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**Michael McEntire**

**Independent Insurance Broker**



**BENEFIT  
INSIGHTS**

# **MEDICARE 101**



**"BEING INFORMED IS THE BEST WAY TO MAKE A DECISION"**

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- Original Medicare (Parts A & B)
- Prescription Drug Plans (Part D)
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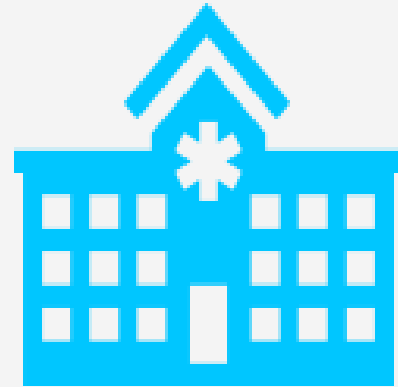
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# ***THE PARTS OF MEDICARE***

## **Part A (Hospital Insurance)**



### Helps Cover:

- Inpatient care in hospitals
- Skilled nursing facility care
- Hospice care
- Home health care

## **Part B (Medical Insurance)**



### Helps Cover:

- Services from doctors and other healthcare providers
- Outpatient care
- Durable medical equipment
- Many preventive services

## **Part D (Prescription Drug)**



### Helps Cover:

- Cost of prescription drugs
- Many recommended shots or vaccines

# ORIGINAL MEDICARE – PARTS A&B



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- Provided by the Federal Government
- Includes Part A (Hospital) and Part B (Medical) Insurance
- Is accepted by any Hospital or Doctor that accepts Medicare
- Most people don't pay Part A premium - If you or your spouse paid Federal Insurance Contributions Act (FICA) tax for 10 years (40 quarters)
- **Must pay Part B premium**
- Generally, you will have to pay a portion of each Medicare service provided via deductibles, coinsurance, and copayments
- **There is no Maximum Out-Of-Pocket (MOOP) cost on original Medicare**
- **There is no coverage for Dental, Vision, or Hearing on original Medicare**







# ORIGINAL MEDICARE – PART B COST

## Part B Premium

- The 2023 rate is \$164.90 or higher depending on your income.
- Your Part B premium will be automatically deducted from your benefit payment if you receive benefits from SS or RRB.
- If you don't get these benefits, you will get a Part B bill.

## Part B Deductible

- The 2023 rate is \$226.
- After your deductible is met, you typically pay 20% of the Medicare-approved amount for most doctor services.

## Part B Deductible

- Once the deductible is met, there is a 20% coinsurance of the Medicare-approved amount for most doctor services, outpatient therapy, and durable medical equipment.





# MEDICARE PART B 2023 PREMIUMS



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If your MAGI (Modified Adjusted Gross Income*) in 2021 was...			You pay in 2023 (per person) Monthly premiums to Medicare	
Individual Tax Return	Joint Tax Return	Married & Separate Tax Return	Part B Premium + IRMAA	Part D IRMAA (in addition to Part D plan premium)
\$97,000 or less	\$194,000 or less	\$97,000 or less	<b>\$164.90</b>	---
\$97,001 to \$123,000	\$194,001 to \$246,000	N/A	<b>\$230.80</b> (164.90 + 65.90)	<b>+ \$12.20</b>
\$123,001 to \$153,000	\$246,001 to \$306,000	N/A	<b>\$329.70</b> (164.90 + 164.80)	<b>+ \$31.50</b>
\$153,001 to \$183,000	\$306,001 to \$366,000	N/A	<b>\$428.60</b> (164.90 + 263.70)	<b>+ \$50.70</b>
\$183,001 to \$499,999	\$366,001 to \$749,999	\$97,001 to \$402,999	<b>\$527.50</b> (164.90 + 362.60)	<b>+ \$71.00</b>
\$500,000 +	\$750,000 +	\$403,000 +	<b>\$560.50</b> (164.90 + 395.60)	<b>+ \$76.40</b>

\* 2021 MAGI = Adjusted Gross Income (Form 1040 line 11) + Tax-Exempt Interest (Form 1040 line 2a)

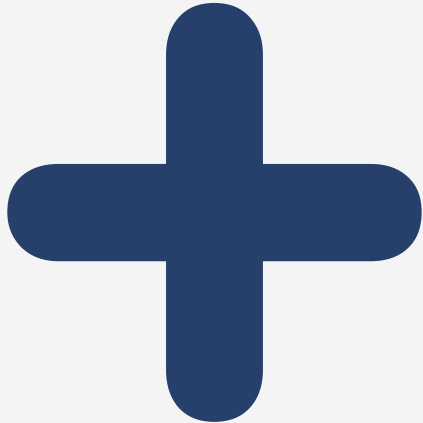
\*Part B Premiums are based on income tax from two (2) years prior.



