



NORTH RISK PARTNERS®

# MEDICARE 101

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# WHAT IS MEDICARE?

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- Medicare is a federal insurance program administered by the Centers for Medicare and Medicaid Services (CMS).
- The original Medicare program, Part A & Part B, offers basic coverage for hospital and other medical costs.
- Enhance your coverage thru private insurance, including:
  - Medicare Supplement Insurance (also referred to as Medigap or MedSupp)
  - Prescription Drug Plans (Part D or PDP)
  - Medicare Advantage Plans (Part C)

# WHO IS ELIGIBLE?

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- US Citizen or legal resident who has lived in the US for at least 5 consecutive years
  - You are age 65 or older
  - You are younger than 65, but have a qualifying disability
  - You are any age and have been diagnosed with ALS or end stage renal disease

# WHEN DO I ENROLL?



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There are specific times when you can enroll in Medicare for the first time and when you can modify your coverage.

- **IEP - Initial Enrollment Period**

- Turn 65 or first become eligible

- **SEP - Special Enrollment Period**

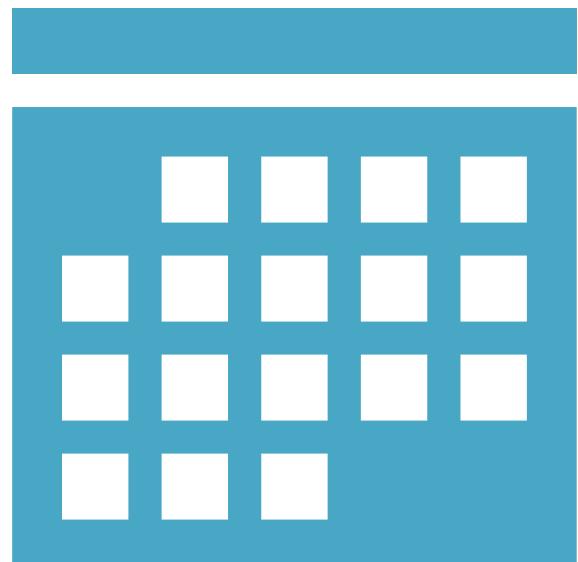
- Enroll or change due to special circumstances

- **AEP - Annual Election Period**

- October 15th–December 7<sup>th</sup>

- **GEP - General Enrollment Period**

- Did not sign up for Part A or Part B during Initial Enrollment Period



# INITIAL ENROLLMENT PERIOD (IEP)

When you turn 65, or otherwise become eligible, **you have a seven-month window to enroll:**

- Three months before your 65th birthday
- The month of your 65th birthday
- Three months following your 65th birthday
- This will result in a late Part B effective date.



# SPECIAL ENROLLMENT PERIOD (SEP)

You may also enroll in or switch Medicare coverage at any time due to special circumstances, including:

- Losing or leaving employer coverage
- Moving to a different area
- Receiving Medicaid assistance, and more

**NOTE:** COBRA & Retiree plans are not considered active employment for the purpose of Part B & you are not eligible for a Special Enrollment Period when these coverages end.

# ANNUAL ELECTION PERIOD (AEP)

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October 15–December 7 each year

During this time, you may:

- Join, drop, or switch a Part C (Medicare Advantage) plan
- Join, drop, or switch a Part D (Medicare Prescription Drug) plan
- Switch to Original Medicare

**NOTE:** Enrollments during AEP will be effective January 1st

# GENERAL ENROLLMENT PERIOD (GEP)

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For those who did not sign up for Part B (or Premium Part A) during their Initial Enrollment Period and do not qualify for a Special Enrollment Period:

- General Enrollment is January 1st–March 31st annually
- Coverage begins on July 1<sup>st</sup>
- Lifetime late enrollment penalty applied—10% for each months eligible but not enrolled

**NOTE:** A Special Election Period exists for those who have a qualifying event, like moving in or out of service area or losing/leaving employer group coverage.

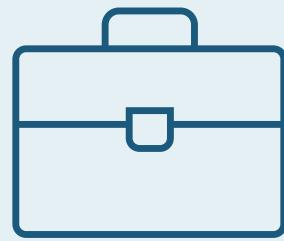
# HOW DO I ENROLL?

