



# **What is Medicare? Parts A&B**

**Presented by Debra Smith**

# Overview



- Introduction to Medicare
- Original Medicare- Parts A and B
- Provider Agreements – Assignment, Non-Assignment and Opt Out Providers
- Medicare Supplement Insurance (Medigap)

## What Is Medicare?



- A national health insurance program for
  - People 65 years of age and older
  - People under age 65 with certain disabilities
  - People with End-Stage Renal Disease (ESRD)
- Administered by Centers for Medicare & Medicaid Services (CMS)
- Enrollment/Eligibility Determined by Social Security Administration (SSA) or Railroad Retirement Board (RRB)



## What is Medicaid?

- A state health insurance program based on **Financial Need**
- Funded by both the State and Federal Governments
- Administered by each State
- Eligibility determined by each State



## Dual Eligible

- Someone who has **both** Medicare and Medicaid is a dual eligible beneficiary.
- Someone who has Medicare and a Medicare Savings Program is also called dually eligible.
  - QMB, SLMB, QI, QDWI programs
  - Eligible for Part D Extra Help
  - Eligible for extra help with other Medicare out-of-pocket expenses also.
    - QMB-Part A & Part B deductible, the Part B premium.
    - SLMB/QI- Part B premium
    - QDWI- Part A premium

## The Doors to Medicare



- A person can be enrolled in Medicare if:
  - Age (65 & older) , or
  - Eligible to Disability Benefits, or
  - Has End-Stage Renal Disease (ESRD)
    - Stage 5 of Chronic Kidney Disease

**Once someone is enrolled in Medicare, they are entitled to all the benefits in Medicare**

# Entering the Door to Medicare- Because of Age 65



- Apply 3 months before age 65
  - Don't have to be retired (based on quarters of coverage- 4 quarters a year)
  - Contact the Social Security Administration
- Enrollment automatic if already receiving Social Security or Railroad Retirement benefits



## Entering the Door to Medicare- Because of Disability



- Automatic enrollment based on receipt of disability checks (disability determined by Social Security or Railroad Retirement)
- Medicare begins 24 months after start of disability cash checks
- Exception- People suffering from ALS

## Entering the Door to Medicare- Because of ESRD



- **Administrative Waiting Period-**  
Medicare begins 3 Months after the Month  
Physician Certifies Diagnosis - (Use of  
Form- CMS-2728)
- **Waiting Period Waived if-**
  - Enter hospital for kidney transplant
  - Enter hospital for work-up for kidney transplant & transplant occurs within the next two months
  - Begin home training before 4<sup>th</sup> month of dialysis with an expectation of completing training
  - Entitled to a new period of entitlement after a failed kidney transplant



## “Original” Medicare Model

- Social Security Act of 1965-
  - 65 & older population
  - “Fee for Service” Program
- 1972 SSA Amendments –
  - Disability and ESRD Populations added
- Medicare has 3 basic parts
  - A- Hospital Coverage
  - B- Medical Coverage
  - D- Prescription Drug Coverage (2006 legislation)

# The Card USED With Original Medicare



MEDICARE		HEALTH INSURANCE	
1-800-MEDICARE (1-800-633-4227)			
NAME OF BENEFICIARY			
<b>JANE DOE</b>			
MEDICARE CLAIM NUMBER		SEX	
<b>000-00-0000</b>			
IS ENTITLED TO		EFFECTIVE DATE	
<b>HOSPITAL (PART A)</b>		<b>07-01-1986</b>	
<b>MEDICAL (PART B)</b>		<b>07-01-1986</b>	
Sign HERE →	<u>Jane Doe</u>		

## Original Medicare



- Go to any provider that accepts Medicare
- Special Contractors process Medicare “Fee for Service” claims
  - MAC (Part A & B claims)- National Government Services (NGS) in New York
  - DMAC (durable medical equipment claims) – National Heritage Insurance Company (NHIC) in New York

## Part A Hospital Coverage



- Helps cover:
  - Inpatient care in hospitals
  - Inpatient care in skilled nursing facilities
  - Hospice care services (at-home & in-facility)
  - Home Health care services

## What do you pay to get Part A - Age 65 and older group?



- Most people receive Part A premium free (Pay FICA taxes while working)
- People with less than 10 years of Medicare- covered employment
  - Can still get Part A
    - Will pay a premium
    - 30-39 quarters - \$254.00/month
    - Under 30/quarters - \$461.00/month

## What do you pay for Part A if you are eligible because Receiving Disability Benefits or Suffer from ESRD ?



- If eligible to Medicare under Disability or ESRD Provisions- Part A is premium free.