**OPTION 1:  
ORIGINAL MEDICARE +**



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**Part A  
Hospital Insurance**

**Part B  
Medical Insurance**



**Medicare Prescription  
Drug Coverage (PDP)**

**Medicare Supplement  
Insurance (Medigap)**

# OPTION 2: MEDICARE ADVANTAGE (PART C)



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# PART A&B ENROLLMENT OPPORTUNITIES

## Automatic Enrollment

- If you are already collecting Social Security retirement, Railroad Retirement Board benefits, or have been receiving Social Security Disability benefits for 24 months.
- SS Disability beneficiaries will have individualized effective dates.
- Part A & B coverage will begin on the 1st day of the month you turn 65 years old.
- Your Medicare card will arrive in the mail 3 months before you turn 65 years old.

**Example: Turning 65 years old in May, already receiving Social Security Retirement Benefits**

Card Arrives

Coverage Begins

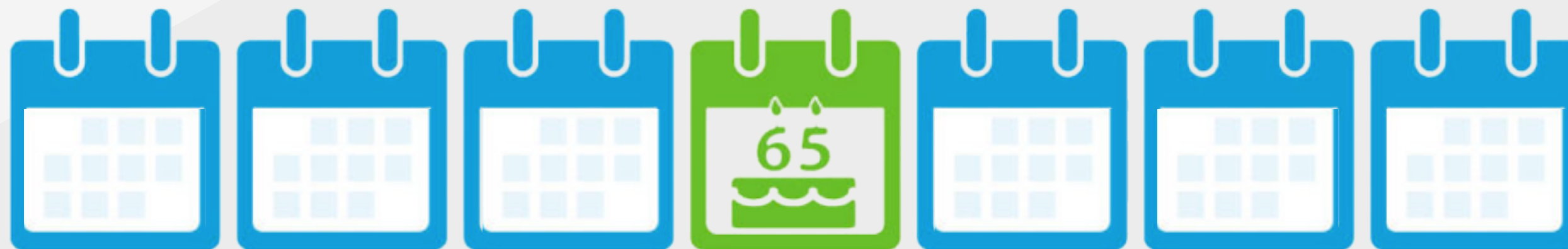




# ***PART A&B ENROLLMENT OPPORTUNITIES***

## **Initial Enrollment Period (IEP)**

- If you are not receiving SS or RRB benefits you will need to sign up for Medicare by contacting Social Security during your IEP
- 7-month period that starts 3 months before you turn 65, your birthday month, and ends 3 months after you turn 65
- If you wait until the month you turn 65, or the 3 months after, your Part B coverage will be delayed. This may cause a gap in coverage

