



Medicare 101 – An Educational Event

Presented by  
Susan McKee  
and  
Caitlin Pasqualini



## Meet the Presenters

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**Susan McKee** is the Vice President of Corporate Services in NFP's Pittsburgh office. Susan oversees agency operations as well as the small group and Medicare and Individual services. Susan has over 20 years of experience in the group benefit and individual markets.

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**Caitlin Pasqualini** is an independent licensed agent who can help you make sense of Medicare. Caty is the Manager of Medicare and Individual Market Development in NFP's Pittsburgh office. Caty has worked in the Medicare field for over 11 years and most recently served as a Broker Manager for the largest Medicare Advantage carrier in the state of Pennsylvania.

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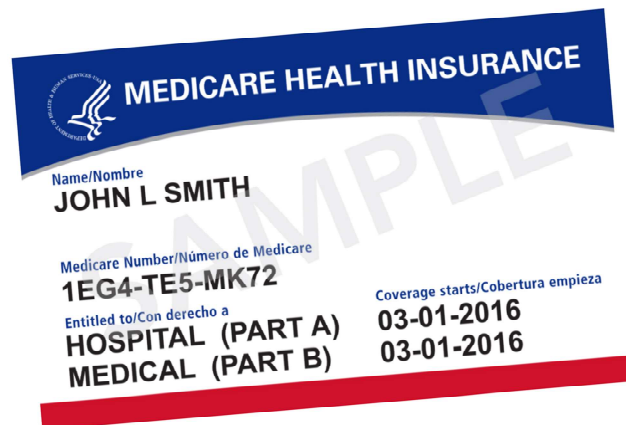
- I. What is Medicare?
- II. Who is eligible for Medicare?
- III. Do I need Medicare if I plan to continue working?
- IV. What does Medicare cover?
- V. What does Medicare cost?
- VI. What are my coverage options?
- VII. When can I enroll?
- VIII. What are my next steps?

## I. What is Medicare?

## What is Medicare?

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- A federal health insurance program for eligible U.S. citizens and legal residents
- Funded in part by taxes you and your employer pay while you are working
- Individual health insurance



### MEDICARE IS NOT:

- Free
- Social Security
- Medicaid

## II. Who is eligible for Medicare?

## Who is eligible for Medicare?

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### SOMEONE WHO IS:

- U.S. Citizen or legal resident for at least 5 consecutive years

### AND IS ONE OF THE FOLLOWING:

- Age 65 or older
- Younger than 65 with a qualifying disability
- Any age with a diagnosis of end-stage renal disease (ESRD) or ALS



III. Do I need Medicare if I plan to continue working?

## Medicare Enrollment Options When Working Past 65

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GENERALLY, YOU CAN DELAY MEDICARE WITHOUT PENALTY IF YOU ARE ACTIVELY EMPLOYED AND COVERED UNDER THE GROUP HEALTH INSURANCE PLAN:

- Your employer has **20 or more employees**
  - Your group plan is primary

YOU NEED TO ENROLL AT AGE 65 IF:

- Your employer has **fewer than 20 employees**
  - Your group plan is secondary
  - Weigh the cost of the group plan vs. a Medicare Advantage or Supplement plan

IMPORTANT NOTE:

- If you delay enrollment and do not have creditable coverage (like the employer sponsored plan) you may be penalized.

## Medicare Enrollment Options When Working Past 65

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### MORE TO CONSIDER:

- Medicare and your employer insurance can work together
- If you do take any part of Medicare and have an HSA (health savings account,) you will no longer be able to contribute.
- Medicare is individual coverage and will not cover dependents

#### IV. What does Medicare Cover?



PART A (HOSPITAL INSURANCE)



PART B (MEDICAL INSURANCE)



### PART A (HOSPITAL INSURANCE)

- Helps pay for inpatient hospital and inpatient mental health care
- Hospice care
- Skilled nursing services
- Some blood transfusions
  
- **Premium:**
  - \$0 (for most individuals)
  - \$259 – 30-39 quarters
  - \$471 - <30 quarters

## Part A: Hospital Insurance - Costs



### Inpatient Hospital

**\$1,484 deductible (per benefit period\*)**

\$0 – Days 1-60

\$371/day – Days 61-90

\$742/day – Days 91+

*(91+ = lifetime reserve days, 60 days over lifetime)*

### Note

No out-of-pocket limit

*\*Part A Benefit Period is 60 days*



### PART A (HOSPITAL INSURANCE) ESSENTIALS

- Premium-free for most individuals
- Cannot be denied coverage
- Must be admitted as an inpatient
- Coverage and costs are based per “benefit period”





