

Regence



Association of Washington Cities

Medicare 101

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**Medicare
is easy as
1, 2, 3**

- **Step 1:** Learn Original Medicare
- **Step 2:** Explore Medicare options
- **Step 3:** Choose your plan and enroll

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Step 1: Learn Original Medicare

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Who qualifies for Medicare?

- People who are 65 and older
- Citizens of the United States or permanent residents
- People who are under 65 with a disability after receiving 24 months of Social Security Disability Income (SSDI)
- People of all ages with End-Stage Renal Disease (ESRD) or Amyotrophic Lateral Sclerosis (ALS, also known as Lou Gehrig's disease)

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The different parts of Medicare



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Medicare Part A: Hospital insurance



What it costs:

- **\$0** for most people

What it helps cover:

- Inpatient care at a hospital
- Skilled nursing facility
- Home health and hospice care

What it doesn't cover:

- Hospital deductible
- Copays for prolonged stays
- Extended hospital stays

Your share of Part A costs in 2023:

- **\$1,600** deductible for days 1-60 each benefit period
- **\$400** per day copay for days 61-90 of hospitalization
- **\$800** per day copay for days 91-150 of hospitalization
- **\$200** per day copay for days 21-100 of a skilled nursing facility stay

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Medicare Part B: Medical insurance



What it costs:

- **\$164.90** per month (2023)
- Medicare may raise or lower the premium each year
- Higher income people may pay more
- Lower income people may qualify for extra financial help

What it helps cover:

- Doctor visits
- Clinical lab services
- Outpatient services
- Preventive care

What it doesn't cover:

- **\$226** deductible (2023)
- **20%** of the Medicare-approved amount for covered services



Income-Related Monthly Adjusted Amount (IRMAA)

IRMAA is a surcharge added to the Part B premium for:

- Individuals or married couples, filing separately, making **\$97,000+**
- Married couples, filing jointly, making **\$194,000+**

The surcharge is assessed on your Modified Adjusted Gross Income (MAGI) amount from **2 years ago**

2023 IRMAA brackets for Medicare Parts B & D

If your filing status and MAGI in the tax year 2021 was:				
Individual Tax Return	Joint Tax Return	Married Filing Separate	Part B (Monthly Premium)	Part D (Monthly Premium)
\$97,000 or less	\$194,000 or less	\$97,000 or less	\$164.90	Plan Premium (No Surcharge)
\$97,000 – \$123,000	\$194,000 – \$246,000	N/A	\$230.80	Plan Premium + \$12.20
\$123,000 – \$153,000	\$246,000 – \$306,000	N/A	\$329.70	Plan Premium + \$31.50
\$153,000 – \$183,000	\$306,000 – \$366,000	N/A	\$428.60	Plan Premium + \$50.70
\$183,000 – \$500,000	\$366,000 – \$750,000	Above \$97,000 and less than \$403,000	\$527.50	Plan Premium + \$70.00
Over \$500,000	Over \$750,000	\$403,000 or more	\$560.50	Plan Premium + \$76.40

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Original Medicare often isn't enough

Examples of potential costs with Original Medicare:

Type of care	Amount you pay
1-day hospital stay	\$1,600 Part A deductible
150-consecutive-day stay in a hospital	\$60,400
100-consecutive-day stay in a skilled nursing facility	\$15,800
Doctor visits and outpatient surgeries	\$226 Part B deductible + 20% coinsurance

And there are services Original Medicare doesn't cover:

- Most prescription drugs
- Routine vision care
- Routine dental care
- Routine hearing care and hearing aids
- Extended long-term care

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Step 2: Explore Medicare options

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Questions to ask when choosing Medicare coverage

Can I keep my providers?

- Doctors
- Hospitals
- Pharmacies

What will my medications cost?

Are there restrictions for my medications?

- Prior authorizations
- Quantity limits
- Step therapy

How do I receive care when I travel?