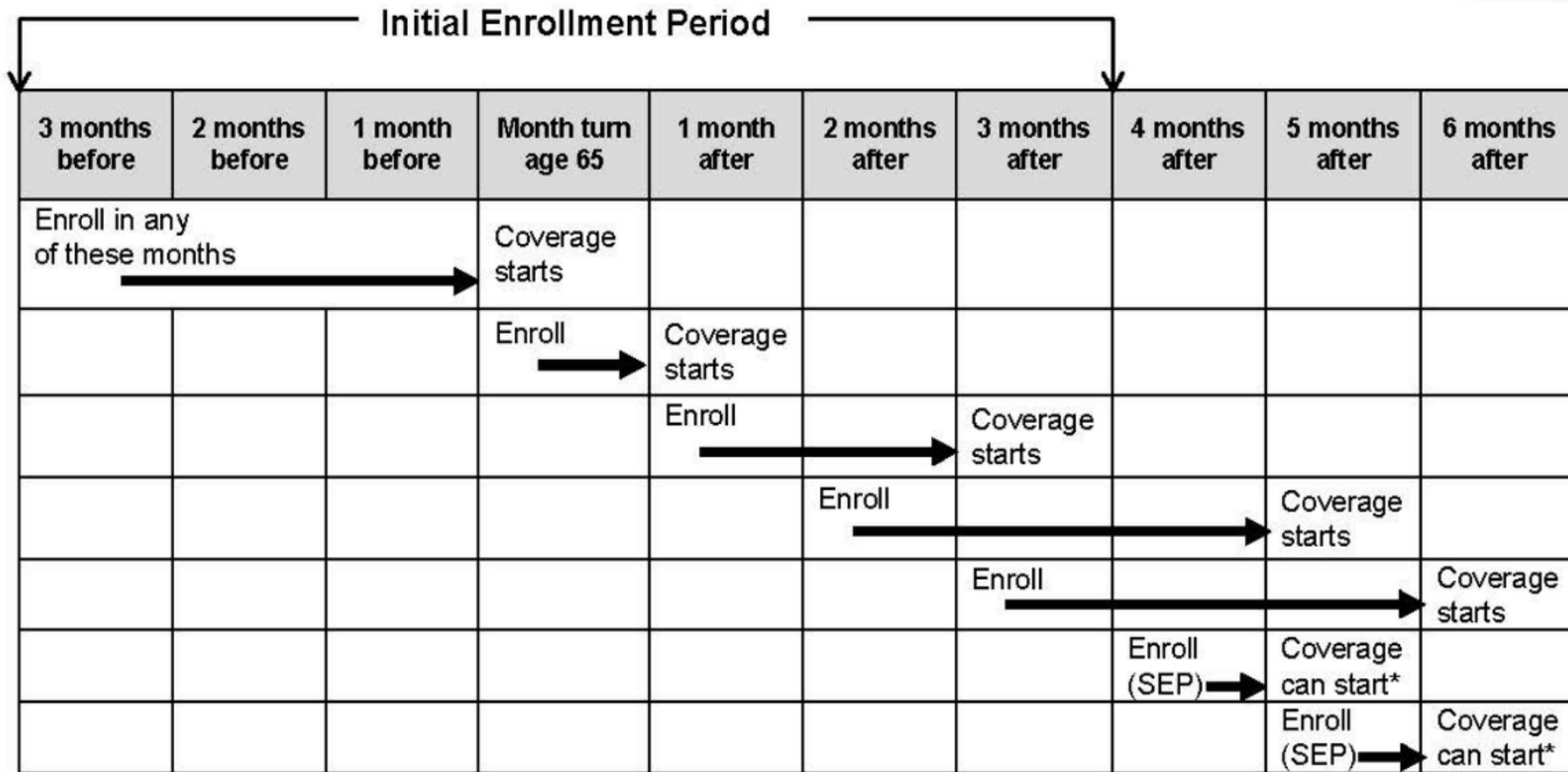


3 months before your  
65th birthday

The month of  
your birthday

3 months after your  
65th birthday





\*The SEP can only be used once the individual's IEP is over.

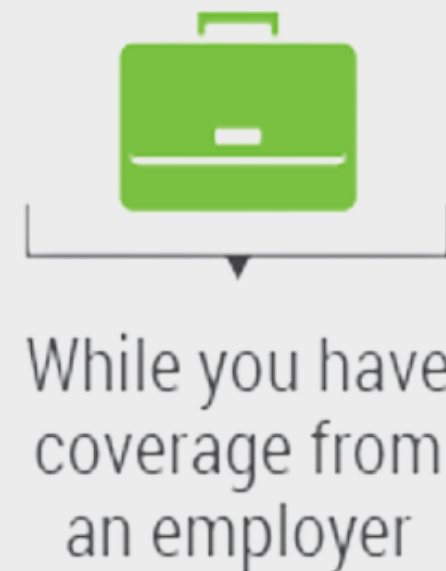


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# ***PART A&B ENROLLMENT OPPORTUNITIES***

## **Special Enrollment Period (SEP) – Loss of Coverage**

- If you delay enrollment due to the continuation of creditable group coverage, you will receive a SEP
- 8-month period that starts the month after the employment ends or group coverage ends (whichever happens first)
- Don't forget about Part D creditable coverage (63 days)
- If you miss this opportunity, you will have to wait to enroll during the General Enrollment Period and may pay a penalty.