### PART B (MEDICAL INSURANCE)

- Physician/doctor services
- Outpatient services and procedures
- Ambulance
- Laboratory and diagnostic services
- Durable medical equipment (wheelchairs, oxygen, etc.)
- Outpatient therapies (physical, occupational, speech)
- Preventive care
  
- **Premium:**
  - \$148.50 (standard)
  - The Part B premium is more for individuals who fall into a higher income bracket beginning at \$88,000(individual)/\$176,000(joint) on your 2019 tax return for 2021.

## Part B: Medical Insurance - Costs

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Deductible	Other Costs	Note
<b>\$203 per year</b>	<b>20% coinsurance</b> for Medicare-approved services	<u>No</u> out-of-pocket limit



### PART B (MEDICAL INSURANCE) ESSENTIALS

- Monthly premium (adjusted for higher incomes)
- Cannot be denied coverage
- Late Enrollment Penalty in certain circumstances

## What's **NOT** Covered by Original Medicare?

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- Prescription drugs
- Deductibles and coinsurance, with no maximum limit
- Part B Excess Charges (amount billed over what Medicare agrees to pay)
- Routine dental, vision, and hearing
  - Dental exams/cleanings, eye exams, eyeglasses, contacts, hearing aids
- Private duty nursing and custodial care (help with bathing, eating, dressing)
- Long-term care
- Care received outside of the U.S. (except in some circumstances)

V. What are my coverage options?

## OPTION 1

OR

## OPTION 2

Add one or both of the following to Original Medicare.

Choose a Medicare Advantage plan.

### Medicare Supplement Insurance Plan Offered by private companies



Helps pay some of the out-of-pocket costs that come with Original Medicare

### Medicare Part D Plan Offered by private companies



Helps pay for prescription drugs

### Medicare Advantage Plan Offered by private companies



Combines Part A (hospital insurance) and Part B (medical insurance) in one plan



Usually includes prescription drug coverage



May offer additional benefits not provided by Original Medicare



### PART C (MEDICARE ADVANTAGE PLANS)

- Combine Part A and Part B, and many plans include Part D prescription drug coverage
- Eligibility and premiums are not affected by age, sex, or health conditions
- Must be enrolled in both Medicare Parts A and B
- Provided by private insurance companies who are contracted with Medicare
- Most plans are HMOs or PPOs
- Many plans include additional benefits such as vision, dental, and hearing

## More About Part C: Medicare Advantage Plans



All Medicare Advantage plans must cover:

- Part A and Part B benefits – often improving and lowering costs

Many plans will include Part D prescription drug coverage

- Some plans do not and work well for those who have creditable prescription drug elsewhere, such as through the VA

Many Medicare Advantage plans offer additional benefits like:

- Dental exams, cleanings, x-rays
- Eye exams, eyeglasses/contacts
- Hearing tests and hearing aids
- Fitness memberships, wellness programs
- Over-the-counter assistance cards
- Travel benefits





### PART C (MEDICARE ADVANTAGE PLAN) ESSENTIALS

- Plan premiums and benefits can change from year to year
- Ability to change plans every year during the Annual Election Period (AEP)
- Must continue to pay Part B premium
- Convenience of a single plan
- May be required to stay within the plan's network for coverage (except in emergencies/urgent care situations)
- Annual out-of-pocket limits



### PART D (PRESCRIPTION DRUG COVERAGE)

- You must be enrolled in Part A, Part B, or both
- There are two ways to get prescription drug coverage while on Medicare:
  - Stand-alone Prescription Drug Plan (PDP)
  - Built-in to a Medicare Advantage plan (MAPD)
- If you don't have Part D or other creditable drug coverage, you could have late enrollment penalty when you go to apply later
- Those with higher incomes, may pay an additional amount when enrolled in Part D (Part D IRMAA – Income Related Monthly Adjustment Amount)

## What is a Formulary?

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### **A formulary is list of drugs covered by the plan.**

- The formulary will include how the drug is covered and whether or not the drug has any restrictions
- Most plans have covered medications divided into groups called “tiers”
- Generally, the lower the tier, the lower the cost is
- Examples of restrictions include quantity limits, step-therapy, and prior authorization

