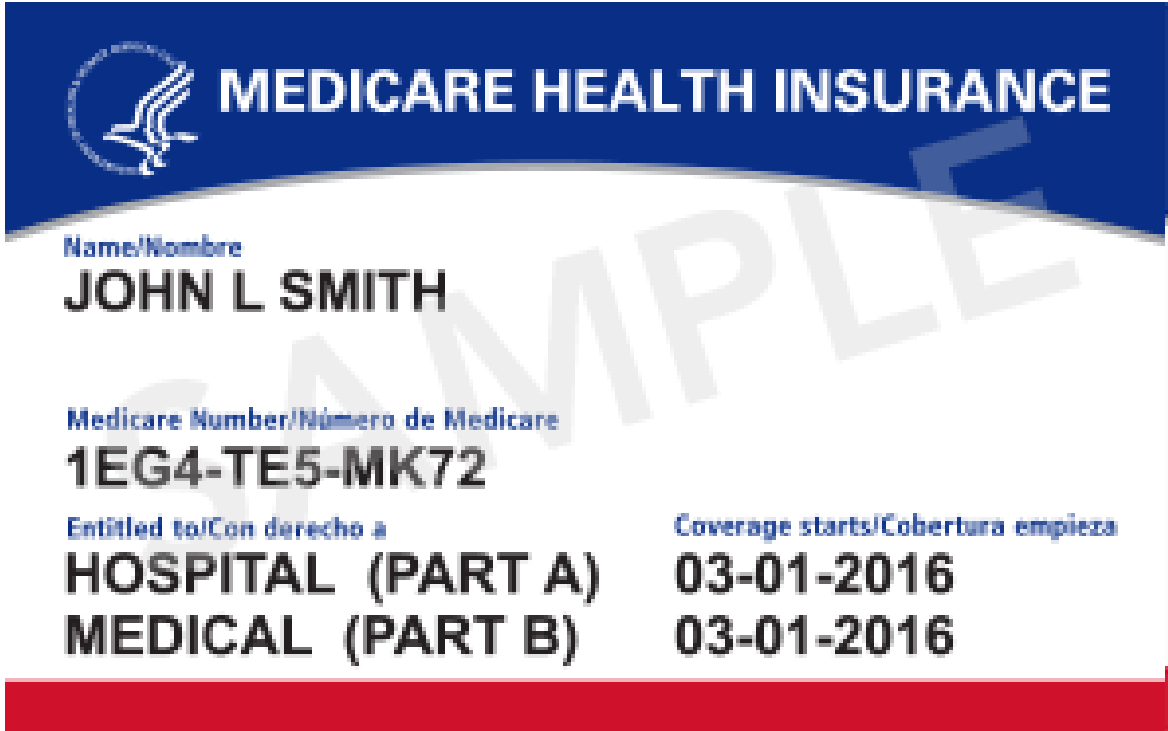


# Medicare & Social Security




Atty Kate Schilling  
February 2021

# Medicare Basics



A sample Medicare Health Insurance card for John L. Smith. The card features a blue header with the Medicare logo and the text "MEDICARE HEALTH INSURANCE". Below the header, the cardholder's name "JOHN L SMITH" is listed. The Medicare Number is "1EG4-TE5-MK72". The card also specifies coverage for Hospital (Part A) and Medical (Part B), both starting on 03-01-2016. A large, light gray "SAMPLE" watermark is diagonally across the center of the card. The card has a red footer bar.

 <b>MEDICARE HEALTH INSURANCE</b>	
Name/Nombre <b>JOHN L SMITH</b>	
Medicare Number/Número de Medicare <b>1EG4-TE5-MK72</b>	
Entitled to/Con derecho a	Coverage starts/Cobertura empieza
<b>HOSPITAL (PART A)</b>	<b>03-01-2016</b>
<b>MEDICAL (PART B)</b>	<b>03-01-2016</b>

# Medicare—eligibility

Age 65

Month of 65<sup>th</sup> birthday

Disability:

24 months after SSDI starts  
(or immediately upon SSDI if have ALS)