OR







# ***PART D – PRESCRIPTION DRUG COVERAGE***



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- Offered to everyone with Medicare
- Plans are offered by private insurance companies and approved by Medicare
- Not getting Part D when first eligible could result in a late enrollment penalty

## Calculating Part D Penalties

$$1\% \times \# = \$$$

One percent of  
the average monthly  
prescription  
drug premium

Number of months  
you were late

The amount  
of your penalty

- You can join or switch PDP's during IEP, AEP, GEP, or a qualifying SEP

## **There are two ways to get Prescription Drug Coverage:**

- Standalone Prescription Drug Plans (PDP)
- Medicare Advantage Plans that include prescription drug coverage (MAPD)





# UNDERSTANDING THE COSTS


- There are four coverage stages in a calendar year
- The amount covered and the amount you pay may change over the year
- You move through stages based on total out-of-pocket costs for medications from the start of plan year






DEDUCTIBLE	INITIAL COVERAGE	COVERAGE GAP (DONUT HOLE)	CATASTROPHIC
<p><b>You will pay...</b></p> <p><b>up to \$505</b></p> <p>\$505 is the maximum Part D Prescription Drug deductible</p> <p>A deductible is the amount you owe before the insurance carrier helps</p> <p>➡</p>	<p><b>You will pay...</b></p> <p><b>A copay (\$) or coinsurance (%), based on the drug's tier</b></p> <p>Once <b>YOUR</b> out-of-pocket copays <b>PLUS</b> the amount the plan pays on your behalf for your prescriptions reach <b>\$4,660...</b></p> <p>...you enter the Coverage Gap (Donut Hole), where you may pay a higher cost</p> <p>➡</p>	<p><b>You will pay...</b></p> <p><b>25% of the cost of generic and brand name drugs...</b></p> <p>...until your <b>True Out-of-Pocket (TrOOP)*</b> costs reach <b>\$7,400</b></p> <p>➡</p>	<p><b>You will pay the rest of the calendar year (the greater of)...</b></p> <p><b>5% coinsurance</b></p> <p><b>\$4.15 for generic drugs</b></p> <p><b>\$10.35 for all other drugs</b></p> <p><b>Note:</b> Part D does not have a cap or max out-of-pocket limit. If you reach the Catastrophic phase, you're always paying something the rest of the year.</p>



# FORMULARY (DRUG LIST)

- A formulary is the list of drugs that are covered by an insurance plan
- Many plans have a tiered formulary that divides drugs into groups called “tiers”
- Plans may charge a deductible for certain drug tiers and not for others
- Tier 1 drugs are usually the preferred generic drugs
- Tier 5 drugs are typically the specialty brand-name drugs



TIER	DRUG TYPE		COST
1	Preferred Generics		\$
2	Generics		\$\$
3	Preferred Brands		\$\$\$
4	Non-Preferred		\$\$\$\$
5	Specialty		\$\$\$\$\$



# OPTION 1: ORIGINAL MEDICARE +



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**Part A  
Hospital Insurance**

**Part B  
Medical Insurance**



**Medicare Prescription  
Drug Coverage (PDP)**

**Medicare Supplement  
Insurance (Medigap)**

# **MEDICARE SUPPLEMENTS - MEDIGAP**



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**Medigap is additional coverage that fills gaps in Original Medicare**

