

Tina: Hi, my name is Tina Patterson, and I am a Medicare coordinator and care manager at KC Shepherd Center. I'm also pursuing my master's in social work with the University of Oklahoma. And I'm really proud to be a part of KC Shepherd Center. Their vision I really hold dear to my heart, I am really passionate about working with older adults. And their vision is all about empowering, celebrating and serving older adults. I've included our web page at the bottom left-hand corner. And if you'd like to take a look at our organization.

Medicare 101. That's what we're going to go over today. And there are lots of moving parts when it comes to Medicare. Regardless of if an individual has worked in the insurance field or has a bachelor's degree, Medicare can be very overwhelming. And so, we're going to go over the basics today. We're going to go over Medicare eligibility and enrollment, Original Medicare Parts A and B. Medicare supplemental insurance, also known as Medigap, Medicare Advantage plans, which are also known as part C, and Medicare prescription drug coverage, also referred to as Part D. And also, I'd like to point out, we are, when I say we, KC Shepherd Center is affiliated with the SHIP program for Missouri, and that is the State Health Insurance Assistance Program. And it's designed to help people living in that state to kind of navigate and gain some resources and education regarding Medicare. And each state has their own SHIP program, I've included the website down below. And you could go there and click on the state and access their SHIP website from that location.

What is Medicare? It's a health insurance program for people 65 years or older, or individuals that are under 65 with a disability. They would have to be on SSDI for 24 months before they're eligible. Medicare is administered by the Centers of Medicare and Medicaid Services, CMS. And the individual can enroll in Medicare, either through the Social Security Administration or Railroad Retirement Board. There are some enrollment periods. The initial enrollment period which lasts seven months, it begins three months before the individual's 65th birthday. So, an example it'd be three months before their birthday, their birthday month, and then three months after. And then down below, you can kind of see if an individual enrolled in that first month,

that coverage would start two months after the enrollment. And then, likewise, three months after they turn 65, the enrollment or the effective date would start three months after enrollment. And basically, they're not automatically enrolled in Medicare unless they have been receiving their Social Security or Railroad Retirement Benefit. So, that's important to note that automatic if already receiving that benefit, if not, then they would need to apply.

The special enrollment period this is for individuals and their spouses that have continued to work and had employer coverage. And then they decide, you know, they retire and now they've decided they want Medicare. So basically, this period, the special enrolment period lasts eight months. And so, it begins when the employer coverage ends, and when you are notified, it will end and then that eight-month period would start and then once the individual's Part A and B cap becomes effective, then they would have 63 days is to enroll in a Part D which is a prescription drug plan. And then some may choose to enroll in a premium-free Part A at age 65 during their initial enrollment period and use a special enrollment period to enroll in Part B when their employer coverage ends.

So again, basically, if an individual opted out of having Part B, because they were continuing to work or their spouse was continuing to work, and they have credible insurance coverage, then basically, when the time came that they decided that they wanted to opt-in, they would need to fill out an application for Medicare Part B, which is listed down below as the CMS-40B application. And then along with that, they would have to submit the CMS-L564 which is requesting the former employer to verify that they had credible coverage during that period of time, it's important to include that form so that they won't encounter a penalty for not having credible coverage during that time period that they opted out. The ways to apply for Medicare Part A and B enrollment, like I said was Social Security Administration and the Railroad Retirement Board and I have their contact information there.

So, we're going to discuss original Medicare and Medicare Advantage Part C. These are the two options for individuals when they come on and enroll

in Medicare. So, Original Medicare is constructed of part A, which is inpatient hospital coverage. Part B, outpatient medical coverage like doctor services, and then they can opt-in to enroll in a prescription drug plan I say opt in but I honestly I never would say not to and we'll get into that a little bit later because there can be a penalty with that further down the road. And then it's optional for supplemental coverage either to purchase a Medigap or a supplemental insurance to fill in the 20% that Medicare doesn't cover. Or they might have a supplement through a former employer or union, or they might also be on Medicaid, which is known as dual eligible. And that acts as a supplement where they pay the 20% that Medicare doesn't cover. And when I say that, Medicare only covers 80%.

And so, it's important to note that Medicare supplemental insurance, Medigap policies only work with Original Medicare. So, you know the other option here which is a Medicare Advantage Part C, you would not need a supplemental insurance, a Medigap policy purchased if you chose to go with Part C, which is a Medicare Advantage. Medicare Advantage Plans consist of part A and inpatient hospital coverage, Part B, outpatient medical coverage, and then they do include a prescription drug plan and they do cover some extra benefits such as dental vision and hearing. Oftentimes, they also include a fitness benefit and over-the-counter benefit, which is a allotted amount on a like a debit card that the individual can use to purchase drugs over the counter and drugstore items. And then there are some lower out-of-pocket costs on some of the plans.