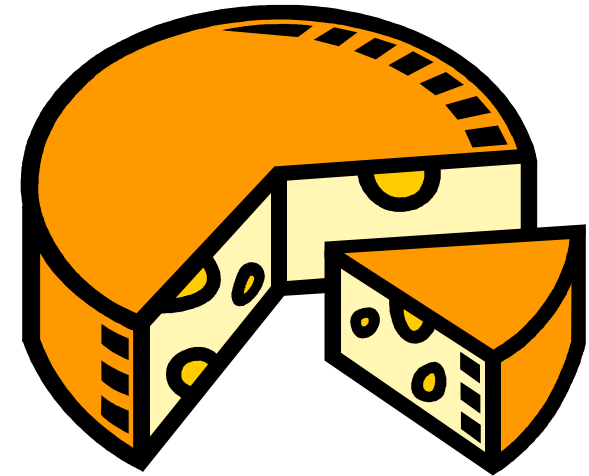
End Stage Renal Disease

After 3 months of dialysis treatment



# Medicare

- Part A—hospital inpatient insurance
- Part B—outpatient medical insurance
- Part C—Advantage plans (***optional***- privatize Medicare- HMO or PPO)
- Part D—drug coverage
- Medigap plans (optional)





# Medicare Part A

Hospital Insurance

# Medicare Part A

## Coverage:

- Inpatient hospital stays
- Skilled nursing facility stay
- All-inclusive—meds, rehab, DME included
- Daily inpatient copay



# Medicare Part A—2021 costs

## Costs:

- \$1,484 deductible per benefit period
- Most people get Part A for **free** (no premium)
  - If premium, \$471 or \$259/mo
  - Depends on work history



# Medicare Part A copays—HOSPITAL

DAYS	MEDICARE PAYS	PATIENT PAYS
1-60	All except \$1,484	\$1,484 deductible
61-90	All except \$371/day	\$371/day
91-150	All except \$742/day	\$742/day



# Medicare Part A—Skilled Nursing Facility copays

DAYS	MEDICARE PAYS	PATIENT PAYS
1-20	All after deductible	\$1,484 deductible
21-100	All except \$185.50/day	\$185.50/day
Days 100+	None	All

# Skilled Nursing Facility coverage

## Requirements:

- 3 day prior inpatient stay at hospital
- Must require daily skilled therapy at SNF
  - OT, PT, SLP at least 5x per week, or
  - Intense medical needs only a nurse can do
- No coverage for chronic conditions or custodial care (dementia)

# Medicare Part B

Outpatient insurance



# Medicare Part B

- Outpatient hospital stays, *observational*
- Ambulance rides
- ER
- Durable medical equipment
- Clinic visits
- Outpatient rehab
- Certain oral anti-cancer, anti-rejection meds, some injections



# Medicare Part B—2021 costs

Monthly premium: \$148.50

Annual deductible: \$203

Coverage: 80% 20%

Itemized charges

(20% coinsurance is *unlimited*)

Medicare pays	Patient pays
80%	20%

# Sample Medicare Summary Notice

**January 21, 2013**

**Craig I. Secosan, M.D., (555) 555-1234**

**Looking Glass Eye Center PA, 1888 Medical Park Dr, Suite C, Brevard, NC 28712-4187**

Service Provided & Billing Code	Service Approved?	Amount Provider Charged	Medicare- Approved Amount	Amount Medicare Paid	Maximum You May Be Billed	See Notes Below
Eye and medical examination for diagnosis and treatment, established patient, 1 or more visits (92014)	Yes	\$143.00	\$107.97	\$86.38	\$21.59	6
Destruction of skin growth (17000)	NO	68.56	0.00	0.00	68.56	A
<b>Total for Claim #02-10195-592-390</b>		\$211.56	\$107.97	\$86.38	\$90.15	B 7