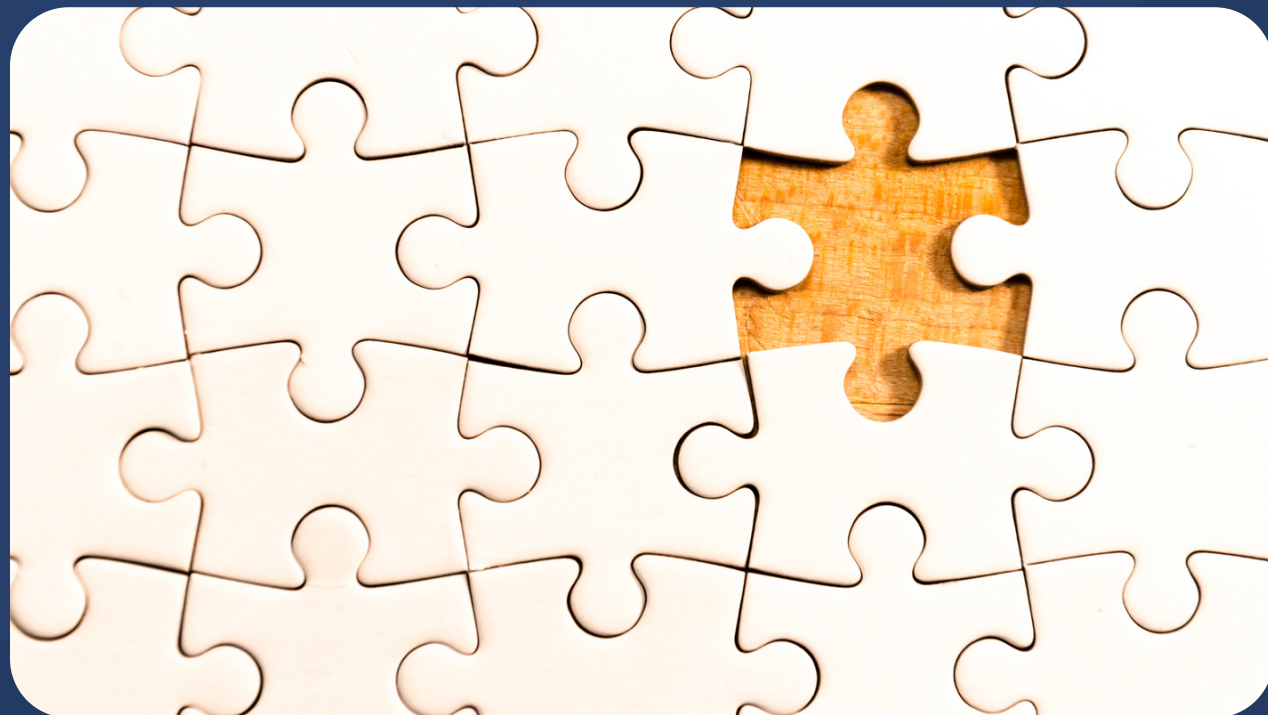
- Gaps included deductibles, coinsurance, and copayments
- In addition to Parts A & B (Original Medicare)

**Medigap is provided by private insurance companies**

- Must pay a premium in addition to Part B premium.
- Premiums vary by region, policy, and company

**Plan options are standardized, meaning cost is the main difference between two companies that offer the same Medicare Supplement plan**

- Plans have minimum standards that each carrier must uphold (Plan G is a Plan G)





# MEDIGAP PLANS G&N



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## Plan G

- Will offer the **most comprehensive coverage** to newly eligible Medicare enrollees beginning in 2020.
- Covers Part B excess charges, but not the Part B deductible (\$226)
- Covers 100% of Medicare-approved expenses minus the Part B deductible.

## Plan N

- Does not cover Part B deductible or excess charges.
- Covers 100% of the other benefits it covers except beneficiaries pay copays for doctor and select ER visits.
- Lower monthly premium than Plan G.





# ***ENROLLING IN MEDICARE SUPPLEMENT PLANS***

## **Open Enrollment**



- 6-month period that starts when enrolled in Part B, regardless of age
- No underwriting, may join any plan

## **Underwriting**



- Can apply for a Medicare Supplement policy at any time by going through medical underwriting
- No guarantee of acceptance, insurance companies set their own medical underwriting requirements.



# OPTION 2: MEDICARE ADVANTAGE (PART C)



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# **MEDICARE ADVANTAGE – PART C**



