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**The A, B, and Ds of Medicare**

An Overview of the Basics  
Presented by  
Coalition of Wisconsin Aging Groups

## Presentation Overview

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- **Medicare Basics – Part A, B, and D**
  - Overview of Benefits
  - Eligibility requirements
  - Coverage provisions
  - Cost sharing




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## The History of Medicare.

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- 1965 - Medicare was created for individuals age 65 and over to provide them with health coverage.
- 1977 – Medicare Part C was created as a way to provide private insurance plan choices under Medicare
- 2003 – the Medicare Prescription Drug, Improvement, and Modernization Act made the biggest modifications to the program since Medicare was created. This Act created Medicare Part D, the new prescription drug benefit.





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## Federal Oversight

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**U.S. Department of Health and Human Services**

- Program administrator:
  - The Centers for Medicare & Medicaid Services (CMS)
  - [www.medicare.gov](http://www.medicare.gov)
- Application and Enrollment:
  - Social Security Administration
  - [www.socialsecurity.gov](http://www.socialsecurity.gov)

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## Who is Eligible for Medicare Coverage?

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- An individual or individual's spouse who worked at least 10 years in Medicare-covered employment; and
- Is at least 65 years old; and
- Is a citizen or permanent resident of the United States.

**Others who may qualify for coverage:**

- Those with a disability who meet the Social Security Administration (SSA) or Railroad Retirement Benefit (RRB) disability requirements;
- Individuals of any age with permanent kidney failure (End Stage Renal Disease - ESRD)




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## What is Medicare?

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Four Parts:

- Part A - (Hospital Insurance)
- Part B - (Supplementary Medical Insurance)
- Part C - (Medicare Managed Care "Advantage")
- Part D – (Drug Discount Cards (2004);  
New Prescription Drug Benefit(2006))



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## Medicare Part A

Those 65 and over who are entitled to Social Security or Railroad Retirement benefits, or who had Medicare covered federal employment are automatically eligible for premium-free Medicare Part A coverage.

### Part A = Hospital Insurance

Covers institutional and post-institutional care including:

- Hospitals
- Skilled Nursing Facilities
- Post- Institutional Home Health
- Hospice



  
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## Medicare Part A & Hospitals

### Services covered during an inpatient stay:

- Semiprivate room (two to four beds in a room)
- Meals, including special diets
- Special care units (intensive care, coronary care)
- Drugs furnished by the hospital during the patient's stay
- Blood transfusions
- Lab tests

  
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## Part A Inpatient Hospital Services:

- X-rays and other radiology services (including radiation therapy)
- Medical supplies (casts, surgical dressings, splints)
- Use of appliances (including wheelchairs)
- Operating and recovery room charges
- Rehabilitation services (PT, OT, ST)
- Regular nursing services

  
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## Part A Hospital Services NOT Covered:

- Personal convenience items (telephone, TV)
- Private duty nurses
- Extra charges for a private room (unless room is medically necessary)
- Cosmetic surgery
- Medical devices not approved by the FDA

  
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## Part A: Hospital Insurance Costs.

Although most people do not have to pay a premium for Medicare Part A, there are deductibles and coinsurance.

### 2005 Hospital Insurance Costs:

- Deductible \$912 for a hospital stay of 1 to 60 days
- Coinsurance \$228 per day for days 61 to 90 of a hospital stay  
\$456 per day for Lifetime Reserve Days  
(91-150 days of a hospital stay)
- The beneficiary pays all costs for each day beyond 150 days.

  
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## Medicare Part A: Skilled Nursing Facility

### Coverage Requirements

- The patient must require daily skilled nursing or daily skilled rehabilitation services; and
- the care to be provided must be considered a "skilled service"; and
- the patient must have first spent 3 days in a hospital

### The benefit ends when there is:

- A period of 60 consecutive days; or
- the patient was neither an inpatient of hospital nor a skilled nursing facility; or
- the patient goes from covered level of care to non-covered level of care

The counting of total days begins with the day of discharge

  
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## Part A: Skilled Nursing Services

- Semiprivate room (two to four beds in a room)
- Meals, including special diets
- Regular nursing services
- Physical, occupational, and speech therapy
- Drugs furnished during the patient's stay
- Blood transfusions furnished during the patient's stay
- Medical supplies (including casts, surgical dressings, splints)
- Use of appliances (including wheelchairs)



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## Part A: 2005 Skilled Nursing Facility Insurance Costs

- No cost for the first 20 days of service
- Coinsurance up to \$114 per day for the 21st to 100 days of service for each benefit period
- The beneficiary pays all costs beyond the 100th day in the benefit period



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## Part A: Home Health

### Coverage Requirements:

- Confined to home (homebound)
- Under care of a physician
- Plan Of Care/ MD certification
- Need for skilled care
- Provider Medicare-certified
- Services are medically reasonable & necessary
- Skilled Nurse/Home Health Aide meets intermittent/part-time requirements



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## Part A: Home Health Services.

