Medicare 101: Medicare Basics 2023

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What is Medicare?

Federal Health Insurance administrated by the Centers for Medicare & Medicaid Services (CMS).

Medicare comes in 3 Parts:

- Part A (Hospital Insurance)
- Part B (Medical Insurance)
- Part D (Drug Coverage)

Medicare Eligibility

- Individuals who are 65 and older who are either:
    a. U.S Citizens
    b. Permanent legal residents who have lived in the U.S. for at least five (5) continuous years
- Individuals under 65 with certain disabilities that have been collecting Social Security Disability for at least 24 months
- Individuals_with End-Stage Renal Disease or ALS (Lou Gehrig's disease)

Automatic Enrollment In Medicare

Medicare eligible individuals that are enrolled automatically in Parts A and B:

- Individuals already receiving benefits from Social Security or the Railroad Retirement Board (RRB) when they turn 65
- Individuals receiving Social Security Disability (SSD) benefits for 24 months
- Individuals that have ALS (Lou Gehrig's), the month their SSD Benefits begin.

1. Initial Enrollment Period (IEP):

The seven months surrounding your 65th birth month. Meaning the three months preceding your 65th birth month, your 65th birth month, and three months following it.

If you sign up…	Your coverage begins…
During the first 3 months	The first day of your 65th birth month*
The month you turn 65 (4th month)	Effective first of month after sign up
1 month after you turn 65 (5th month)	Effective first of month after sign up
2 months after you turn 65 (6th month)	Effective first of month after sign up
3 months after you turn 65 (7th month)	Effective first of month after sign up

2. General Enrollment Period (GEP)

Yearly between the first of January to the last day of March.

As of 2023, your coverage starts the first day of the month after you sign up instead of the previous rule of July 1 effective date.

Penalty for late enrollment applies – 10% for every full year went without the coverage

- The 3 Parts of Medicare
  - Part A (Hospital Insurance)
  - Part B (Medical Insurance)
  - Part D (Prescription Drug Coverage)

Medicare Part A (Hospital Insurance)

Helps Cover :

- Inpatient hospital care
- Home health care
- Hospice care
- Medicare-certified Skilled Nursing Facilities (SNF)

Part A (Hospital Insurance) Cost

Part A Premium

For 2023, the Medicare Part A monthly premiums will be as follows:

- $0 for individuals that worked 40 Quarters (approximately 10 years)
- $278 for individuals that worked 30-39 Quarters
- $506 (for individuals that worked less than 30 Quarters)
- Individuals can also qualify under their spouse's work history if the spouse is over 62 <u>and</u> either currently married for at least year before applying or currently divorced but married for at least 10 years.

Part A (Hospital Insurance) Cost

Part A Deductible

For 2023, the Medicare Part A deductible per benefit period is $1,600.

A Benefit Period begins when a beneficiary enters a hospital as an inpatient and ends when the beneficiary has been out of hospitals and skilled nursing faculties for a consecutive 60 days. There is no limit to the number of benefit periods per lifetime.

Part A (Hospital Insurance) Cost

Part A Hospital and Skilled Nursing Facility Co-pay

In 2023, the following co-pay rates apply:

Inpatient Hospital Care

- ➢ $0 copay for days 1-60
- ➢ $400 per day copay for days 61-90
- ➢ $800 per day copay for every day after 90 (60 non-replenishable Lifetime reserve days)

Skilled Nursing Facility (SNF)

- ➢ $0 co-pay days 1-20
- ➢ $200 per day copay for days 20-100

Medicare Part B (Medical Insurance)

Helps Cover :

- Doctors and other health care provider services
- Outpatient Care
- Mental Health Services
- Durable Medical Equipment
- Home health Services
- Preventative Services
- Other medical services (medicare.gov/coverage)

Part B (Medical) Insurance) Cost

Part B Deductible and Coinsurance

In 2023, the annual deductible will reduce to $226. After the deductible is met, Medicare pays 80% of the bill, leaving the beneficiary with the remaining 20%.