Tier Examples	
<b>Tier 1</b>	\$
<b>Tier 2</b>	\$\$
<b>Tier 3</b>	\$\$\$
<b>Tier 4</b>	\$\$\$\$
<b>Tier 5</b>	\$\$\$\$\$

## The Four Stages of Part D - 2021

Annual Deductible	Initial Coverage	Coverage Gap (Donut hole)	Catastrophic Coverage
You pay full cost	You pay copays/coinsurance based on Tier	You pay 25% generics and 25% of most brand-name drugs	You pay 5% or \$3.90/\$9.40 (whichever is greater)
Up to plan deductible (\$0-\$445)	Up to \$4,130 (initial coverage Limit)	Up to \$6,550 (true out of pocket cost)	Until the end of the year

- Limits can change each year
- Not all plans have a deductible
- Many people never reach the Coverage Gap (donut hole)
- Some plans offer additional coverage for certain drugs through the Coverage Gap

## OPTION 1

OR

## OPTION 2

Add one or both of the following to Original Medicare.

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Usually includes prescription drug coverage



May offer additional benefits not provided by Original Medicare



### MEDICARE SUPPLEMENT PLANS/MEDIGAP

- Pays secondary to Original Medicare, Stand-alone Part D plans can be purchased separately
- Must have both Part A and Part B and live within the plan's service area
- Offered by private insurance companies
- Cannot be used to pay for Medicare Advantage cost-sharing
- Plans are titled by letters (i.e. Plan A, Plan G), costs and covered services vary by plan
- Medicare Supplement plans are offered on a guaranteed issue basis for up to 6 months after you are eligible for Medicare.

## What can a Medicare Supplement plan cover?

Medigap Benefits	Plan A	Plan B	Plan C	Plan D	Plan F	Plan G	Plan K	Plan L	Plan M	Plan N
Part A coinsurance and hospital costs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B coinsurance or copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Blood (first three pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A hospice care coinsurance or copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled nursing facility coinsurance	No	No	✓	✓	✓	✓	50%	75%	✓	✓
Part A deductible	No	✓	✓	✓	✓	✓	50%	75%	50%	✓
Part B deductible	No	No	✓	No	✓	No	No	No	No	No
Part B excess charges	No	No	No	No	✓	✓	No	No	No	No
Foreign travel emergency	No	No	80%	80%	80%	80%	No	No	80%	80%

## What does a Medicare Supplement plan NOT cover?

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### What do Medicare Supplement plans **not** cover?

- Prescription drugs
- Routine dental, vision, hearing care
- Eyeglasses, contacts, or hearing aids
- Private duty nursing/custodial care
- Long-term care





### MEDICARE SUPPLEMENT PLANS/MEDIGAP ESSENTIALS

- Plan premiums can go up as you age
- Can change plans at any time, but can be denied coverage if not within a guarantee issue period
- No networks, can go anywhere Medicare is accepted
- Must continue to pay Part B premium

VI. When can I enroll?

## When am I eligible to enroll in Medicare?

- If you are still working and you have not elected Medicare because your employer coverage is primary, you should apply for Medicare 3 months prior to the date you wish it to become effective.

### Initial Enrollment Period (IEP)

- 7-month period - 3 months before the month you turn 65, birth month, 3 months after you turn 65.



## Important Enrollment Periods to Remember

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### **General Enrollment Period**

**January 1 – March 31**

**Coverage begins July 1**

### **Annual Election Period (AEP)**

**October 15 – December 7**

**Coverage begins January 1**

### **Medicare Advantage Open Enrollment Period (OEP)**

**January 1 – March 31**

- If already on an MA/MAPD, can switch to a different plan or go back to Original Medicare/PDP
- Effective date: 1st day of the month following receipt of application

### **Special Election Periods (SEP)**

- Enroll or switch plans due to special circumstances
- Effective date: varies, generally the 1st of the month following receipt of application

VI. What are my next steps?

## Next Steps

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- Determine if you want or need Medicare and when
- Apply for Medicare Part A and Part B

**NFP and Your Health Insurance Shop**  
**1-800-491-3642**

**CentralRegionMedicareServices@nfp.com**

Questions? We can help!

- Personal Consultations
- Establish a timeline
- Provider network review
- Medication review
- Plan recommendations
- Enrollment assistance



*\*Some employer groups may have specific Medicare plans or benefits for their employees (ex. state and Federal employees, union groups.) If you believe you might, we recommend contacting your employer group sponsor for more information.*



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