Apply for Medicare Parts A & B through Social Security. This can be accomplished at your local Social Security Office or online at [www.ssa.gov](http://www.ssa.gov).

- You may need to enroll in Medicare at age 65 if you are still working.
- You may **NOT** need to enroll if your Group Coverage meets these requirements below:



Employer has 20 or more employees



Health coverage is based on active employment of employee or spouse



Employer sponsored coverage meets Medicare's "creditable drug coverage" requirement



Your Human Resources or Plan Administrator can verify your plan meets these requirements for you



**Part B late-enrollment penalty may apply if employer sponsored health plan does NOT have 20 or more employees.**

- 10% lifetime penalty for each 12-month period past first eligibility
- **NOTE:** Retiree and COBRA coverage are not considered active employment for the purposes of Part B.

**The right time to enroll in a Medicare insurance plan is based on several factors:**

- Employment status
- Current health/prescription plan coverage
- Cost of current coverage
- Current health, prescription, and financial situation

Speaking with a trusted licensed Medicare insurance agent within **3-6 months prior to turning 65** will help reduce unnecessary cost and provide a clear path of transitioning to Medicare insurance.

**Part D late-enrollment penalty:**

- Employer sponsored coverage does not always meet Medicare's "creditable drug coverage" requirement.
- Must maintain creditable drug coverage after age 65 to avoid a late enrollment penalty.
- 1% lifetime penalty for each month of non-creditable drug coverage after first eligibility.

# UNDERSTANDING MEDICARE BASICS

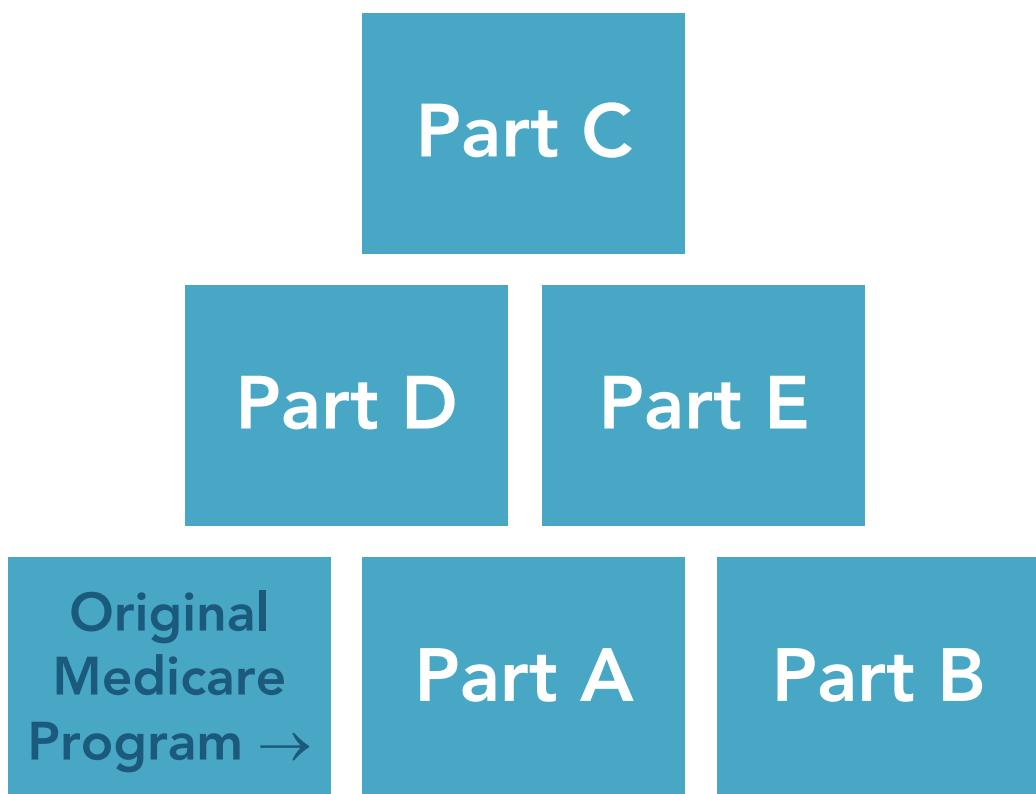
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There are 4 basic parts of Medicare:

- Part A: Hospital Insurance
- Part B: Medical Coverage
- Part C: Medicare Advantage
- Part D: Prescription Drug Coverage

The parts of Medicare are like building blocks. They can be put together in different ways to provide coverage based on your needs.