Part A, we're first going to go over that. Part A helps pay for the inpatient hospital coverage, and also skilled nursing facility care, home health care, hospice care, and blood when they refer to that units of blood or blood transfusions. Part B helps pay for doctor services, outpatient medical and surgical services and supplies, diagnostic tests, outpatient therapy, outpatient mental health services, some preventative health care services, durable medical equipment. Some medications that are generally not self-administered in outpatient hospital stays. There is a monthly premium for Part B, most pay the baseline is \$170.10 a month. However, it can go up from there depending on income for single person making 91,000 or more, it could

go up, and then for a couple combined income of 100, maybe 2000 or more, it could go up from that 170.10.

The individual has an option of either having that monthly premium taken out of their benefit check a month automatically. Or they might opt-in to have it billed either quarterly or monthly and they mail in that payment. Those are the two options. So again, I'd like to use a chart here just because there are so many parts, and it can get kind of confusing with all the letters. So, we just discussed with Original Medicare Part A and Part B. And now we're going to go into the supplement, Medigap.

Medicare supplement and insurance also known as Medigap work with Medicare Parts A and B. They are designed to cover Medicare A and B out-of-pocket costs like deductibles co-pay and co-insurance. Medigap do not cover services that are not covered by Medicare like dental work or routine hearing exams. If Medicare denies a claim as unnecessary, a Medigap will not cover it either. So again, this work belongs with Medicare. They're not like additional coverage or anything like that. It's well, I'll take that back. It's not that it's not additional coverage. It's just not anything new. It's basically the reason why it's called a Medigap is because Medicare covers 80% and then Medigap policies fill in the gap which Medicare doesn't. They pay that 20%. And that's the way I remember it.

So, it's an additional coverage to cover the costs. But there are no additional benefits from having a Medigap, it's just additional coverage to help pay with those costs and fees. All Medigap are accepted by any provider who accepts Medicare any place in the United States. So, with Original Medicare versus going with a Part C, I always point out one of the differences is that Medicare Original Medicare, basically like this says you can go anyplace in the United States that accepts Medicare, which is really nice. And with having a Medigap, even though it's purchased through a private insurance company, they still work the same way, which is really nice.

And then Medigap are standardized by the government assigned letter names to make it even a little bit more challenging. So yeah, they have those labels, plan A, plan B, plan C, I believe it goes all the way to M or N. And they are

sold by private insurance companies, and you enroll directly with it, company offering the plan you want. But I also point out when I'm working with clients that once they've selected the Medigap Plan, you know, they're labeled by letters. So, say they choose Plan G, despite what insurance company they go with, they're going to get the same coverage. So, the main difference, or the focus should be on is what the premium amount that they're going to get charged and each insurance company charges a different premium based on their own criteria or formula that they use to calculate that. And so, I always tell people, it's really important to kind of shop around with those. I've even referred people to go see a broker. Just because you really want to get the best one for the money, you want to get the lowest premium and there are several to choose from. So that kind of help narrow it down and a broker can sometimes have a little bit more insight on which one might be the best you know for your needs.

Medicare choices again. So again, I just like to refer back to this. We've gone over Part A, Part B, and then the Medigap. Now we're going to go over Part D prescription drug plans. Part D, Medicare prescription drug coverage. Medicare Part D plans help pay for outpatient prescription medications, typically dispensed by a retail pharmacy, either a bricks-and-mortar store or mail order. They're sold by private insurance companies that contract with Medicare plans are known as Medicare prescription drug plans. PDPs. So, we as Medicare counselors, we refer to these as PDPs. And this really is the bread and butter of open enrollment, which is a great time to review these plans, I would say it's vital to just because they changed the premiums every year on these prescription drug plans. So, it's really important to review those. And anyone with a Part A and or Part B who lives in a Part D service area is eligible for Medicare Part D coverage.

Part D eligibility and enrollment. Enrollment is not automatic. And it's really important to know that it's not a lot of people sometimes assume that it is. And again, it's not required for an individual to enroll in a prescription drug plan. But again, if they miss that 63-day window of enrolling for the eight-month window for a special enrollment period, then they will encounter a penalty. So, it's really important to know that you need to be mindful of those

timeframes of enrolling and that it's not automatic. It's also important to select the plan that best meets your medication and financial needs. So, again, there are so many choices.

