD) usually can't join a Medicare Advantage Plan. However, there are some exceptions, such as when a person is already in a plan and then develops ESRD.

### Eligibility for MA Plans

- Live in plan's service area
- Entitled to Medicare Part A
- Enrolled in Medicare Part B
  - Continue to pay Part B premium
  - May also pay monthly premium to plan
- Don't have ESRD at enrollment
  - Some exceptions

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## SLIDE 21 *Speaker's Notes*

In most Medicare Advantage Plans, members usually get all their Medicare-covered health care through that plan.

The plan may offer extra benefits such as Medicare prescription drug coverage as well as coverage for vision, hearing, dental and/or health and wellness programs. People may have to see doctors that belong to the plan or go to certain hospitals to get services.

They will have to pay other costs (such as copayments or coinsurance) for the services they get.

It's important to note that people who join a Medicare Advantage Plan

- Are still in the Medicare program
- Still get all their regular Part A and Part B services
- Still have Medicare rights and protections

### How MA Plans Work

- Usually get all Part A and B services through plan
  - May have to use providers in plan's network
  - Benefits and cost sharing may differ from Original Medicare
  - Generally must still pay Part B premium
    - Some plans may pay all or part
- May get extra benefits
  - Vision, hearing, dental services
  - Prescription drug coverage
- Still in Medicare program
  - Get all Part A and Part B services
  - Have Medicare rights and protections

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## SLIDE 22 *Speaker's Notes*

All people with Medicare now have the option to join a plan that covers prescription drugs.

Anyone who has Medicare Part A (Hospital Insurance), or Medicare Part B (Medical Insurance), or both Part A and Part B, is eligible to join a Medicare drug plan and must enroll in a plan to get Medicare prescription drug coverage. However,

people who live outside the U.S. or who are incarcerated may not enroll and are not eligible for coverage.

CMS contracts with private companies offering Medicare Prescription Drug Plans to negotiate discounted prices on behalf of their enrollees.

People may also receive Medicare drug coverage through a Medicare Advantage Plan or other Medicare plan if they are enrolled in one. Some employers and unions may provide Medicare prescription drug coverage through employer/union group plans to their retirees.

**NOTE:** Medigap policies with prescription drug coverage aren't Medicare drug plans.

It's important for people with Medicare to understand that Medicare prescription drug coverage is not automatic. So while this coverage is available to all people with Medicare, they must take action to get it.

### Medicare Prescription Drug Coverage

- Medicare Part D
- Available to all people with Medicare
- Provided through
  - Medicare Prescription Drug Plans
  - Medicare Advantage and other Medicare plans
  - Some employers and unions

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## SLIDE 23 *Speaker's Notes*

Generally there are three types of enrollment periods when people can sign up for Medicare prescription drug coverage.

The **Initial Enrollment Period** is for 7 months starting 3 months before the month people become entitled to Medicare.

The **Annual Coordinated Election Period** is from November 15 – December 31 each year. During this period, a person who is not enrolled in a Medicare drug plan can choose to enroll. A person who is in a Medicare drug plan can choose to drop or switch plans at that time. The change in enrollment or in plan selection will be effective January 1 of the following year.

There are special circumstances that give a person a **Special Enrollment Period**, such as a permanent move out of the plan's service area, or moving to or from a long-term care facility. The time period varies according to the reason for the Special Enrollment Period.

Some people with Medicare have a continuous Special Enrollment Period, meaning they can enroll in or switch plans each month. This is true for people who qualify for extra help with their drug plan costs and those who live in an institution, like a nursing home. (Starting in June 2007, all people who qualify for the extra help have this continuous Special Enrollment Period. Previously this was only true for some people with the extra help.) We will talk about this extra help in a few minutes.

### Enrollment Periods

- 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)

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## SLIDE 24 *Speaker's Notes*

People who don't enroll when they are first eligible may have to pay a penalty to enroll later. Most people who wait until after the end of their Initial Enrollment Period to join a Medicare drug plan will have their premiums go up 1% of the national base premium for every month they waited to enroll. These individuals will usually have to pay this penalty as long as they have Medicare prescription drug coverage.

The penalty doesn't apply to people who have other coverage that, on average, is at least as good as Medicare prescription drug coverage — called "creditable coverage." Examples include coverage provided by the Veterans Administration, TRICARE, and the Federal Employee Health Benefits Program, and some types of retiree drug coverage.

### Late Enrollment

- People who wait to enroll may pay penalty
  - Add 1% of national base premium (\$30.36 in 2009) for each 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"

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### Notes:

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## SLIDE 25 *Speaker's Notes*

Costs vary depending on the plan. Plans must provide a standard (minimum) level of coverage. Plans may offer more coverage and/or additional drugs generally at a higher monthly premium. The actual coverage and costs of the Medicare drug plans can be found on [www.medicare.gov](http://www.medicare.gov) or by calling 1-800-MEDICARE (1-800-633-4227).