# Medicare Part D

## Drug coverage



# Medicare Part D

## Drug coverage

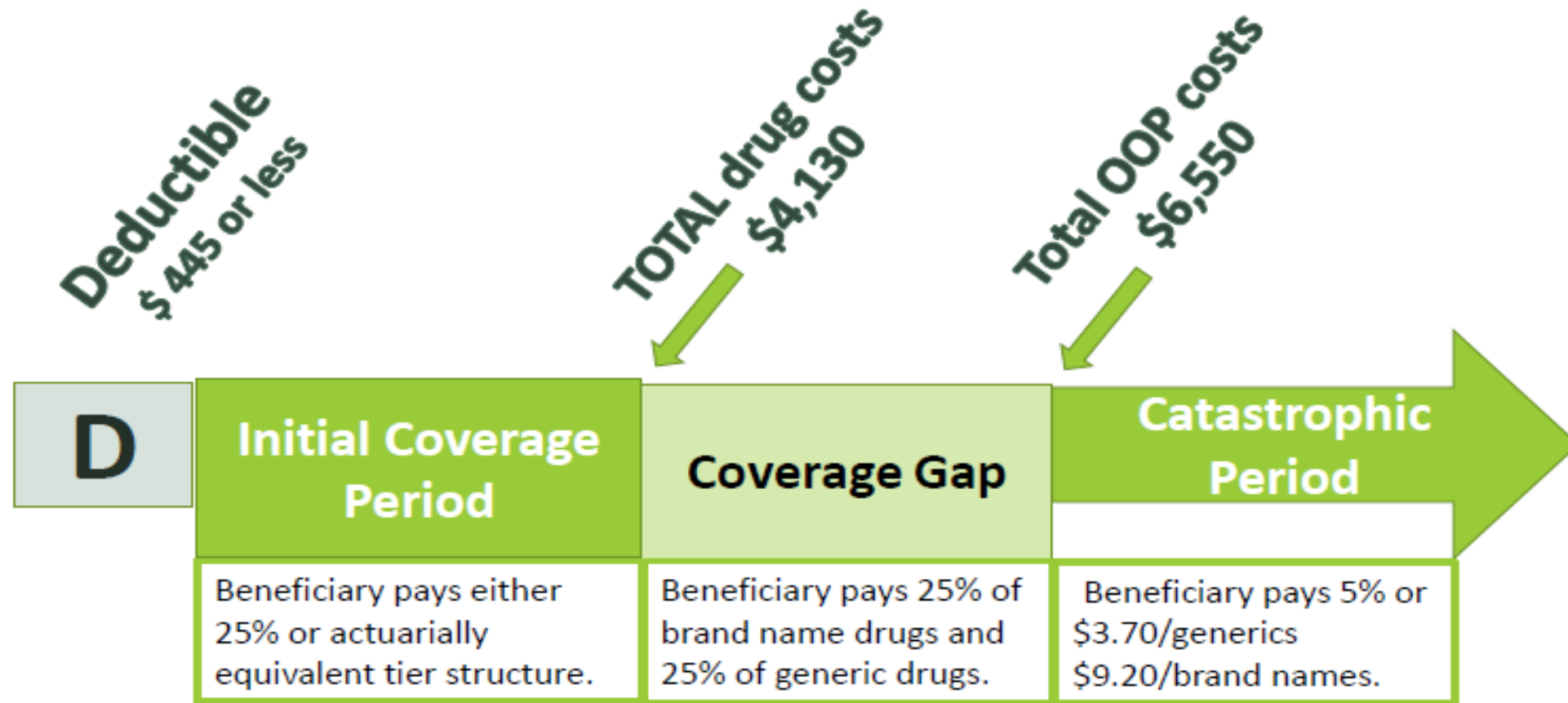
- Privatized plan, monthly premium
- Choose a plan that best covers meds
- Copays and formularies vary widely
- Re-evaluate plan each year



*Worst way to pick a plan? Name recognition*



# 2021 Medicare Part D Cost Structure



Effective January 1, 2021 – December 31, 2021

# Medicare Part D—coverage gap closes under ACA

Year	What the Consumer Pays for Brand Name Drugs in the Coverage Gap	What the Consumer Pays for Generic Drugs in the Coverage Gap
2016	45%	58%
2017	40%	51%
2018	35%	44%
2019	25%	37%
2020	25%	25%
2021	25%	25%

# Medicare—Drug Coverage

- Annual Open Enrollment Period for Part D
  - **October 15 through December 7**
- **Re-examine Part D plan every single year!**
  - Formulary, tiers, copays, premiums will change
  - In-network pharmacies may change



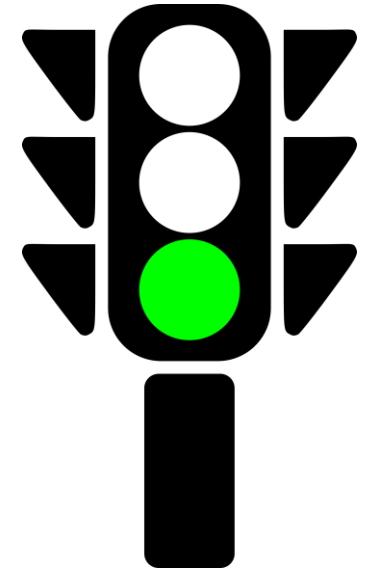
Consider **SeniorCare** or **VA** drug coverage as a low-cost alternative, or in addition to Part D

# Medicare Part D—picking a plan

## Do a Plan Finder comparison

- Personalized or general search
- Enter your zip code
- Type in your medications and dosages
- Choose your preferred pharmacies

[www.medicare.gov](https://www.medicare.gov)



# Medicare Part D—choose a plan

People on Medicare should **NOT** go to the Marketplace (ACA) to pick out any plans.