# MEDICARE PART A – HOSPITAL INSURANCE

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## What it covers

- Semi-private room – for inpatient stay
- Hospital meals
- Skilled nursing services
- Care on special units – such as intensive care
- Drugs, medical supplies, and medical equipment – during your hospital stay
- Lab tests and X-rays – during your hospital stay
- Operating room & recovery room – during inpatient stay
- Some blood transfusions – in a hospital or SNF
- Rehab services – including PT through home healthcare
- Skilled healthcare in your home – if you are homebound and only require part-time care
- Hospice service – care to manage symptoms and control pain for the terminally ill



# MEDICARE PART A – HOSPITAL INSURANCE



## What it costs (2021)

| PREMIUM     |  |
|-------------|--|
| \$0         | For most people*   |
| Up to \$458 | Per month if applicable  |
| DEDUCTIBLE  |  |
| \$1,484     | Per benefit period   |
| HOSPITAL    |  |
| \$0         | Days 1-60  |
| \$371       | Per day, days 61-90  |
| \$742       | Per day, days 91-150, Lifetime reserve days (up to 60 lifetime reserve days) |

\*You do not have to pay a premium for Part A if you or your spouse worked and paid Medicare taxes for at least 40 quarters (10 years).

| SKILLED NURSING FACILITY           |  |
|------------------------------------|--|
| \$0                                | Days 1 - 20                                |
| \$185.50                           | per days, days 21 - 100                    |
| You pay all costs                  | Days 101 and beyond                        |
| HOSPICE                            |  |
| up to \$5 per prescription         | Medication for pain and symptom management |
| 20% of the cost                    | Durable medical equipment used at home     |
| 5% of the Medicare-approved amount | Respite care                               |

# MEDICARE PART B – MEDICAL INSURANCE

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## What it covers

- Doctor visits – including an annual Wellness Visit
- Ambulatory surgery center services
- Outpatient medical services
- Some preventative care – such as flu shots
- Clinical laboratory services – such as blood and urine tests
- X-rays, MRIs, CT scans, EKGs and other diagnostic test
- Durable Medicare equipment – for use at home, wheelchairs, walkers
- Emergency Room services
- Skilled Nursing & Health aide services – for homebound part-time or intermittent basis
- Mental health care as an outpatient



# MEDICARE PART B – MEDICAL INSURANCE



## What it cost (2021)

- Part B charges a monthly premium based on your income
- How does Medicare collect the Part B Premium?
  - Deducted from monthly Social Security check or
  - Billed-monthly or quarterly
- Part B Premium may be postponed without penalty if:
  - You continue working **AND** have continuous coverage through an employer or union sponsored plan with 20+ employees.
- A lifetime 10% penalty is applied to Part B Premium for every 12 months eligible but not enrolled.

| PREMIUM                             |                               |
|-------------------------------------|-------------------------------|
| \$148.50                            | For most people               |
| Up to \$504                         | Depending on income           |
| DEDUCTIBLE                          |                               |
| \$203                               | Per year                      |
| CO-INSURANCE                        |                               |
| 20% of the Medicare approved amount | Most medical services         |
| 20% of the Medicare approved amount | Durable medical equipment     |
| 35% of the Medicare approved amount | Outpatient Mental Health Care |

# MEDICARE PART B PREMIUM – IRMAA



- Part B Premium is calculated by your tax filing from the previous two years.