### Prescription Drug Plan Costs

- Costs vary by plan
  - In 2009 members may pay
    - Monthly premiums
    - Annual deductible, no more than \$295
    - Copayments or coinsurance
    - Very little after \$4,350 out-of-pocket
- May offer supplemental benefits
- Plan information and costs available
  - [www.medicare.gov](http://www.medicare.gov)
  - 1-800-MEDICARE (1-800-633-4227)

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In general for coverage in **2009**, people pay

- **A monthly premium.** Varies by plan. Some plans have \$0 premiums. Others have higher premiums but might cover more. The average national monthly premium in 2009 is about \$28.00
- **Deductible.** People must pay up to \$295 for covered prescriptions each year before the plan starts to pay. Some plans have a \$0 deductible (usually for a higher premium).
- **Copayment/Coinsurance.** Members share for each prescription after meeting the deductible. In some plans, the copayment (a set amount) or coinsurance (a percentage of the cost) is the same for any prescription. In other plans, there are different levels or “tiers” with different costs. The amount may vary depending on how much the person has spent that year. There may be a point during the year when the person will be paying 100% coinsurance, called a coverage gap. Some plans do not have this coverage gap.

Once people spend \$4,350 out-of-pocket for covered drug costs during 2009, they pay 5% (or a small copayment) for the rest of the calendar year. This is called catastrophic coverage, and it could start even sooner in some plans. All these amounts can change each year.

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## SLIDE 26 *Speaker's Notes*

We've already discussed how all people with Medicare can get Medicare prescription drug coverage. Many people with limited income and resources will get extra help paying for prescription drugs.

The extra help is available to people with Medicare who have an income below 150% of the Federal poverty level and limited resources. The income limit for 2009 is \$1,300/month for an individual or \$1,750/month for a married couple.

Medicare counts the income of the person and a spouse if they are living together, even if the spouse doesn't apply for the extra help. Limits may be higher for people who live in Alaska or Hawaii or who have relatives living in the same household and provide at least half of their support.

Resources also are counted for the person and a spouse if living together. The resource limits in 2009 are \$12,510 for an individual and \$25,010 for a married couple.

Only two types of resources are considered:

- Liquid resources (i.e., savings accounts, stocks, bonds and other assets that could be cashed in within 20 work days) and
- Real estate, not including the home or the land on which the home is located.

### Extra Help With Drug Costs

- For many with limited income and resources
  - Income limit in 2009
    - \$1,300/month individual
    - \$1,750/month (married couple)
  - Resource limit 2009
    - \$12,510 (individual)
    - \$25,010 (married couple)

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### Notes:

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## SLIDE 27 *Speaker's Notes*

People with the lowest incomes will pay no premiums or deductibles and have small or no copayments. Those below the Federal poverty level will save over 95% on average. Those with slightly higher incomes will have no or a reduced premium, have a reduced deductible, and pay a little more out of pocket.

### Extra Help With Drug Costs

- People with lowest income and resources
  - Pay no premiums or deductibles
  - Have small or no copayments
- Those with slightly higher income and resources
  - Pay no or a reduced premium
  - Have a reduced deductible
  - Pay a little more out of pocket

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### Notes:

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## SLIDE 28 *Speaker's Notes*

**Certain groups of people automatically qualify for the extra help and don't have to apply.** These include:

- People with Medicare and full Medicaid benefits (including prescription drug coverage). You may hear them referred to as "dual-eligibles."
- People with Medicare who get Supplemental Security Income (SSI) benefits but not Medicaid.
- People who get help from Medicaid paying their Medicare premiums (i.e., belong to Medicare Savings Programs).

**Other people with Medicare should file an application with the Social Security Administration or their state Medicaid office to find out if they qualify for the extra help.** They can apply with Social Security online at [www.socialsecurity.gov](http://www.socialsecurity.gov).

People who qualify still need to join a Medicare drug plan to get extra help paying their prescription drug costs. If they don't join a plan on their own, Medicare will enroll them in a plan to make sure they have coverage. Medicare will send them a notice telling them what plan they are in and when their coverage begins.

### Eligibility for Extra Help

- Who may automatically qualify
  - People with Medicare who get
    - Full Medicaid benefits (Duals)
    - Supplemental Security Income (SSI)
    - Help from Medicaid paying Medicare premiums (Medicare Savings)
- Others must apply and qualify

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### Notes:

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## SLIDE 29 *Speaker's Notes*

Medicaid is a joint Federal and state program that helps pay medical costs for some people with limited income and resources. Medicaid is jointly funded by the Federal and state governments and is administered by each state. It can cover children, people who are aged, blind, or disabled, and some other groups, depending on the state.

If people are eligible for both Medicaid and Medicare, most of their health care costs are covered. People with Medicaid may get coverage for services, such as nursing home and home health care, that aren't fully covered by Medicare.