Español | A A A | Print

About Us | Glossary | CMS.gov | MyMedicare.gov Login

# Medicare.gov

The Official U.S. Government Site for Medicare

Sign Up /  
Change Plans

Your Medicare  
Costs

What Medicare  
Covers

Drug Coverage  
(Part D)

Supplements &  
Other Insurance

Claims &  
Appeals

Manage Your  
Health

Forms, Help, &  
Resources

## Need to change plans?

Find Health & Drug Plans

Log in/Create Account

See how Medicare is responding to Coronavirus

Learn More

# Plan Finder Search

## DO

- A personalized search
- Know what meds you take
- Compare deductibles, premiums, & med copays
- Compare prices at different pharmacies, and mail order
- Read your *Annual Notice of Change* sent out Sept. 30<sup>th</sup>.
- Do a new Plan Finder each fall!

## DO NOT

- Choose a plan based on name
- Choose a plan based on premium alone
- Assume a higher premium gets you a broader formulary
- Assume that a plan's coverage or pricing will stay the same the following year



# Compare Part D plan options

- Are all of my drugs covered?
- Review monthly premium, annual deductible, copays
- What tiers do my medications fall under?
- Are my pharmacies within the *preferred* network for the plan?
- How many star ratings did Medicare give this plan?





# Terminology

- Formulary: list of drugs covered under plan
- Step therapy: try lessor expensive meds first
- Prior authorization: special permission/reason to take this drug
- Quantity limits: most people only take X pills per month; need medical rationale for needing more
- Exception: I know the formulary does not cover this medication, but I'm asking for the plan to make an exception and cover it for me for this special reason (my health depends on it)

# Medicare Part D—final tips

- Revisit your plan options every single year
- Consider SeniorCare instead of (or in addition to) Part D
- VA drug coverage is typically *better* than Part D
- Part D does *not* cover:
  - Over the counter meds
  - Off label usage
  - Drugs not approved by FDA



# Medicare Subsidies

## Part B and Part D:

- Income and asset limits to qualify
- Apply or renew annually
- Subsidy pays monthly premiums for Part B & D
- Reduce copays and out of pocket costs
- Eliminate Part D donut hole



# Advanced Topics in Medicare



**START**

**STEP 1: Decide how you want to get your coverage.**

**ORIGINAL MEDICARE**

or

**MEDICARE ADVANTAGE PLAN**

Part C (like an HMO or PPO)

**Part A**  
Hospital  
Insurance

**Part B**  
Medical  
Insurance

**Part C**  
Combines Part A,  
Part B, and **usually**  
Part D

**STEP 2: Decide if you need to  
add drug coverage.**

**Part D**  
Prescription  
Drug Coverage

**STEP 2: Decide if you need to  
add drug coverage.**

**Part D**  
Prescription Drug  
Coverage (Most  
Medicare Advantage  
Plans cover  
prescription drugs.  
You may be able to  
add drug coverage in  
some plan types if not  
already included.)

**STEP 3: Decide if you need to add  
supplemental coverage.**

**Medicare  
Supplement  
Insurance**  
(Medigap) policy

**END**

# Medicare Part C—*optional*

## Advantage plans

- Privatize Medicare A & B through **network** –HMO or PPO
- Additional monthly premium (and still pay monthly Part B premiums)
- Most have drug coverage included
- Must be at least same coverage as Medicare
- May reduce annual out of pocket costs (\$6,700 or \$3,600 max)

# Medicare Part C—*optional*

## **Pro**

- May reduce OOP costs
- No underwriting
- Same baseline of benefits as Medicare
- May offer add'l benefits
  - Dental? SilverSneakers?