### Services covered - Skilled Services:

- Nursing
- Physical Therapy
- Speech-Language Therapy
- Occupational Therapy (continuing)

### Services NOT covered:

- 24-hour-a-day nursing care at home
- Prescription drugs
- Meals delivered to beneficiary's home
- Homemaker services
- Blood transfusions
- Personal care given by home health aides when this is the only care needed



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## Part A: Home Health Care Insurance Costs

- No cost for home health care services
- 20% of the Medicare-approved amount for durable medical equipment
- All costs beyond the part-time Skilled Nurse/Home Health Aide coverage limits



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## Medicare Part A: Hospice

### Coverage Requirements:

- Must be entitled to Medicare Part A
- Must be certified by a physician as being terminally ill (probably less than 6 months or less to live if illness runs its normal course)
- Must sign a "Notice of Election"
- Waive all non-hospice Medicare benefits for care related to the terminal diagnosis (Medicare will still pay for covered benefits for health problems not related to your terminal illness).



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## Part A: Hospice Services

- Physician services
- Nursing services
- Therapy services (PT, OT and ST)
- Medical social services
- Home health aide and homemaker services
- Counseling services
- Short-term inpatient care, including respite care
- Medications related to terminal illness
- Volunteer services
- Medical equipment and supplies



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## Part A: Hospice Benefit Periods.

- First Period - 90 days
- Second Period - 90 days
- Third Period - Unlimited number of 60 day period (Beginning with each period the beneficiary must be terminally ill and a physician certification to this effect is required)



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## Part A: 2005 Hospice Insurance Costs

Medicare pays the hospice for your hospice care.

You pay:

- 5% of the Medicare-approved payment amount for inpatient respite care
- No more than \$5 for each prescription drug or other similar products for pain relief and symptom control
- Services related to terminal care that were not authorized by the hospice provider



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## Medicare Part B

Medicare Part B pays for:

- Doctors' services
- Outpatient hospital care
- Diagnostic tests
- Durable Medical Equipment
- Ambulance services
- Other specified health services and supplies not covered by Medicare Part A



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## Medicare Part B: New Additions

Starting January 1, 2005, Medicare will now cover these three preventive services:

- One-time "Welcome to Medicare" Physical Exam
- Cardiovascular Screening
- Diabetes Screening to check for diabetes



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## 2005 Medicare Part B Costs.

- Deductible \$110 per calendar year
- Coinsurance 20% of Medicare-approved amounts
- Premium \$78.20 per month (deducted from Social Security, Railroad Retirement, or Civil Service Retirement checks)



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## Part B: Doctor's Covered Services

- Medical and surgical services (including anesthesia)
- Diagnostic tests and procedures that are part of a patient's treatment
- Radiology and pathology services while the beneficiary is an inpatient or outpatient of a hospital
- Treatment of mental illness (limited)
- X-rays
- Services of a doctor's office nurse
- Drugs that cannot be self-administered (including Antigenes, Hemophilia clotting factors, Hepatitis B vaccine, Immunosuppressive drugs, some oral cancer drugs)
- Transfusions of blood and blood components
- Medical supplies
- Physical and occupational therapy
- Speech language pathology services



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## Part B: Doctor's Services NOT Covered

- Most routine physicals and tests related to those physicals
- Most routine foot care and dental care
- Examinations for prescribing or fitting eyeglasses or hearing aids
- Most immunizations
- Most prescription drugs
- Most cosmetic surgeries



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## Part B: Outpatient Services

- Emergency room or outpatient clinic
- Laboratory tests billed by the hospital
- Mental health care in a partial hospitalization psychiatric program
- X-rays and other radiology services billed by the hospital
- Medical supplies (including splints/casts)
- Drugs and biologicals that cannot be self-administered



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## Part B: Outpatient Services NOT Covered.