And so, with my clients, what I do is I go into medicare.gov and I use them Medicare Plan Finder to really kind of plug in their prescriptions, their preferred pharmacies and medicare.gov does the work for us, it will populate the best plan either we can sort by lowest premium or lowest deductible. And it will pull those plans with all of that. Each plan has its own formulary, the list of drugs that the plan covers, and some plans have preferred pharmacies, where the cost will likely be lowered. So again, the preferred pharmacies, that's why it's important to put in the pharmacies and I might get somebody in that prefers to go to CVS, but then once we plug in their prescriptions and we choose five different pharmacies and we kind of get in and see what's available. That might change because it might be way cheaper for them to go to Walmart on a certain plan that covers all their prescriptions, versus a plan that has a preferred pharmacy of CVS, but it doesn't cover all their prescriptions. So, it's really a great tool to use. And I encourage the beneficiaries or clients that come in to see me, to utilize it.

Part D enrollment periods. So, the initial enrollment period for Part D is the same as Original Medicare. So, you'd have that seven-month window. And then for the special enrollment period, it would be 63 days from the qualifying event. So, either retirement causing loss of credible coverage from an employer plan, involuntary loss of credible coverage, moving out of current plans coverage area, moving out of a nursing home, leaving a Medicare Advantage plan within the first 12 months of being enrolled in a Medicare Advantage plan for the first time, returning to the US after living abroad, released from incarceration. All centers of Medicare and Medicaid Services also can grant special enrollment periods for emergency circumstances.

Prescription drug costs. So, costs vary by plan and there are many to choose from. And the national average is \$33.37 and then the annual deductible is no more than \$480. Copayments and coinsurance may apply. So, basically,

out of all of the plans, the average is that \$33.37, I've seen them as low as \$6.80 for 2022. And I've seen them as high as over 100, with no deductible. And people often asked me, why is one so much more than the other? Is it better coverage? And the answer is no. Once you put in your prescriptions, the plan that's \$100, with no deductible, your prescription drug costs can be 1000s, more than the plan that cost \$6.80. And honestly, I look at it as a chess game with these prescription drug plans. They change them every year.

And so that's why it's so important for people to review those during the annual open enrollment, which is October 15 through December 7, every year. And that's the best time to review those and make any changes. Because you can just switch your plans at that time. And to give an example, this year SilverScript, Smart RX, they're the ones that are \$6.80 premium this year. However, next year, it might be Humana Gold or Clear Springs, that might be \$6.80. And then SilverScript or Smart RX might be the one that's \$57. So, there's no rhyme and reason to it. And so, it's really important, like I said, to review those and pass the word along to your clients that it is really important to review.

Part D late enrollment penalty. Enrollment in a Part D plan is not required. That was what we saw early on. However, if you do not enroll in a Part D plan when you're first eligible, and you do not have other credible coverage, your premium will be higher if you enroll in the plan at a later date. A late enrollment penalty will be added to your monthly premium each month for as long as you have Medicare prescription drug plans. So, it can add up the longer amount of time, the higher the penalty will be. Basically, it's calculated by the number of months that you did not have prescription drug coverage, the penalty is 1% for each month, and they times that times the national benchmark monthly premium for that year. So, this year, it would be \$37.37. And if you qualify for extra help, which is great news, then your late enrollment penalty is eliminated. And so extra help is a Medicare Savings Program. And it's based of an income. And it's something that can be applied for after you're on Medicare. You actually have to already be on Medicare to apply for it. And it would be applied for through the Social Security Administration. And again, it's based of an income. And again, if you qualify

for that, it would eliminate in late enrollment penalty, which is great. And then it's important to note too, that if an individual had VA coverage, that is credible, and it covers medications and so they are not required to be in a prescription drug plan if they are also receiving VA benefits or coverage.

So, we got through Original Medicare, and we talked about Part A, Part B, the supplemental Medigap, and Part D. And so, on the other side of the fence, we're going to take a look at the other options individuals have when they're eligible for Medicare. And again, you see here that it includes Part A Part B, and Part D of what we've already went through. And that all equals what we're about to talk about, which is the Part C, this Medicare Advantage plan. So, Medicare Advantage plans are not supplements of Medigap. They are all alternative to Original Medicare Part A and Part B. They are private health insurance plans that are contracted with Medicare. They include all benefits and services covered under Part A and Part D which is good you're getting the same services. May charge an additional monthly premium. So, there are some that have a premium. But more often than not the premium is zero on these Medicare Advantage plans.