What are my health needs?

- Ongoing care
- Upcoming surgeries or procedures
- Dental, hearing, vision, alternative care, etc.

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Two ways to get additional coverage

Medicare Supplement Plan (Medigap)

Part A
Hospital

Part B
Medical

Medigap

Plans are identified by letters A-N

Part D
Prescriptions

OR

Medicare Advantage Plan (Part C)

Part C
Combines Part A, Part B

+

Part D
Prescription (on most plans)

+

Additional benefits

You can't have a Medicare Supplement plan and a Medicare Advantage plan at the same time.

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Coverage differences

Medicare Supplement Plan (Medigap)

Covers cost "gaps" of Original Medicare

Add extra benefits with coverage rider

Add drug coverage with stand-alone Part D plan

Can keep plan if moving within the U.S.

Standardized plans (most states)

See any provider who accepts Medicare

Higher average monthly premiums

May require additional health questions

VS

Medicare Advantage Plan (Part C)

Replaces Original Medicare coverage

Extra benefits included with most plans

Part D drug coverage included with most plans

Must change plans if moving out of service area

Plans vary by carrier and service area

See providers in plan's network for lowest cost

Lower average monthly premiums

No health questions asked

Both require enrollment in Medicare Parts A and B, and you must continue to pay your Part B premium.

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Medicare Supplement plans: “Medigap”



What it costs:

- Monthly premiums vary by insurance carrier

How it works:

- Closes the gaps in Original Medicare
 - Copays
 - Coinsurance
 - Deductibles
- No networks, choose any provider that accepts Medicare

What it covers:

- Range of standardized plans to choose from, benefits vary by plan
- Plan offerings vary by insurance carrier
- Plans don't include prescription drug coverage

Medicare Part C: Medicare Advantage plans



What it costs:

- Monthly premiums, copays and coinsurance vary by plan
- You must continue to pay your monthly Part B premium

How it works:

- Combines Part A and Part B into a single plan
- Must be enrolled in Parts A and B
- Offered by private insurance companies
- Most include Part D prescription drug coverage

Types of Medicare Advantage Plans:

- Preferred Provider Organization (PPO) Plans
- Health Maintenance Organization (HMO) Plans
- Private Fee-for-Service (PFFS) Plans
- Point of Service (POS) Plans
- Special Needs Plans (SNP)

Group Medicare Advantage

- **Replaces Original Medicare** as primary payer of A & B
- **Part D drug coverage included**
- **Extra benefits** such as dental, vision and hearing aid coverage included
- **Provider network – PPO nationwide network**
- **Premiums are lower** than Medigap
- **One ID card** for services
- **Portable** – you can live anywhere in the US and enroll onto the plan
- **Continuous Open Enrollment** – enroll any time of the year
- **Guarantee Issue onto a Medicare Supplement** if you decide to make a change in the future

Medicare Part D (PDP): Prescription drugs



What it costs:

- Monthly premiums vary by plan
- What you pay depends on the type and quantity of drugs you take
- Phases of Part D affect how medications are covered
- Lower income people may qualify for extra financial help

How it works:

- Covers Part D prescription drug costs
- Methods to purchase Part D coverage:
 - Pair a stand-alone Part D plan with Original Medicare
 - Choose a MA plan (Part C) that includes Part D coverage

What it Covers:

- Benefits and covered drugs vary by plan
- Verify your drugs are covered before signing up

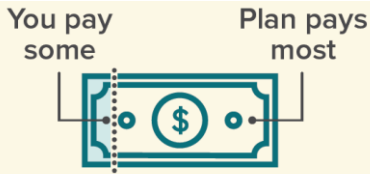
The 4 parts of Part D coverage

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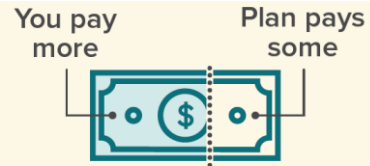
Deductible: You pay 100% of prescription costs until you meet your deductible