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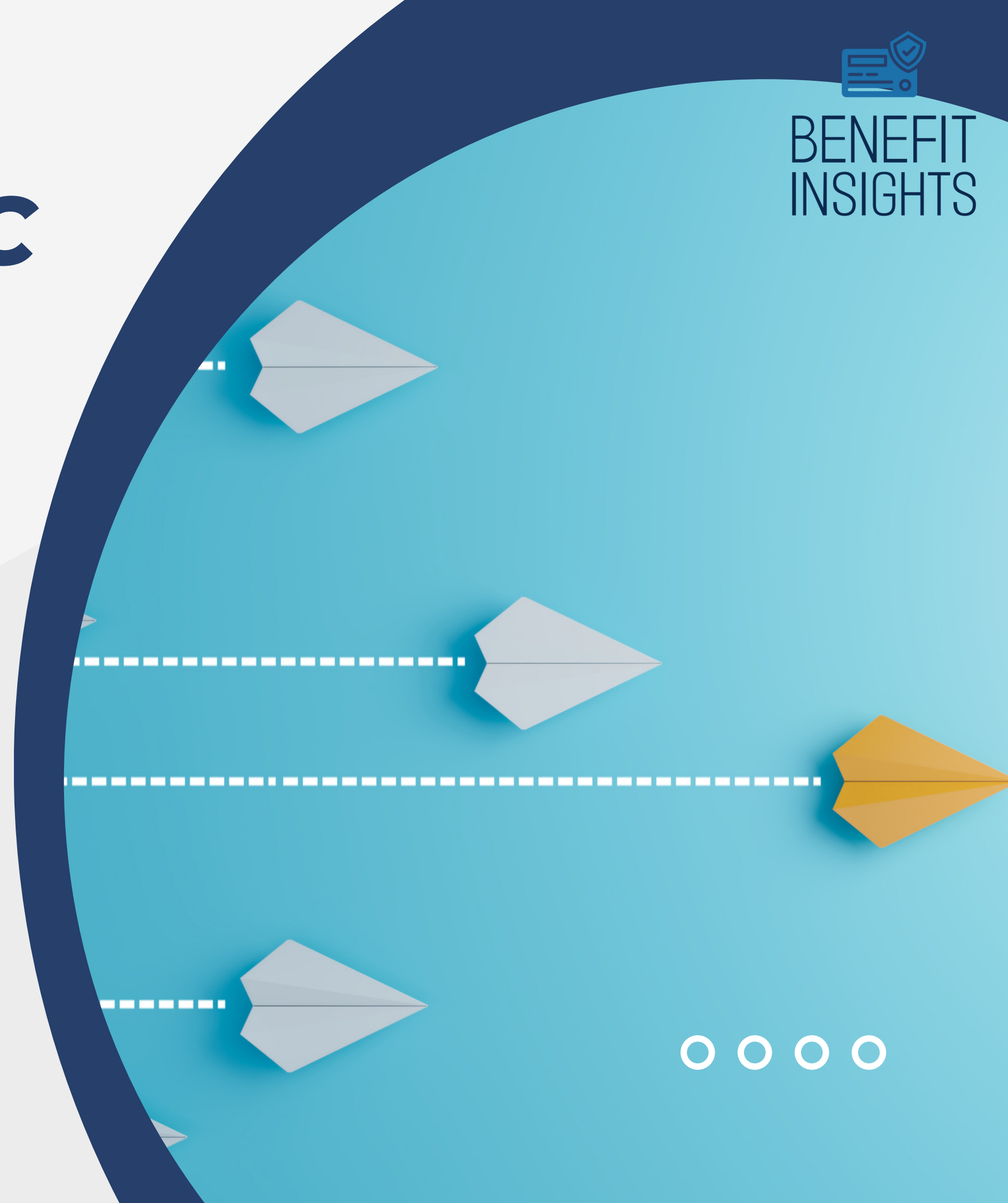
## **Combines both Part A, Part B, and most times Part D coverage**

- Medicare Advantage Plans must cover all services that Original Medicare Covers
- Within rules set by Medicare, MA plans can charge different out-of-pocket costs and have different rules for how you get services

## **Still part of the Medicare program, but provided by private insurance companies approved by Medicare**

## **In addition to the Part B premium, there might be a monthly premium for the Medicare Advantage Plan**

- Although, there are many \$0 premium MA plans



# MEDICARE ADVANTAGE – PART C



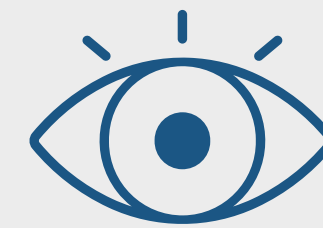
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## Plan Benefits & Extras

- Dental, Vision, and Hearing coverage
- Preventative Care
- Over-the-Counter Benefit
- Fitness and Wellness membership
- Routine Chiropractic Care
- Out-of-State Travel Benefits
- Virtual and In-home visits



Dental



Vision



Hearing



Prescription  
Drug



Additional  
Benefits Not  
Covered By A  
or B

\* Medicare Advantage coverages, benefits, extras, etc. are plan specific. The above may or may not be included in each carrier's plans.