## 2021 PART B IRMAA (INCOME RELATED MONTHLY ADJUSTED AMOUNT)

| IF YOUR 2019 ANNUAL INCOME WAS             |   |  | MONTHLY MEDICARE PART B PREMIUM | 2021 MEDICARE PART B IRMAA |
|--|---|--|---------------------------------|----------------------------|
| FILE INDIVIDUAL TAX RETURN                 | FILE JOINT TAX RETURN                       | FILE MARRIED & SEPARATE TAX RETURN         |                                 |                            |
| \$88,000 or less<br><i>(held harmless)</i> | \$176,000 or less<br><i>(held harmless)</i> | \$88,000 or less<br><i>(held harmless)</i> | about \$148.50*                 | \$0.00                     |
| \$88,000 or less                           | \$176,000 or less                           | \$88,000 or less                           | \$148.50                        | \$0.00                     |
| \$88,000 - \$111,000                       | \$176,000 - \$222,000                       | not applicable                             | \$207.90                        | \$59.40                    |
| \$111,000 - \$138,000                      | \$222,000 - \$276,000                       | not applicable                             | \$297.00                        | \$148.50                   |
| \$138,000 - \$165,000                      | \$276,000 - \$330,000                       | not applicable                             | \$386.10                        | \$237.60                   |
| \$165,000 and less than \$500,000          | \$330,000 and less than \$750,000           | \$88,000 - \$412,000                       | \$475.20                        | \$326.70                   |
| \$500,000 and above                        | \$750,000 and above                         | \$412,000 and above                        | \$504.90                        | \$356.40                   |

\* You pay the same premium amount that you paid last year, plus COLA increase.

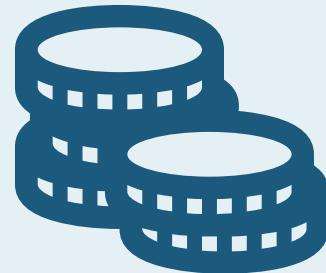
# MEDICARE PART B – MEDICAL INSURANCE

## Things to consider

You **MUST** have Part B if:



You want to join a Medicare Advantage Plan



You want to buy Medicare Insurance (Medicare Supplement Insurance)



You're eligible for TRICARE



Your employer coverage requires it

You will still be required to pay 20% co-insurance, unless you purchase additional coverage, such as a Medicare Advantage Plan or Medicare Supplement Insurance.

**NOTE:** Medicare Part A & B have no stop loss or maximum out-of-pocket.

# MEDICARE PART D – PRESCRIPTION DRUG COVERAGE

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- Original Medicare (Parts A & B) **DOES NOT** cover prescription drugs
- Part D benefits do not impact Medicare Part A or B drug coverage

## Eligibility

- If you are entitled to Medicare Part A or enrolled in Part B
  - You are generally eligible for a Part D plan
- Medicare Part D premium penalty (late enrollment penalty)
  - If you do not sign up when you are first eligible, unless you qualify for an SEP
  - Going 63 days without creditable coverage
  - 1% for every month without creditable drug coverage
- Stand-alone prescription drug plans can be used with:
  - Original Medicare
  - Medicare Supplements
  - Medicare Advantage Plans often include Part D benefits



# MEDICARE PART D – PRESCRIPTION DRUG COVERAGE

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## What it covers

- Part D Plans are required to cover at least 2 drugs from every therapeutic class
  - Each plan may choose which specific drugs it covers
- Not all drugs are covered by every Part D plan
  - Verify your drugs are covered by using the Part D plan formulary (drug list)

## What it does not cover

- Drugs that are not on the plan's formulary (drug list)
- Drugs that are covered under Part A or Part B
- Drugs that are excluded by Medicare (Beer's list)

## What it costs (4 phases)

- **Deductible Phase:** \$445 max
- **Initial Coverage Phase:** co-pays/ co-insurance to \$4,130 retail cost
- **Coverage Gap Phase “Donut Hole”:** Brand & Generic- 25% to \$6,550 “True-Out-Of-Pocket”
- **Catastrophic Phase:** greater of 5% or \$3.70/ \$9.20
- Part D plans set their own premium that is paid in addition to Part B premium, Medicare Supplement premium, and any applicable IRMAA charges.

# MEDICARE PART D – IRMAA



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## 2021 PART D IRMAA (INCOME RELATED MONTHLY ADJUSTED AMOUNT)