## **Con**

- Strict network restrictions
- Cannot change mid-year
- Add'l premium
- Must re-evaluate plan annually

# Medicare supplements or Medigap policy





# Medigap policy

- Private health insurance policy, wraps around Medicare A & B
- Pays daily hospital/SNF copays, 20% coinsurance & deductibles
- No networks-- goes anywhere Medicare is accepted
- No independent coverage determination
  - If Medicare covers, it covers
  - If Medicare denies, it denies



# Medigap policy

## PROS

- Covers unlimited 20% copay
- No networks (snowbirds, travel)
- No lifetime coverage max
- Foreign travel rider
- Guaranteed issue first 6 months enrollment in Part B
- 30 days add'l SNF coverage
- Keep same Medigap policy for life (no annual plan re-eval)

## CONS

- Cost ~ \$120-\$400+/month
- Premiums may increase annually
- Must pass **underwriting**



# QUIZ

What is the average private pay rate for a skilled nursing facility in WI?

- A. \$4,751/month
- B. \$5,281/month
- C. \$8,339/month
- D. \$9,227/month

*\*per WI DHS as of January 1, 2021*

# Medigap policy



## State mandated Medigap benefit

- All Medigap plans sold in state of WI after 1979
- Add'l 30 days SNF care *beyond* Medicare coverage
- Must be skilled therapy
- No 3 day hospital inpatient stay requirement

Also, 40 home health visits, preventive care

*Wis. stat § 632.895 (3); WI Admin Code Ins. 3.39 (5)(c)6*

# Medicare & Employer Coverage



# Medicare & employer coverage



You can choose to delay enrollment in Medicare at age 65 if:

- you/spouse are employed **and** have health insurance through active employment; **and**
- employer has *more* than 20 employees; **and**
- You do **not** have end stage renal disease

*\*Most people get Part A for free, so they enroll in Part A but may prefer to wait to take Part B until they retire.*

## Quiz:

Which of the following are health insurance through active employment?

- A. COBRA
- B. Retiree health insurance
- C. Marketplace plan
- D. Payment of retiree health coverage via sick leave bank of hours
- E. All of the above
- F. None of the above

# Medicare & employer coverage

- Enroll in Medicare anytime while still actively working
- **Must** enroll within 8 months of:
  - Stop work (quit or retire), or
  - Lose health insurance through work, or
  - No longer have 20 employees, or
  - Develop end stage renal disease



*After 8 months, late enrollment penalty & restrictive enrollment period apply!*



# Medicare & employer coverage

- Typically, we recommend people take Medicare Part A upon turning age 65 because it is free for 99% of people.
- One time we do not recommend it. . . . .

# Medicare & employer coverage

## Health Savings Accounts (HSA)

- Per [IRS rule](#), a person cannot contribute to an HSA while on Medicare
  - Employer cannot contribute either
  - Tax penalty
- People who want to contribute to an HSA may decide to delay enrollment into Medicare A & B.
- Drawing on Social Security benefits = automatic enrollment in Medicare
- Medicare Part A will backdate up to 6 months if added after age 65.
  - To avoid tax penalty, wait to add Medicare until at least 6 months after you stopped contributing to HSA. Discuss with tax preparer.

# Medicare & employer coverage

## Coordination of Benefits issues:

- If < 20 employees, you **MUST** take Medicare at age 65, even if still working!
- If < 20 employees, employer health coverage is ***secondary*** to Medicare A, B, and D. (This means it will only cover the 20% Medicare leaves behind.)

If you	Situation	Pays first	Pays second
Are covered by Medicare and Medicaid	Entitled to Medicare and Medicaid	Medicare	Medicaid, but only after other coverage (such as employer group health plans) has paid
Are 65 or older and covered by a group health plan because you or your spouse is still working	Entitled to Medicare The employer has 20 or more employees	Group health plan	Medicare
	The employer has less than 20 employees*	Medicare	Group health plan
Have an employer group health plan after you retire and are 65 or older	Entitled to Medicare	Medicare	Retiree coverage
Are disabled and covered by a large group health plan from your work, or from a family member who is working	Entitled to Medicare The employer has 100 or more employees	Large group health plan	Medicare
	The employer has less than 100 employees	Medicare	Group health plan

# Social Security

*Retirement, Disability, Supplemental Security Income*



# Retirement benefits

- Early retirement as early as 62
  - Reduces benefit by 25% permanently
- Currently full retirement age (FRA) = ~ 66
- Starting with those born in 1960, FRA = 67
- Can delay benefits until age 70 for higher benefit
  - 8% benefit increase per year of delay after FRA
  - No reason to delay beyond age 70



# Spousal benefit

$\frac{1}{2}$  worker's benefit or spouse's own full benefit, not both, whichever is *higher*