# **MEDICARE ADVANTAGE NETWORKS**



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## **Health Maintenance Organization (HMO)**

- Must stay in-network except in emergency

## **Preferred Provider Organization (PPO)**

- Pay less if you stay in-network, and usually pay more if you go out of network

## **Special Needs Plan (SNP)**

- Dual-Eligible SNP (D-SNP)
  - Plans enroll individuals who are entitled to both Medicare and medical assistance from a state plan under Medicaid.
  - D-SNP plans help coordinate benefits to reduce billing errors and help retain cost-free services for eligible members.













# MEDIGAP & MAPD COMPARISON



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	 Medicare supplement insurance plans	 Medicare Advantage plans
 <b>Doctors and hospitals</b>	You can select your doctors and hospitals as long as they accept Medicare patients.	You may be required to use doctors and hospitals in the plan network.
 <b>Referrals</b>	You can see specialists without referrals.	You may need referrals and may be required to use network specialists.
 <b>Network</b>	No network restrictions. Coverage goes with you across the United States.	You may have network restrictions. Emergency care is covered for travel within the United States and sometimes abroad.
 <b>Enrolling</b>	You can apply to buy a Medicare supplement insurance plan any time after you turn 65 and join Medicare Part B.	Generally, there are specific periods during the year when you can enroll or switch to another Medicare Advantage plan.
 <b>Costs</b>	You pay a monthly plan premium in addition to your Part B premium. When you use services, your out-of-pocket costs are limited.	Generally, you pay a low or \$0 monthly plan premium in addition to your Part B premium. When you use services, you pay co-pays, co-insurance and deductibles.
 <b>Prescription drug coverage</b>	Prescription drug coverage is not included. Consider also purchasing a Medicare Part D plan.	Prescription drug coverage is included with most plans.

# MEDICARE TRIAL RIGHTS



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#1

If you joined a Medicare Advantage Plan when you were first eligible for Medicare Part A at 65, you will have a 12-month “trial period.” During this period you can disenroll and enroll in a Medigap plan with no underwriting.

#2

If you dropped your Medigap policy to try a Medicare Advantage plan for the first time, you will have a 12-month period to switch back, as long as the same insurance company still offers your original Medigap policy.





- The insurance that pays first (the primary payer) pays up to the limits of its coverage.
- The insurance that pays the second (secondary payer) only pays if there are costs the primary insurer didn't cover.
- The secondary payer (which may be Medicare) might not pay all of the uncovered costs.
- If your employer insurance is the secondary payer, you might need to enroll in Part B before your insurance will pay.





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## ***CAPTIVE*** **AGENTS**



- Only represents one carrier
- Will only be able to offer you a few plans, whether or not they fit your needs.
- Captive agents can receive bonuses for selling specific plans and meeting quotas

- Authorized to offer many different Medicare plans
- Contracted directly with Medicare insurance carriers & report to Centers for Medicare/Medicaid Services (CMS)
- Not financially incentivized to sell a particular product
- Large portfolio of Medicare plans allowing them to fit your plan to your unique needs
- **You do not pay Medicare insurance agents. Independent agents are paid by the carrier for writing business with them**

## ***INDEPENDENT*** **AGENTS**





# **IMPORTANT REMINDERS**



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## **Annual Enrollment Period (AEP)**

- A period every year from October 15th to December 7th that allows current Medicare Advantage and Prescription Drug Plan enrollees to make a plan switch if need be.

## **Special Enrollment Period (SEP)**

- There are many SEP's that allow MAPD and PDP changes outside of AEP. Include but not limited to; moving in or out of a plan service area, change or continuation in Medicaid status, 5-Star plan enrollment, etc.

**Schedule individualized consultation with a licensed agent to plan for enrollment periods and quote plans.**



DON'T  
FORGET







# BENEFIT INSIGHTS

INFORMED INSURANCE PLANNING



# THANK YOU

*We look forward to working  
with you*



mike@benefitinsights.net



616-369-8711



www.benefitinsights.net

*"We do not offer every plan available in your area. Any information we provide is limited to those plans we do offer in your area. Please contact Medicare.gov or 1-800-MEDICARE to get information on all your options."*