IF YOUR FILING STATUS AND YEARLY INCOME IN 2019  
(FILED IN 2020) WAS

| FILE<br>INDIVIDUAL<br>TAX RETURN              | FILE JOINT<br>TAX RETURN                      | FILE MARRIED<br>& SEPARATE<br>TAX RETURN     | YOU PAY<br>EACH MONTH<br>(IN 2021)     |
|---|---|--|--|
| \$88,000 or less                              | \$176,000 or less                             | \$88,000 or less                             | no IRMAA,<br>only your plan<br>premium |
| above \$88,000<br>up to \$111,000             | above \$176,000<br>up to \$222,000            | not applicable                               | \$12.30 + your<br>plan premium         |
| above \$111,000<br>up to \$138,000            | above \$222,000<br>up to \$276,000            | not applicable                               | \$31.80 + your<br>plan premium         |
| above \$138,000<br>up to \$165,000            | above \$276,000<br>up to \$330,000            | not applicable                               | \$51.20 + your<br>plan premium         |
| above \$165,000<br>and less than<br>\$500,000 | above \$330,000<br>and less than<br>\$750,000 | above \$88,000<br>and less than<br>\$412,000 | \$70.70 + your<br>plan premium         |
| \$500,000<br>and above                        | \$750,000<br>and above                        | \$412,000<br>and above                       | \$77.10 + your<br>plan premium         |



## After enrolling in Medicare Parts A & B

- Medicare was never meant to cover 100% of your medical and prescription cost, which is why we have Medicare Insurance
- You have 2 types of coverage available to you:
  - Medicare Supplements
  - Medicare Advantage Plans (the Part C of Medicare)

## MEDICARE SUPPLEMENTS

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- Also referred to as “Medigap” plans
- Highest level of coverage you can buy
- The highest premiums
- These plans pay most (if not all) of the co-pays or co-insurance Parts A & B do not
  - Medigap plans cover Medicare allowable charges. Some plans may include additional benefits such as coverage of Part B excess charges, fitness memberships, and foreign travel.

# MEDICARE SUPPLEMENTS

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## With Medicare Supplements:

- You pay a fixed premium based on age, gender, tobacco use, and zip code
- There is no provider network, (excluding Select Plans)
- Doctors are the gatekeepers
- You **NEED** a separate Part-D Prescription Plan
- You cannot have more than one Medicare Supplement policy at a time
- It is illegal to have a Medicare Supplement and a Medicare Advantage Plan (Part C)

Medicare Supplements are defined by law, and not by the insurance companies. If a company wants to sell Medicare Supplements, they cannot alter its benefits in any way.



# MEDICARE PART C – MEDICARE ADVANTAGE PLANS

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## What is it?

### PART A + PART B = PART C

- Combine the coverage of Parts A and Parts B into one plan
- Often includes Prescription Drug Plans

**Part A + Part B + Part D = Part C**

- Offered by private health insurance companies
- May include additional benefits like routine dental, vision, and hearing
- Must be enrolled in Medicare Parts A & B to be eligible
- Cannot have a Medicare Advantage Plan and a Medicare Supplement simultaneously
- Must continue to pay Part B Premium



# WHAT'S THE DIFFERENCE?

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|  | <b>MEDICARE ADVANTAGE</b>   | <b>MEDICARE SUPPLEMENT</b>   |
|--|---|--|
| <b>PREMIUM</b>                           | Low (to \$0) monthly premium payments   | Higher monthly premium cost  |
| <b>OUT-OF-POCKET COSTS</b>               | Pay for services as you go by way of co-pays and co-insurance                             | Protection from out-of-pocket costs not covered by Medicare                        |
| <b>CHOOSING MY HEALTH CARE PROVIDERS</b> | I don't mind staying within a plan's doctor and hospital network to help control expenses | I want the freedom to choose any doctor or hospital that accepts Medicare patients |
| <b>PRESCRIPTION DRUG COVERAGE</b>        | I'd like to have my prescription and medical coverage all in one plan                     | I'm okay with purchasing a separate drug plan                                      |
| <b>EXTRA BENEFITS</b>                    | I'm looking for a plan that includes dental, vision, hearing coverage and maybe more      | It's more important that my general medical costs are covered                      |

# HOW DO I FIND THE RIGHT PLAN FOR ME?

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## What is most important to you?

