

Medicare

Understand how it works and upcoming changes

Disclaimer

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Agenda

1. What is health insurance and why do you need it?
2. Where can you get health insurance?
3. Medicare
 - A. Original Medicare
 - B. Medicare Advantage
4. Upcoming Changes

Overview

Your health care and finances are connected.

You must:

1. Care for your health (diet, exercise, rest, proper medical care);
2. Maintain proper insurance; and
3. Budget, save, and invest for health care expenses.

It's Serious

You can't afford uninsured medical, dental, and vision care.

Healthcare is expensive.

1. 40% of adults have medical or dental debt.
2. Medical expenses are one of the top reasons for bankruptcy.
3. One uncovered health event is unaffordable for most of us.

[Americans' Challenges with Health Care Costs | KFF](#)

[Investopedia: Top 5 Reasons for Bankruptcy.](#)

Health care insurance is a contract that requires your health insurer to pay some or all of your health care costs.

Here's what you need

You need . . .

- **Health insurance** to pay medical expenses and bills (e.g., physician visits, hospital visits, prescription drugs, etc.).
- **Dental insurance** to pay for dental cleanings and other dental procedures (e.g., root canals, etc.).

And you may need . . .

- **Vision insurance** to pay for eye exams, glasses, contacts.

Sources of Health Insurance

If you're . . .	Get health insurance from . . .
Employed	Your employer's health insurance plans
Unemployed or no employer health plans available	<ul style="list-style-type: none">▪ Marketplace ("Obamacare")<ul style="list-style-type: none">▪ Healthcare.gov
Low Income	Medicaid
Over 65	Medicare
Living with a disability (regardless of age) <ul style="list-style-type: none">▪ End Stage Renal Disease (Kidney Disease)▪ ALS (amyotrophic lateral sclerosis, also called Lou Gehrig's disease)▪ Other disabilities after a two-year waiting period	Medicare

Medicare vs. Medicaid

Medicare

- For people over 65 and with disabilities
- Operated by the Federal Government

Medicaid

- For people with lower income.
- Operated by each State (with Federal Government oversight)

Medicare

There are four parts to Medicare.

Original Medicare

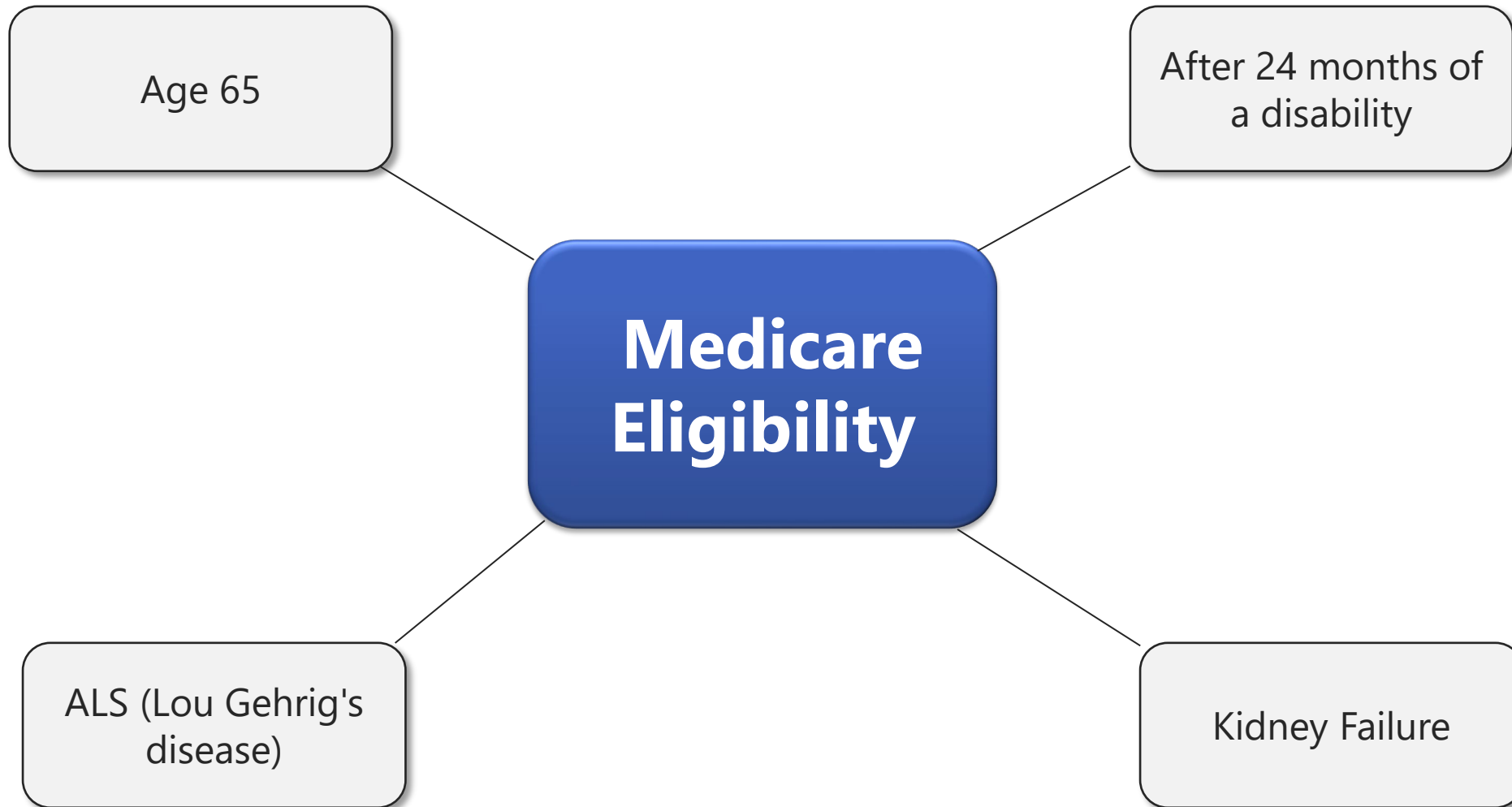
- Part A (hospital insurance)
- Part B (medical insurance)