- Most routine physicals and tests related to those physicals
- Most routine foot care
- Eye or ear examinations to prescribe or fit eyeglasses or hearing aids
- Most immunizations
- Most prescription drugs
- Blood transfusions furnished as an outpatient



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## Part B: Ambulance Services.

### Coverage Requirements:

- The ambulance vehicle and crew meet all state requirements
- Transporting the patient by other means is hazardous to the patient's health
- Origin and destination requirements are met
- The destination is the closest facility appropriate for the patient's condition



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## Part B: Durable Medical Equipment

### Coverage Requirements:

Durable Medical Equipment must:

- serve a medical purpose
- withstand repeated use
- be appropriate for use in the home; and
- be ordered by a physician.



Some medical equipment requires a Certificate of Medical Necessity.



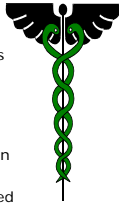
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## Medicare Providers

### PART A

Hospitals  
 Skilled Nursing Facilities (SNF)  
 Home health agencies  
 Hospices  
 Outpatient Rehabilitation  
 Rural Health Clinics (RHC)/Federally Qualified Health Clinics (FOHC)  
 Renal Dialysis Facilities



### PART B

Physician Services  
 Physician Group Practices  
 Non-Physician Practitioners  
 Ambulatory Surgical Centers  
 DME/P&O Suppliers  
 Ambulance Services  
 Laboratories  
 Portable X-ray Suppliers  
 Psychiatric Services

## The Reasonable and Necessary Care Requirement.



Both in Part A and Part B Medicare only pays for services that are determined to be medically reasonable and necessary to the diagnosis and treatment of the beneficiary's illness or injury.

**To determine if something is medically necessary and reasonable, look to:**

Medicare regulations and coverage

Medical records identifying the unique medical condition of the beneficiary

**There are NO Rules of Thumb.**

## Medicare Part D: The New Prescription Drug Coverage Program



## Presentation Overview

### • The New Prescription Drug Benefit: Medicare Part D

- Eligibility
- Enrollment
- Coverage and Costs
- Other Sources of Coverage
- Extra Help with Costs
- Steps for Choosing a Plan



## Eligibility

### ELIGIBILITY:

#### Who is eligible for Medicare Part D?

#### **All Medicare beneficiaries.**

- Medicare Part D is available to all individuals, regardless of income.

#### • Coverage:

- Starts January 1, 2006.
- Continues for 1 year.

**ELIGIBILITY:**

**Part D Affects Everyone**

- ✓ No coverage
- ✓ Medicare Supplemental Plan
- ✓ Employer sponsored plan
- ✓ Medicare Advantage
- ✓ SeniorCare
- ✓ Medicaid /Medicare



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Enrollment

**ENROLLMENT:**

**Who Administers Medicare Part D?**

The Centers for Medicare & Medicaid Services (CMS)



**BUT...**



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**ENROLLMENT:**

**CMS DOES NOT Provide Your Drug Coverage.**

Medicare Part D  
Prescription Drug Coverage  
will be delivered by  
**private companies,**  
NOT the federal government.



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**ENROLLMENT:**

**A Choice of Providers**

- Plan companies will offer stand alone prescription drug plans and Medicare Advantage Prescription Drug plans (plans that are offered through Medicare Part C).
- In Wisconsin, 17 companies will offer Stand-Alone Prescription Drug Plans.
  - These 17 companies offer over 45 different stand alone prescription drug plans. There are also over 23 Medicare Advantage plans (Medicare Part C plans) that also offer prescription drug coverage.



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**ENROLLMENT:**

**Wisconsin Drug Plan Sponsors**

- AETNA LIFE INSURANCE COMPANY
- ANTHEM INSURANCE COMPANIES, INC.
- CONNECTICUT GENERAL LIFE INSURANCE COMPANY
- COVENTRY HEALTH AND LIFE INSURANCE COMPANY
- HUMANA INSURANCE COMPANY
- MARQUETTE NATIONAL LIFE INSURANCE /PENNSYLVANIA LIFE INSURANCE COMPANY
- MEDCO CONTAINMENT LIFE INSURANCE COMPANY
- MEMBERHEALTH, INC.
- PACIFICARE LIFE AND HEALTH INSURANCE COMPANY
- PREMIER MEDICAL INSURANCE GROUP, INC.
- SILVERSCRIPT INSURANCE COMPANY
- STERLING LIFE INSURANCE COMPANY
- UNICARE
- UNITED AMERICAN INSURANCE COMPANY
- UNITED HEALTH CARE INSURANCE COMPANY
- WELLCARE HEALTH PLANS
- WISCONSIN PHYSICIANS SERVICE INSURANCE CORPORATION



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**ENROLLMENT:**

**Find a Drug Plan Finder.**

Medicare has developed a tool to help beneficiary's find a Medicare Part D plan that meets their individual needs. This tool is available at [www.Medicare.gov](http://www.Medicare.gov).