- **Flexibility to see any provider** = Medicare Supplement
- **Keep current doctor(s)** = Medicare Supplement or Medicare Advantage
- **Frequent traveler** = Medicare Supplement
- **Dental coverage** = Medicare Advantage
- **Vision coverage** = Medicare Advantage
- **Hearing coverage** = Medicare Advantage
- **Over-the-counter coverage (OTC)** = Medicare Advantage
- **Transportation** = Medicare Advantage

## MEDICARE INSURANCE SUMMARY

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- You have choices in how you get coverage, your decisions can affect the type of coverage you get
- Certain decisions are time-sensitive
- **First step:** Meet with a licensed insurance agent 3-6 months prior to turning 65 to review your current situation.
- **Second step:** Enroll in Medicare Part A & Part B when the timing is right for you (your agent can help you understand this).
- **Third Step:** Meet with your licensed insurance agent to review Medicare insurance options that fit your needs.

# UNDERSTANDING MEDICARE TERMINOLOGY

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**Benefits:** the products and services that are covered by a health plan

**Benefit Period:** starts the day you are admitted to a hospital as an inpatient, or to a SNF\*. It ends the day you have been out of the hospital or SNF\* for 60 days in a row.

**Co-insurance:** the amount (usually a percentage) you may be required to pay for services after you pay any plan deductibles

**Co-payment:** cost sharing where the member pays a pre-set, flat amount for medical service

**Cost Sharing:** what you pay for covered medical services or prescription drugs. It can include your co-payment, co-insurance, and deductible.

**Deductible:** a dollar amount a health care plan member must pay for covered services before the plan begins paying for covered services

**IRMAA (Income Related Monthly Adjusted Amount):** Paid in addition to your Part B and Part D premium if your income is above a certain level. The Social Security Administration (SSA) sets the four income brackets that your IRMAA.

**LEP (Late Enrollment Penalty):** Applied when enrollment does not occur during first eligibility period.

## UNDERSTANDING MEDICARE TERMINOLOGY CONT.

**MOOP (Maximum Out-of-Pocket):** The most you pay during your plan's policy period (usually a year) for covered medical services. Once you reach your MOOP, your plan pay 100% of covered medical services. Your premium doesn't count toward your MOOP.

**Network Pharmacy:** a pharmacy that has a contract with your plan. Your plan may only cover your prescription drug if you fill it at a network pharmacy.

**Network Provider:** a health care provider (for example: doctor, hospital, or facility) that has a contract with your plan.

**Premium:** a dollar amount a member gets billed monthly by a health plan to have coverage

**Prior Authorization:** requires you or your doctor to get approval from your plan before it covers a medical service or prescription drug

**Provider:** a term for pharmacies, hospitals, doctors, other health care professionals and health care facilities

**TrOOP (True Out-of-Pocket):** Prescription drug plan's maximum out-of-pocket amount. This is the maximum amount you would need to spend each year on medications covered by your prescription drug plan before you reach the "catastrophic" phase.

When working with a Medicare Insurance Agent, you can expect

1. Contact a Medicare insurance agent 3-6 months prior to needing Medicare Insurance
  - During your initial meeting:
    - Medicare Insurance Agent will provide you with a Medicare 101 packet
    - discuss our process and other general Medicare information
    - and next steps to obtain eligibility for enrollment into a Medicare insurance health plan
  - An initial appointment will take approximately 30 minutes to 1 hour
2. Enroll in Medicare Parts A & B
  - Enrollment can be accomplished by either applying online at [ssa.gov](http://ssa.gov) or by visiting your local Social Security office. An agent can provide you with an address to the nearest office.
  - **NOTE:** Parts A & B enrollment are processed solely by the Social Security Administration.
  - The enrollment process typically takes 4-6 weeks.

## WHAT TO EXPECT CONT.

3. Contact Medicare insurance agent once you receive your Medicare Part A and Part B card
  - One month prior to the Part B effective date a member should select and enroll into a Medicare insurance health plan
  - The meeting will include a discussion of the quoted plan specifics and required sales presentations to review plan details.
  - An enrollment appointment will generally take 60 – 90 minutes.
  - Medicare requires that we have you sign a Scope of Appointment form prior to a discussion of plan specifics (which provides parameters for our discussion and explains that we don't work for Medicare but rather private insurance providers that contract with Medicare)
  - Plan materials and ID cards typically arrive via mail approximately 10-14 days post enrollment.
4. Contact your Medicare insurance agent throughout the year as questions or need for assistance arises.

**Contact our Medicare team today to get started!**

*Not affiliated with the U.S. government or federal Medicare program. A Licensed Insurance agent may contact you regarding this Insurance related information.*