Medicare Advantage (Part C)

Medicare Drug Coverage (Part D)

Eligibility

First, determine if you're eligible.



Questions



Medicare Options

You have choices to make.

Option 1: Sign up for Original Medicare (Part A & B)

- Add Prescription Drug Coverage (Part D)
- Add Medicare Supplement Insurance (Medigap)

Option 2: Sign up for Medicare Advantage (Part C)

- Instead of Original Medicare

Option 1: Original Medicare

You may choose Original Medicare

1 Part A

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

2 Part B

- Physician Services
- Outpatient care
- Home health care
- Durable medical equip. (e.g., wheelchairs)
- Preventive services

3 Part D

- Prescription Drugs

4 Medigap Supplemental Insurance to help pay for out-of-pocket costs.

Option 1: Original Medicare

Original Medicare doesn't cover everything.

Original Medicare excludes

- Prescription drugs (unless you add a Part D Plan)
- Dental Insurance
- Vision Insurance
- Long-term care services
- Long-term stay at nursing homes

You'll need dental and vision coverage from another source (e.g., an employer-based plan, individual market plan)

Option 1: How to enroll in Original Medicare

Complete three actions to enroll in Original Medicare.

- Step 1: Secure Part A and Part B
- Step 2: Sign up for a Prescription Drug Plan
- Step 3: Consider signing up for a Medigap (Supplemental) Plan

Option 1: How to enroll in Original Medicare

If	Then
If you get benefits from Social Security or Railroad Retirement Board (RRB)	You'll automatically get Part A and Part B starting the first day of the month you turn 65.
If you're under 65 and have kidney disease (ESRD)	You must sign up for Medicare through Social Security Administration.
If you're under 65 and have a disability	You'll automatically get Part A and Part B after you get disability benefits from Social Security or certain disability benefits from the RRB for 24 months.
If you're close to 65, but NOT getting Social Security or RRB) benefits	You'll need to sign up for Medicare. Visit ssa.gov/benefits/medicare to apply.

Questions



Option 1: Original Medicare

Medicare isn't free.

You must pay:

- Monthly premium for Part B
- Monthly premium for Part D
- A deductible before Medicare starts paying
- Coinsurance or copayment for each service

There's no yearly limit for what you pay out of pocket unless you have other insurance (like Medigap, Medicaid, or employee, retiree, or union coverage).

Important Definitions

Premium: The amount you pay per month to maintain your coverage.

Deductible: The amount you pay before your insurance plan starts to pay.

Coinsurance: The percentage of costs you pay per service after you've paid your deductible.

Copayment: A fixed amount you pay per service after you've paid your deductible.