Part B (Medical) Insurance) Cost

Part B Monthly Premium

In 2023 monthly Part B premiums (Based on your tax return from two years ago):

If your yearly income in 2021:		You pay each month (in 2023)
File individual tax return	File joint tax return	
$97,000 or less	$194,000 or less	$164.90
above $97,000 up to $123,000	above $194,000 up to $246,000	$230.80
above $123,000 up to $153,000	above $246,000 up to $306,000	$329.70
above $153,000 up to $183,000	above $306,000 up to $366,000	$428.60
above $183,000 and less than $500,000	above $366,000 and less than $750,000	$527.50
$500,000 or above	$750,000 and above	$560.50

Medicare Prescription Drug Coverage (Part D)

19 NYS Stand Alone Part D Plans for 2023

- Unique Formularies and Pharmacy Networks

Enrollment Periods

- Oct 15 – Dec 7
- Special Enrollment Periods

Part D

- Different formularies (list of covered drugs) for each plan
- Must offer 2 drugs per drug class

Tier Structure:

Tier 1: Generics

Tier 2: Preferred Brand-Name

Tier 3: Non-Preferred Brand-Name

Tier 4 and above: Specialty Drugs

Plans also can implement quantity limits, step therapy, and prior authorization restrictions

Medicare Part D

- In New York State 2023 premiums range from $10.90-$116.80 ***Surcharge for higher income***
- **Deductible:** $0-$505
- **Copayments:** vary by plan and by drug.
- **Coverage gap:** $4,430 total drug cost. Pay 25% cost of drug during coverage gap.
- **Catastrophic coverage**—after you spend at least $7,400 out-of-pocket you'll automatically pay no more than 5% or $4.15/$10.35 (whichever is greater) of the cost for covered drugs for the remainder of the year

Inflation Reduction Act of 2022

- Signed into law on August 16, 2022 by President Biden
- The Inflation Reduction Act will start to benefit Medicare Part D enrollees right away in 2023. Recommended vaccines covered under Part D will no longer have cost-sharing (i.e., they'll be free). And all Part D plans and Medicare Advantage plans with integrated Part D coverage plans will have to provide all of their covered insulin products with copays of no more than $35/month

Upcoming IRA changes to Part D Cost

- 2024- 2030: Part D premium growth will be limited to no more than 6% per year
- 2024: The 5% coinsurance in the catastrophic coverage phase will be eliminated - zero cost sharing
- 2025: Annual out of pocket Part D costs will be capped at $2,000

IRA Changes to Drug Prices

Federal Government will be required to negotiate prices for certain high cost drugs:

2026: 10 Part D drugs

2027: 15 Part D drugs

2028: 15 Part B drugs and Part D drugs

2029: 20 Part B drugs and Part D drugs

Drugs for Price Negotiations 2023/2024 (eff.2026)

- The selected drug list for the first round of negotiation is:
- Eliquis
- Jardiance
- Xarelto
- Januvia
- Farxiga
- Entresto
- Enbrel
- Imbruvica
- Stelara
- Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill

Part D Surcharge

If Your 2021 Yearly Income was		You pay (added to your premium)
File Individual Tax Return	File Joint Tax Return	
$97,000 or less	$194,000 or less	+$0
$97,001-$123,000	$194,001- $246,000	+$12.20
$123,001-$153,000	$246,001-$306,000	+$31.50
$153,001-$183,000	$306,001-$366,000	+$50.70
$183,001-$500,000	$366,001-$750,000	+$70.00
$500,000 or Above	$750,000 or Above	+$76.40

Late Enrollment Penalty

Part A Late Enrollment Penalty: 10% premium increase for twice the number of years you didn't sign up (does not apply if you qualify for premium-free Part A)

Part B Late Enrollment Penalty: 10% per 12-months went without Part B

Part D Late Enrollment Penalty: 1% of the "national base beneficiary premium" ($32.74 in 2023) times the number of full, uncovered months you didn't have Part D or creditable coverage. The monthly premium is rounded to the nearest $.10 and added to your monthly Part D premium.

Job Based Coverage

- Can delay B without penalty if:

Medicare eligible due to age and employer has more than 20 employees in GHP (group health plan

Medicare eligible due to disability and employer has more than 100 employees in GHP (group health plan)

SEP – Current/Active Employment

SEP of 8 months starting from first month of Part eligibility when individual has coverage from current/active employment (Cobra and Retiree coverage Does Not count) until 8 months after the individual loses coverage from current employment or employment ends

NO LEP for these cases

SEP's

- SEP's to enroll in Part A or B without penalty
  *Lose Medicaid
  * In disaster area or emergency
  * Release from incarceration
  * Enrollment mistake based on misinformation from employer
  * Other exceptional circumstances (case by case basis)

Medigap (Supplemental Insurance)

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- **Standardized** - Ten plans (A-D,F,G,K,L,M,N). Same letter plan provides same coverage, regardless of insurer
- **Community Rating** – Same area, same insurer, same plan – all members pay same premium
- **Automatic Crossover** – Claims sent electronically from Medicare to Medigap insurer
- **Open Enrollment** – NYS residents can purchase anytime
- **Waiting Period** – Can apply if any gaps in coverage
- **Guaranteed Renewable** – Can keep same plan with same insurer indefinitely

Medigap C & F Note

- Beneficiaries newly eligible for Medicare on or after Jan 2020 cannot purchase Medigap C or F. Those eligible for Medicare prior to Jan 2020 can purchase.