### **For more information about Part A entitlement under these provisions-**

- Contact SSA (1-800-772-1213)
  - TTY users call 1-800-325-0778
- Railroad Retirement Board

## Cost of Services under Part A



- Each benefit period starts with a 3 day (day of discharge not counted) hospital stay
    - \$1,100 deductible (2010)
    - 1-60 days no additional cost
    - 61-90 days- \$275 per day/ Lifetime Reserve Days
    - Go to Skilled Nursing Facility (SNF) within 30 days from a covered hospital stay
      - 1-20- no additional costs
      - 21-100 days- \$137.50 per day (2010)
- Benefit Period ends if not an inpatient for 60 days

## Part B Medical Coverage



- Helps cover medically necessary services by
  - Physicians and other medical personnel
- Outpatient care- such as therapies, emergency care, dialysis treatments
- Preventive services- such as vaccines (Flu, Pneumococcal), colonoscopy, pap smear
- Part B drugs- immunosuppressive drug therapy, cancer drugs
- Durable Medical Equipment

## Cost of Part B for All Medicare Groups



- Pay monthly Part B premium
  - \$110.50 in 2010- based on taxable income
  - Hold Harmless Provision (73% affected)
  - Above \$85,000 in 2010 pay more
  - Take out of benefit check, or
  - Receive quarterly billing notices, or
  - Medicare Easy Pay

## Part B Enrollment Periods



- Initial Enrollment Period (IEP)
  - 7 months starting 3 months before month of eligibility
  - When enroll, effects Part B effective date-
- 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

## Enrolling in Medicare Part B



- Some people can 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
      - -Not applicable if eligibility based on renal condition

## Cost of Services under Part B



- Usually annual deductible (\$155) and 20% coinsurance such as
  - occupational therapy, Hepatitis B vaccine, dialysis
  - Outpatient mental health (45% coinsurance)
- Some services have no cost such as
  - Cardiovascular screening, flu and pneumococcal
- Some services just coinsurance such as
  - Abdominal aortic aneurysm screening

# Medicare Limits on Therapy Services (Pub. #10988)



- Outpatient services (excludes hospital outpatient and emergency rooms)
  - physical therapy, speech language pathology and occupational therapy

Limits for 2010-

\$1,860 for physical and speech language pathology

\$1,860 for occupational therapy

Exception requests must be documented to reflect continuing need

## Durable Medical Equipment & Other Devices Coverage (#11045)



- Durable Medical Equipment (reusable medical equipment) such as:
  - Walkers, wheelchairs, hospital beds
  - Patient lifts, suction pumps, crutches
- Prosthetic and Orthotic items (replace or support body part) such as:
  - Artificial limbs, artificial eyes, therapeutic shoes
- Corrective Lenses such as:  
Cataract glasses, Intraocular lenses

# Coverage for Mental Health Services (#10184)



- Health professionals such as-
  - psychiatrist, clinical psychologist, clinical social worker, nurse practitioner, physician's assistant
- Services for Diagnosis of Condition- 20% coinsurance
- Services for Outpatient Treatment- 45% coinsurance
  - 2010-2014- 45% to 20% coinsurance
- Coverage of Partial Hospitalization

# Participating Providers



- Assignment
  - Agreement to accept Medicare allowance as full payment on claim
  - Beneficiary responsible for deductible and coinsurance
- Participating Providers
  - Accept Medicare assignment on all claims for all people with Medicare
- [www.medicare.gov](http://www.medicare.gov) (or 1-800-MEDICARE) to find participating providers

## Non-Participating Providers



- Assignment option for each claim
- Limiting charge for non-assigned claims
- Federal/national limit/cap (115%)
  - NYS limit/cap (105%)
    - 5% over Medicare approved amount
    - Exceptions (home and office doctor visits)- 115%
- [www.medicare.gov](http://www.medicare.gov) (or 1-800-MEDICARE) to find non-participating providers

# Mandatory Assignment



- Most Non-Physician Practitioners such as
  - Clinical Psychologist, Certified Social Worker
  - Registered Dietitian, Physician Assistant, Nurse Practitioner
- Certain Services
  - Lab Tests
  - Drugs Administered in Physician Office
- Dual-eligible and QMB
  - No “balance billing” of beneficiary allowed

## Opt-Out Providers



- Provider “opts out” of Medicare program
  - Cannot bill Medicare for two years
- Private Contract signed by provider and beneficiary
- Beneficiary pays full provider charge
- Medicare does not pay for the services at all
- Does not apply to emergency care
- Some providers **not** allowed to opt out of Medicare such as:
  - Chiropractors, Physical and Occupational Therapists

## What is Medigap?



- Health insurance policy
  - Sold by private insurance companies
  - Must say “Medicare Supplement Insurance”
  - Covers “gaps” in **Original Medicare**
    - Such as- Deductibles, coinsurance, copayments
    - Does not work with Medicare Advantage Plans
  - Up to 12 standardized plans A – L
  - NY & NJ Medigap available to people under 65.
  - 2010 Changes- effective 6/1/2010 - Pub. #02110

## How Medigap Works



- When can beneficiaries buy a Medigap policy?
  - Within 6 months of enrolling in Part B
  - 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
  - In NYS there is an on-going **open period**
- Monthly premium
- Generally go to any doctor or specialist

## 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) – For counseling- 1-800-701-0501 (NY)
- *Medicare & You* handbook (updated annually)
- Other Publications- [www.medicare.gov](http://www.medicare.gov)
  - Who Pays First, Medigap Plans, Diabetes Coverage and Supplies, Skilled Nursing Care, Hospice Care, Mental Health Benefits