Option 1: Original Medicare Costs

Expense Type	Part A	Part B	Part D
Premium	\$0 monthly premium if you work at least 40 quarters in your lifetime	See next page	See next page
Deductible	\$1,556 deductible first 60 days	\$226 deductible per year	Up to \$505 per year
Coinsurance / Copayment	After you meet the deductible <ul style="list-style-type: none"> • Day 61 – 90: \$400 per day • Days 91-150: \$800 per day 	20% of the cost of each service after you meet the deductible	Varies by plan

Medigap policies help cover out-of-pocket costs associated with Original Medicare.

Option 1: Original Medicare

Modified Adjusted Gross Income (MAGI)	Part B monthly premium amount	Prescription drug plan monthly premium amount
Individuals: 97,000 or less Married couples: \$194,000 or less	\$164.90	\$0
Individuals: \$97,000 up to \$123,000 Married couples: \$194,000 up to \$246,000	\$230.80	\$12.20
Individuals: \$123,000 up to \$153,000 Married couples: \$246,000 up to \$306,000	\$329.70	\$31.50
Individuals: \$153,000 up to \$183,000 Married couples: \$306,000 up to \$366,000	\$428.60	\$50.70
Individuals: \$183,000 up to \$500,000 Married couples: \$366,000 up to \$750,000	\$527.50	\$70.00
Individuals: equal to or greater than \$500,000 Married couples: equal to or greater than \$750,000	\$560.50	\$76.40

Option 1: Original Medicare Late Enrollment Penalty

Sign up for Medicare when you're eligible.

- The late enrollment penalty increases the monthly premium by 10% for each year you didn't sign up when you could have.
- The only exception is if you have creditable coverage – equivalent insurance coverage from another source.

Questions



Option 1: Original Medicare Exceptions

If you are over 65 and work at a large employer (over 20) people, then

1. You can take the health insurance from your employer.
2. Sign up for Medicare Part A because it's \$0 premium.
3. You may consider delaying Medicare Part B and Part D.

Your employer-based insurance is “creditable coverage” that will avoid the late enrollment penalty.

Read your employer's Notice of Creditable Coverage carefully.

Option 1: Original Medicare Exceptions

If you are over 65 and work at a small employer (under 20) people, then

1. You can take the health insurance from your employer.
2. Sign up for Medicare Part A because it's \$0 premium.
3. You may need to enroll in Medicare Part B and Part D.

Your employer-based insurance may not be “creditable coverage” that will avoid the late enrollment penalty.

Read your employer's Notice of Creditable Coverage carefully.

Option 1: Original Medicare Exceptions

If you have TRICARE, then

1. Sign up for Part A and Part B when you're first eligible if you're **not** active duty.
2. Don't sign up for Part B if you **are** active duty.

Option 1: Original Medicare Exceptions

If you have Medicaid, then

1. Sign up for Part B when you're first eligible.
2. Medicaid may be able to help pay the Medicare out-of-pocket costs.
 - Each State operates a Medicare Savings Program that can help pay for premiums based on income and resources.

Option 1: Original Medicare Exceptions

If you are a FEHB (federal employee), then

1. Sign up for Part A when you're first eligible.
2. If you keep FEHB after you retire, then
 - Consider delaying Part B enrollment.
 - Don't buy a Medigap plan.

When you combine your FEHB with Medicare, most Medicare deductibles, copays, and coinsurance are waived.

Option 1: Original Medicare Exceptions

If you have VA benefits, then

1. You may choose to get their treatment solely from the VA.
2. If you are a veteran and want to be able to seek treatment from non-VA doctors and hospitals, you can opt to join Medicare Parts A and B.

Option 1: Original Medicare Calendar

1. Initial Enrollment Period

Starts 3 months before the month you turn 65

Includes the month you turn 65, and

Ends 3 months after the month you turn 65.

2. Special Enrollment Period

If you didn't sign up when you were first eligible because you have group health plan coverage based on current employment, you can sign up for Part A and/or Part B:

- Anytime you're still covered by the group health plan.
- During the 8-month period that begins the month after the employment ends or the coverage ends, whichever happens first.

Questions



Let's talk about Medicare Advantage or Part C

Option 2: Medicare Advantage

You may choose Medicare Advantage (or “Part C”)

- A Medicare Advantage Plan is another way to get your coverage.
- You choose Medicare Advantage **OR** Original Medicare.
- Medicare-approved private companies offer Medicare Advantage Plans. They must follow rules set by Medicare.
- Medicare Advantage Plans are also called MA Plans or Part C Plans.