Medicaid eligibility is determined by each state, and Medicaid application processes and benefits vary from state to state. People need to contact their state Medical Assistance office to see if they qualify. For instance, a person in *[Name of State]* would apply for Medicaid at *[Name of Agency]*. **[Instructor to add state and agency information.]**

### Medicaid

- Joint Federal and state program
  - For some people with limited income and resources
- If eligible, most health care costs covered
- Eligibility determined by state
- Application processes vary
- Office names vary
  - Social Services
  - Public Assistance
  - Human Services

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### Notes:

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## SLIDE 30 *Speaker's Notes*

States have programs for people with limited income and resources that pay Medicare premiums and may also pay Medicare Part A and Part B deductibles and coinsurance. These Medicare Savings Programs frequently have higher income and resource guidelines than Medicaid.

Eligibility for these programs is determined by income and resource levels. The income amounts are updated annually with the Federal poverty level.

Additionally, some states offer their own programs to help people with Medicare pay out-of-pocket costs of health care, including State Pharmacy Assistance Programs. Contact the State Health Insurance Assistance Program (SHIP) in your state to find out which programs may be available in your area.

The PACE program combines medical, social, and long-term care services for frail elderly people, as we noted earlier. It provides all medically-necessary services, including prescription drugs. PACE is only available in states that have chosen to offer it under Medicaid, and the qualifications vary from state to state.

Programs vary in the U.S. territories (Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa).

### Other Savings Programs

- Medicare Savings Programs
  - Help from Medicaid paying Medicare expenses
    - QMB, SLMB, and QI
  - For people with limited income and resources
  - May also pay deductibles and coinsurance
- State-specific programs
- PACE

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### Notes:

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## SLIDE 31 *Speaker's Notes*

If you need more information about Medicare, the following resources are available:

- 1-800-MEDICARE (1-800-633-4227). This is the official Medicare helpline. You can call any time. TTY users should call 1-877-486-2048
- [www.medicare.gov](http://www.medicare.gov) on the web
- The State Health Insurance Assistance Program (SHIP). SHIP phone numbers can be found in the *Medicare & You* handbook and on the [www.medicare.gov](http://www.medicare.gov) website
- The *Medicare & You* handbook, mailed each fall to all Medicare households
- Other Medicare publications, which you can get through 1-800-MEDICARE or the Medicare website

### For More Information

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

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### Notes:

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## SLIDE 32 *Speaker's Notes*

We've just covered a great deal of basic information about Medicare. You've learned that Medicare is a national health insurance program administered by the Centers for Medicare & Medicaid Services for people who are age 65 and over, people under age 65 who have certain disabilities, and people who have End-Stage Renal Disease.

We discussed enrolling and paying for Medicare Part A (Hospital Insurance) and Medicare Part B (Medical Insurance). And you know the difference between Medicare and Medigap, which is another name for Medicare Supplement Insurance.

You learned about the choices available for people to get their Medicare coverage and the basics of how they work. They include Original Medicare, Medicare Advantage Plans, including HMOs and PPOs, and other types of Medicare plans.

You know that all people with Medicare can now get coverage for prescription drugs and that those with limited income and resources can get extra help with their drug costs.

Finally, we learned there are programs like Medicaid and Medicare Savings Programs to help with out-of-pocket costs. And, most importantly, you know where to get more information.

### Summary ☑

- Medicare coverage
- Original Medicare
- Medicare Supplement Insurance (Medigap)
- Medicare Advantage and other plans
- Medicare prescription drug coverage
- Medicaid and Medicare Savings Programs

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### Notes:

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SLIDE 33  
*Exercise*

- 1. You must be at least 65 to apply for Medicare.
  - A. True
  - B. False

**Exercise**

- 1. You must be at least 65 to apply for Medicare.
  - A. True
  - B. False

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**Notes:**

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# SLIDE 34

*Exercise*

- 2. You do not have to be retired to apply for Medicare.
  - A. True
  - B. False

**Exercise**

- 2. You do not have to be retired to apply for Medicare.
  - A. True
  - B. False

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**Notes:**

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SLIDE 35  
*Exercise*

- 3. Medigap does not work with Medicare Advantage plans.
  - A. True
  - B. False

**Exercise**

- 3. Medigap does not work with Medicare Advantage plans.
  - A. True
  - B. False

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**Notes:**

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SLIDE 36  
*Exercise*

- 4. All people with Medicare are eligible to join a Medicare Advantage plan.
  - A. True
  - B. False

**Exercise**

- 4. All people with Medicare are eligible to join a Medicare Advantage plan.
  - A. True
  - B. False

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**Notes:**

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## SLIDE 37

### *Exercise*

5. All Medicare Part D plans must cover at a minimum the standard coverage.
- A. True
  - B. False

### Exercise

5. All Medicare Part D plans must cover at a minimum the standard coverage.
- A. True
  - B. False

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### Notes:

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