If a person chooses to perform an authenticated, or personalized, search, the beneficiary will first need to provide the "five elements":

- Medicare claims number (HICN)
- Last name
- Date of birth
- Medicare effective dates (Part A or B)
- Zip code



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**ENROLLMENT:**

**Do I need to enroll in Medicare Part D?**

- Part D is a voluntary program.
- Initial enrollment period between Nov. 15, 2005 and May 15, 2006.
- To avoid participation, don't enroll.
- There is a penalty for late enrollment.

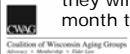


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**ENROLLMENT:**

**The Medicare Part D Penalty.**

- You may be subject to a **late enrollment penalty** if you do not enroll during your initial enrollment period. This happens if:
  - (1) you were eligible to enroll in a Part D plan,
  - (2) you did not have "creditable coverage," AND
  - (3) you did not enroll in a Part D plan.
- "**Creditable coverage**" means coverage that is as good as, or better than, the coverage offered through Part D.
- If a participant is subject to a Part D premium penalty, they will pay an additional 1% of the premium for each month the individual was eligible, but not enrolled.



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If you receive prescription drug benefits from somewhere else, you need to make sure that your coverage will continue and that your coverage is creditable.

**ENROLLMENT:**

**Can Participants Change Plans?**

- **Yes.** Once per year from Nov. 15 through Dec. 31.
- Individuals who did not enroll in a Part D plan during their initial enrollment period may subsequently enroll during this period.
- There is a special enrollment period:
  - if you lose creditable coverage
  - if you move
  - Medicare / Medicaid Recipients



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**ENROLLMENT:**

**Automatic / Facilitated Enrollment**

- Medicare and Medicaid Recipients
  - This enrollment will be completed no later than December 31, 2005.
- Medicare Savings Programs Participants.
- Individuals who qualify for extra help.
  - This enrollment will be completed no later than May 15, 2006.



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**ENROLLMENT:**

**Medicare Advantage Participants.**

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Unlike traditional Medicare participants, Medicare Advantage (Medicare Part C) participants cannot choose a Part D plan if their Medicare Advantage plan covers drug costs. They must obtain drug coverage through their plan.



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**Costs & Coverage**

**COSTS & COVERAGE**

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Plans may vary according to:

- Pharmacy Network
- Drugs Covered / Formularies
- Cost Structure



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**COSTS & COVERAGE:**

**Pharmacy Network**

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- Each plan will have a different pharmacy network.
- Select a plan whose network includes the pharmacy where you shop.
- If you prefer mail order, choose a plan that offers this option.



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**COSTS & COVERAGE:**

**Drug Formularies**

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- A **formulary** is a list of drugs that a plan will cover.
- Formularies may divide drugs into two or more cost sharing categories called "**tiers**".
- Formularies will vary from plan to plan, so make sure the plan you select covers the drugs you use.



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**COSTS & COVERAGE:**

**Drug Formularies**

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- Formularies may not change from November 15 through February of the following year.
- Plan providers must provide 60 days notice and/or a 60 day supply of the drug to affected participants if there is a change.



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**COSTS & COVERAGE:**

**Exceptions Process**

- All Part D plans must have an exception process that allows participants to request that a drug be covered.
- Medical evidence must be provided to support the request for an exception.



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**COSTS & COVERAGE:**

**Cost Structure**

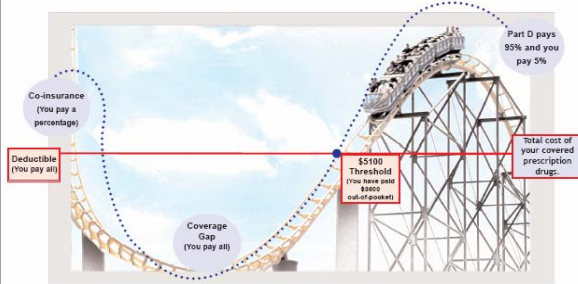
- All Part D plans will include a:
  - **Monthly premium**
  - **Annual deductible**
  - **Coinsurance**
  - **Coverage gap**



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**COSTS & COVERAGE:**

**Annual Roller Coaster of Medicare Part D Costs.**



Besides the prescription costs listed above, there is also a monthly premium.