The plan determines the cost of services for its members from co-pays, coinsurance, for services provided. And then the plan determines providers in their network, and this may be geographically limited. So basically, what I always tell people when we're going over the fundamentals here of Medicare is that Original Medicare, again, you can go anywhere in the United States, if you know that accepts Medicare, but with a Medicare Advantage plan that does restrict your network, or it can. That it would probably be in a location of the state that you're living and residing in. But I have noticed that a lot of these Medicare Advantage plans have started adding this national network benefit. And basically, if it's listed on that plan as a national network benefit, I've double-checked it. And basically, that means that they could go anywhere in the United States, they would have to plug in, where they're at where they're visiting, like the zip code, into the Plan Finder on the website for their insurance company that they're enrolled in this Medicare Advantage plan and then the providers would come up, and then there would be no



additional charge to that. So that's really a great feature that's just newly been available I think, since 2021.

Then usually, they include a Medicare prescription drug coverage plan, , again, most of them all include a prescription drug plan, the only ones that I have not seen are the ones that are for and designed for individuals that are also receiving VA benefits or have VA coverage. And they may include extra benefits and services. So, a lot of times all of these Medicare Advantage plans offer things like dental vision, and hearing coverage, they'll also include a fitness benefit. And oftentimes they have an over-the-counter benefit as well, which is an allowance that is put on a like debit or credit card for the individual to purchase drugs stored over-the-counter items, which is really nice.

Medicare Advantage enrollment periods. So, Medicare Advantage open enrollment is every year January 1 through March 31. And basically, they would have to be enrolled in a Medicare Advantage plan as of January 1. So, the prior year during October 15 to December 7, they enrolled in a Medicare Advantage plan. So, by, January 1, that's when it takes effect, so they'd have to be enrolled in one at that time. They can either make a switch to another Medicare Advantage plan during that three-month window, or they can switch back to Original Medicare and pick up a prescription drug plan at that time. They had a supplemental and - But it's also important to note that any change will be affected the first day of the following month. So, if they make that change in February, it would be March 1.

So, cautions. When choosing a Medicare Advantage plan before you enroll, and you want to verify that your doctors and preferred hospitals and things like that are all covered by that plan. And then you also want to review your drug coverage and costs and make sure your prescriptions are covered. And then understand the cost share for services you will receive. So, these plans don't have a premium. However, there are some percentages of cost-sharing share for services. And so, you definitely want to take a look at that formulary and the benefit, you know what's all covered to really understand what costs and what the services are that you will receive while enrolled in that plan.

And then also clarify specifics around the extra benefits. So, a lot of times when people hear that they include dental vision and hearing that's 100% coverage. That's not the case with these extra benefits. Basically, there are limited amounts that they offer. So, there might be a certain dollar amount, or you might not be able to go every year it might be every other year. So, it's just really important to take a look at that and be aware before choosing one, they're all different. They all have slight differences.

And again, [medicare.gov](https://www.medicare.gov) great tool, great resource. And you can view status, excluding Part D claims. So, you can view a claim, except for any that are Part D. Order a duplicate Medicare Summary Notice, which is also referred to as an MSN, or replacement Medicare card. View eligibility and entitlement and preventative services info. View and modify drug, your drug list, and pharmacy information, and view address a record with Medicare and Part B deductible status, and access online forms, publications, and messages sent to you from the center of Medicare and Medicaid Services CMS.

Save the dates. So, we've already passed January 1 to March 31 for this year, which would be a great time to take a second look at any Medicare Advantage plan, people that are enrolled, that might want to switch back to original or switch to a different Medicare Advantage plan. And then, of course, we're going to be coming into October our annual open enrollment, which is October 15, through December 7. And again, this is a great time to review those PDP plans, prescription drug plans and take a look at if your prescriptions are still covered and if the premium has changed any. And also, people can choose to enroll in a Medicare Advantage plan during that time if they want. And it's important to note that there are no open enrollment periods to purchase supplemental Medigap policies. So, that can be done at any time of the year, and it can be dropped at any time as well.

I really appreciate you taking the time to listen to this presentation. And I hope it was informative. If there was something that maybe I didn't cover or wasn't clear on, feel free to contact me I put my contact information below, and thank you. Have a great day.

Medicare 101

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