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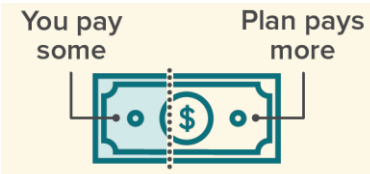
Initial coverage: Pay a copay or coinsurance until prescription costs reach \$4,660

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Coverage gap: Pay 25% until your total prescription spend reaches \$7,400

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Catastrophic coverage: Pay 5% or \$4.15 for generics and 5% or \$10.35 for brand-name drugs

Step 3: Choose your plan and enroll

When to enroll



Initial Enrollment Period (IEP)

Annual Enrollment Period (AEP) — Oct. 15 – Dec. 7

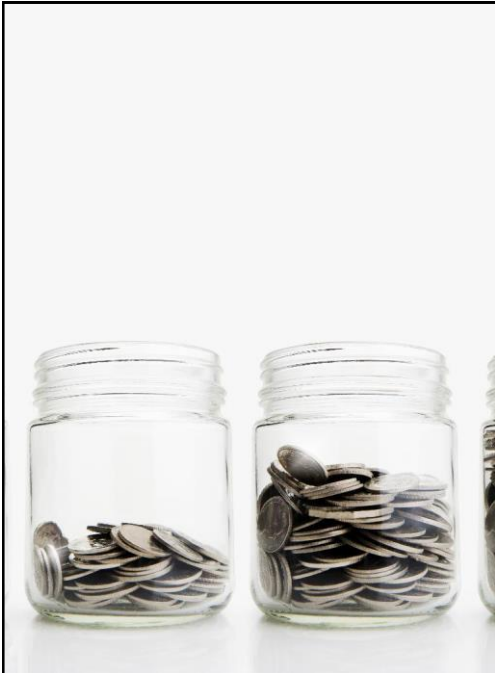
Open Enrollment Period (OEP) — Jan. 1 – Mar. 31

Special Enrollment Period (SEP)



Working past 65

- Some enroll in Part A when turning 65, even when continuing to work or having employer coverage
- Most delay Part B enrollment to avoid paying Part B premium
- If you work past 65, you may be able to delay enrolling in Medicare without penalty if:
 - The employer has 20 or more employees
 - You are covered by your employer's (or spouse's employer) group health insurance (not including COBRA)
 - The employer has a creditable prescription drug program



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Part B late-enrollment penalty

How much is it?

- A permanent **10% penalty** added to your Part B premium for **every year** you could have enrolled but didn't
- 2-year delay = 20% penalty added to Part B monthly premium for as long as you're enrolled in Medicare Part B

3 ways to avoid the penalty:

1. Enroll in Part B when you're first eligible for Medicare
2. Enroll in Part B within 8 months of losing employer coverage (not including COBRA) or you stop working, whichever comes first
3. Enroll in other employer coverage (from a spouse, for example) if you are eligible

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Part D late-enrollment penalty

How much is it?

- A permanent **1% penalty** added to your Part D premium for **every month** you could have enrolled but didn't
- 10 months delay = 10% penalty added to monthly premium for as long as you have Part D coverage

3 ways to avoid the penalty:

1. Enroll in Part B when you're first eligible for Medicare
2. Enroll in Part D drug coverage within 63 days of losing other creditable drug coverage (from an employer, for example)
3. Obtain and keep records showing that you had creditable drug coverage to give to your plan if asked

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Health savings accounts (HSAs) & Medicare

- Once enrolled in any part of Medicare, you can no longer contribute to your HSA
- To avoid a tax penalty, you and your employer should stop contributing to your HSA at least 6 months before you apply for Medicare.
- Once enrolled in Medicare, you can use HSA funds to pay Medicare premiums and out-of-pocket health expenses
- You **cannot** pay Medicare Supplement premiums with your HSA