*Information on Medigap plans can be found on the NYS Department of Financial Services website

Medigap (Supplemental Insurance)

- <u>All plans cover</u> Part A coinsurance (Days 61-90) and (60) lifetime reserve days plus 365 additional days
- Up to six month waiting period for pre-existing (PE) conditions
  - May not be subject to PE waiting period if had prior coverage

2023 Medigap Amounts

- Medigap Plans K & L have maximum out of pocket limits – plan will pay 100% of A & B co-pays after out-of-pocket limit is reached
  - Plan K MOOP is $6,940
  - Plan L MOOP is $3,470
- Plan F & G have high deductible options with a deductible of $2,700– deductible must be met before coverage starts

Report Medicare Fraud

The New York Senior Medicare Patrol (SMP)
Toll Free Number 1-877-678-4697

Two different ways to get Medicare Coverage

Original Medicare	Medicare Advantage (Part C)

Medicare Advantage Plans

- Offered by independent insurers as individual plans
- Covers at least what Original Medicare covers and more
- Most plans include Parts A, B & D.
- Some plans cover services or equipment that Original Medicare doesn't e.g. Hearing Aids, Dental, Vision.
- Region Specific
- Providers can choose to leave the plan at any time.

MA Plans – Access to Care

- Access to Providers – May have to see in-network providers in order to receive care or care at lowest cost
- Referrals – May require primary care physician referral to see specialist

Medicare Advantage Eligibility

- ❑ **<u>Must</u>** have both Parts A and B
- ❑ **<u>Must</u>** live within service area of plan

MA Plan Costs

- Costs vary by plan
- Must still pay your Part B premium and Plans Monthly premium (if there is one)
- Most have a deductible and then fixed copayments vs coinsurance
- MA maximum out-of-pocket limit $8,300 for 2023

Medicare Advantage (MA) Enrollment

Open Enrollment Period (OEP) October 15-December 7th

or

January 1-March 31 (Medicare Advantage Open Enrollment Period)

- Go from MA Plan to MA Plan or back to Original
- Cannot go from Original into MA

What to consider…

- Can I use any doctor? Are my doctors in the plans network?
- Do I need referrals?
- Do I want a plan that covers services that Original Medicare does not?
- What are the plans rules and restrictions?

MA Plan and Supplemental Benefits

- Non-Medical Transportation
- Home Delivered Meals
- Housekeeping

Benefits May Not be available to everyone enrolled in plan

* MA plans may offer special supplemental benefits for certain members with chronic conditions, such as diabetes

Health Maintenance Organization (HMO)

- In-Network Benefits ONLY
- Referral required for specialists

Additional benefits

- 2023 $8,300 Maximum in network (does not include premium or part D costs – only A & B services)

Preferred Provider Organization (PPO)

- Access to both in-network and out-of-network (OON) providers
  - May pay higher co-payments for OON
  - May have out-of-pocket limit for OON
- No referrals needed for in-network specialists
- 2023 Maximum Out of Pocket (MOOP) (In-Network) is $8,300
- 2023 Maximum Out of Pocket (MOOP) Out-of-Network max is $12,450

Medicare Resources

- **Westchester County Dept. of Senior Programs and Services (DSPS) Medicare Helpline**
  (914) 813-6100 (Eng. & Spanish Counselors Available)
- **Centers for Medicare & Medicaid Services (CMS)**
  1-(800)-MEDICARE (633-4227) or www.medicare.gov
- **Medicare Rights Center (MRC)**
  Consumer Hotline 800-333-4114 or www.medicarerights.org

THANK YOU!

This presentation has been prepared by the
Westchester County Department Senior Programs and Services.

For further information, visit westchestergov.com/seniors or
Call our Medicare Helpline at (914) 813-6100 for assistance.