- If married:
  - worker must be age 62 or older and
  - worker must be receiving benefits.
- If divorced:
  - must have been married 10 years; and
  - divorced at least 2 years, not remarried; and
  - worker need not be receiving benefits.
- Spousal benefits do NOT reduce a worker's own benefit



# Widow benefits

- \$255 one time payment death benefit
- Must be at least age 60 (age 50 if disability)
- At full retirement age, widow receives 100% of worker's benefit
- Reduced 25-30% for early retirement
- Benefits stop if widow remarries before age 60
- Add'l benefits if caring for minor or disabled child





# Social Security retirement & earnings limit 2021

(\*Applies to worker's, spousal & widow benefits— **not** SSDI or SSI)

	Earnings limit	Deduction from SS benefit
Under full retirement age	\$18,960	\$1 for every \$2 above earnings limit
During calendar year of turning full retirement age	\$50,520	\$1 for every \$3 above earnings limit

# SSDI

## Disability cash benefits

- Severe & persistent disability
- **Not earning SGA of \$1,310/mo. gross**
- Not able to perform previous work
- Not able to perform other jobs
- Must have recent work history (5 out of last 10 years)
- Not eligible off spouse's work history
- After 24 months on SSDI, eligible for Medicare



# Supplemental Security Income (SSI)

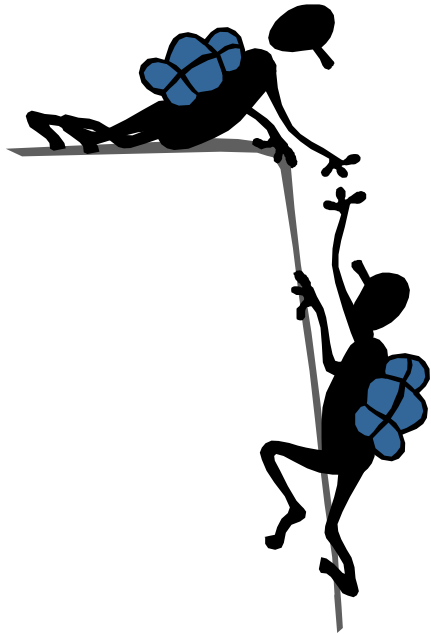


- Age 65+ or have disability
- Brings income **up to** \$794/mo (single) or \$1,191/mo (couple)
- Could qualify for all \$794, or just \$1 per month.
- Certain income and asset exemptions
- Asset limit is \$2,000 (single) or \$3,000 (couple)
- If receive federal SSI → automatically qualify for State of WI SSI

# State of WI SSI

- Age 65+ or have disability
- WI state supplement
- Everyone receives *same* monthly benefit:
  - \$83.78 single
  - \$132.05 couple
- Asset limit is \$2,000 (single) or \$3,000 (couple)
- SSI-E is additional \$95.99 if qualify (40+ hours of LTC supports)
- Automatically qualify for WI Medicaid insurance





# Resources

# Elder Benefit Specialist (EBS)

- Every county has one
- Aging & Disability Resource Center
- Serve people age 60+
- No income limit for assistance
- Wide range of services offered
- Funded under Older Americans Act



Dane County: case managers at various [senior centers](#)

# Disability Benefit Specialist

- Within ADRC at each county
- Work with clients with disabilities age 18-59
- Benefits Counseling
- Disability applications
- Healthcare coverage, denials, benefits counseling



# Benefit Specialists can help with:

- Medicare questions
- Medicare drug plan enrollment
- Employer health coverage problems
- Social Security benefits
- Burial trust funds
- Housing issues
- Medicaid
- FoodShare
- Collection issues
- Consumer protection
- Identity theft
- Small claims court
- Energy Assistance
- FamilyCare, IRIS,
- SeniorCare



## Elder & Disability Benefit Specialist program

- Aging & Disability Resource Center
- Or county aging unit



<http://www.dhs.wisconsin.gov/benefit-specialists/counties.htm>

# Board on Aging & Long Term Care

- **Part D Helpline age 60+      1 (855) 677-2783**
- **Medigap Helpline                      1 (800) 242-1060**
- **Ombudsman Program\*      1 (800) 815-0015**

*(\*advocacy for rights of people in ALF, NH, FamilyCare, IRIS)*

**Senior Medicare Patrol**  
***Detect, Protect, Report***



Call: **(888) 818-2611**

Email: [smp-wi@gwaar.org](mailto:smp-wi@gwaar.org)

Website: [www.gwaar.org](http://www.gwaar.org)