Option 2: Medicare Advantage

One Medicare Advantages plan covers

- 1** These services **instead of** Original Medicare
 - Inpatient care in hospitals
 - Skilled nursing facility care
 - Hospice care
 - Home health care
 - Physician Services
 - Outpatient care
 - Home health care
 - Durable medical equip. (e.g., wheelchairs)
 - Preventive services
- 2** Prescription Drugs (usually)
- 3** Potentially additional services (e.g., vision, dental, etc.)

Original Medicare vs Medicare Advantage

	Original Medicare	Medicare Advantage
Doctor and hospital choice	<ul style="list-style-type: none"> You can go to any doctor or hospital that takes Medicare No referrals required for specialists 	<ul style="list-style-type: none"> You can only go to providers in the plan's network. Referrals often required for specialists.
Cost	<ul style="list-style-type: none"> See prior pages 	<ul style="list-style-type: none"> You pay Part B premium and the plan's premium Out of pocket costs vary Yearly limit on out-of-pocket costs
Coverage	<ul style="list-style-type: none"> Covers medically necessary service in hospitals, doctors' offices, other healthcare facilities Must join a separate Part D plan for Rx coverage No dental or vision included ⁽¹⁾ No approval required for covered services 	<ul style="list-style-type: none"> Plan must cover the same services as Original Medicare Rx coverage included in most plans May offer additional services like dental and vision May require Prior Authorization to use covered services

(1) Original Medicare does not cover routine dental care. It does pay for some dental work that is needed in conjunction with another medical procedure. Beginning in 2023, the program will expand the type of "medically necessary" dental services it will cover when needed with other procedures.

Medicare Advantage Calendar

Initial Enrollment Period

- Starts 3 months before you get Medicare and ends 3 months after you get Medicare.

Open Enrollment Period October 15-December 7.

Medicare Advantage Open Enrollment Period (only if you're already in a Medicare Advantage Plan)

- January 1-March 31.

Questions



What's changing?

Let's start with the big picture trends.

Upcoming Changes

Healthcare is expensive for Federal and State governments

- Health insurance is the largest portion of the Federal budget.
- Medicaid is often the largest portion of State budgets.
- The Medicare Trust fund may be depleted by 2031.

<https://www.cbpp.org/research/federal-budget/where-do-our-federal-tax-dollars-go>

[Medicare Trustees Report](#)

Upcoming Changes

Healthcare costs are a burden for individuals and families

- 40% of adults have delayed or skipped medical care because of the costs
- 41% of adults have healthcare debt
- Medical debt is the third leading cause of debt
- Medical expenses are the second leading cause of bankruptcy after job loss

[Americans' Challenges with Health Care Costs | KFF](#)

[Investopedia: Top 5 Reasons for Bankruptcy.](#)

Upcoming Changes

90% of the nation's health care expenses are for these 8 diseases

- Heart disease and stroke
- Cancer
- Diabetes
- Obesity
- Arthritis
- Alzheimer's Disease
- Epilepsy
- Tooth Decay

What does all this mean for you?

There are some changes that may benefit you. The Inflation Reduction Act (IRA) gave Medicare several new authorities.

Upcoming Changes

Medicare can negotiate prescription drug prices for the first time. Medicare will start negotiating prices for 10 drugs. The new prices start in 2026

- Eliquis
- Jardiance
- Xarelto
- Januvia
- Farxiga
- Entresto
- Enbrel
- Imbruvica
- Stelara
- Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill

Upcoming Changes

The Inflation Reduction Act (IRA) also

- Caps out-of-pocket insulin costs at \$35 per month for Medicare beneficiaries (effective in 2023).
- Provides access to recommended adult vaccines without cost-sharing.
- Creates a yearly cap (\$2,000 in 2025) on out-of-pocket prescription drug costs in Medicare.
- Requires drug companies that raise their drug prices faster than the rate of inflation to pay Medicare a rebate. The goal is to discourage unreasonable price increases by drug companies.

Summary

1. Healthcare is expensive.
 - Care for your health (diet, exercise, rest, proper medical care)
 - Maintain proper insurance; and
 - Budget, save, and invest for health care expenses.
2. Everyone needs health insurance.
3. You can choose Original Medicare or Medicare Advantage.
4. Pay attention to dates and enroll on time.

Resources

Medicare.gov

Medicare and You Handbook: <https://www.medicare.gov/medicare-and-you>

1-800-Medicare