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**COSTS & COVERAGE:**

**Cost Structure**

- In 2006, monthly premiums range from around \$11.00 to over \$80.00.
- The average premium in Wisconsin for 2006 is \$31.27 per month.
- Costs may change in years to come.



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**The Extra Help Program**

**EXTRA HELP:**

**The Medicare Part D Extra Help.**

- Provides limited means Medicare beneficiaries with assistance in meeting their Part D plan costs.
- Eligible Medicare beneficiaries will use the extra help to pay premiums, co-payments, and the deductible of the Part D program.



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**EXTRA HELP:**

**Who is Eligible for Extra Help?**

**Group 1:** Medicare beneficiaries who are “deemed eligible” and will receive the extra help automatically. These individuals do not have to apply for the extra help program and include:

- individuals currently on Medicaid and Medicare
- Medicare Savings Program participants

**Group 2:** Medicare beneficiaries who have limited incomes and assets. These individuals must submit an application to be eligible for extra help.



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**EXTRA HELP:**

**How do I know if I'm eligible for Extra Help?**

Whether or not you are eligible for the Extra Help program will depend on your income and assets.

Resources limit (your assets)

- \$10,000 individual
- \$20,000 couple

Income

- Adjusted based on earned and unearned income
  - \$14,355 single
  - \$19,245 couple



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**EXTRA HELP:**

**What help will I receive if I'm eligible?**

- Depending on income and resource level
  - Premium covered
  - Deductible covered (\$250 per year)
  - Small co-pay for drugs
- If you are eligible, you must select a drug plan with private carrier or decline coverage by May 2006. Otherwise you will be auto-enrolled in a plan that is selected for you.



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**EXTRA HELP:**

**Potentially Eligible for Extra Help.**

The Social Security Administration (SSA) has already mailed some applications for getting “Extra Help” to eligible beneficiaries.

Call SSA at 1-800-772-1213 to get the application or request help, or contact your local Social Security Office.

Also, visit online at [www.socialsecurity.gov](http://www.socialsecurity.gov).



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**Other Sources of Coverage**

**OTHER SOURCES OF COVERAGE**

- Extra Help for people with limited income and assets.
- SeniorCare
- Discount cards (Example: Badger Rx Gold)
- Canadian Pharmacies



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## OTHER SOURCES OF COVERAGE:

### Wisconsin SeniorCare.

- The Wisconsin SeniorCare Program provides drug coverage to Wisconsin residents age 65 and older who meet certain income requirements.
- SeniorCare offers creditable coverage. You can enroll in SeniorCare and avoid risking a penalty if you later choose to enroll in a Part D plan.
- There is \$30 annual enrollment fee. You can enroll at any time.



## Choosing A Plan

## CHOOSING A PLAN:

### What To Do Next.

- Save your mail.
  - \*\*Look for creditable coverage notices from your employer or health insurance provider.
  - Look for documents from Social Security and Medicare.
  - Look for the **Medicare & You 2006** Handbook.
- Take steps to gather your personal and prescription information
- Be alert for fraud and scams.
- Get help.

## CHOOSING A PLAN:

### Do-It-Yourself Tools

To find a plan that suits your needs, use the drug plan finder available at:

- **1-800-Medicare**
- [www.medicare.gov](http://www.medicare.gov)
- [www.wismedrx.org](http://www.wismedrx.org) (after November 1)
- [www.socialsecurity.gov](http://www.socialsecurity.gov)

## CHOOSING A PLAN:

### Help is Available in Wisconsin.

- **The Wisconsin Elderly Benefit Specialist Program** provides benefits counseling services to Wisconsin residents age 60 and older. Contact the CWAG Elder Law Center at 1-800-488-2596 for each county's benefit specialist contact information.
- **The Prescription Drug Helpline** helps Medicare beneficiaries with Medicare Part D and other prescription drug coverage. Call toll free, **(866) 456-8211**.
- **The Wisconsin Coalition for Advocacy** will help Medicare beneficiaries who have a disability and are under age 60 with their Medicare Part D benefits and questions. The number is toll free, **(800) 926-4862** (weekdays).
- **Medigap Helpline** provides information on private insurance as well as Medicare Advantage or Medicare Supplemental plans. Call toll free, **(800) 242-1060**.

## Questions?

