



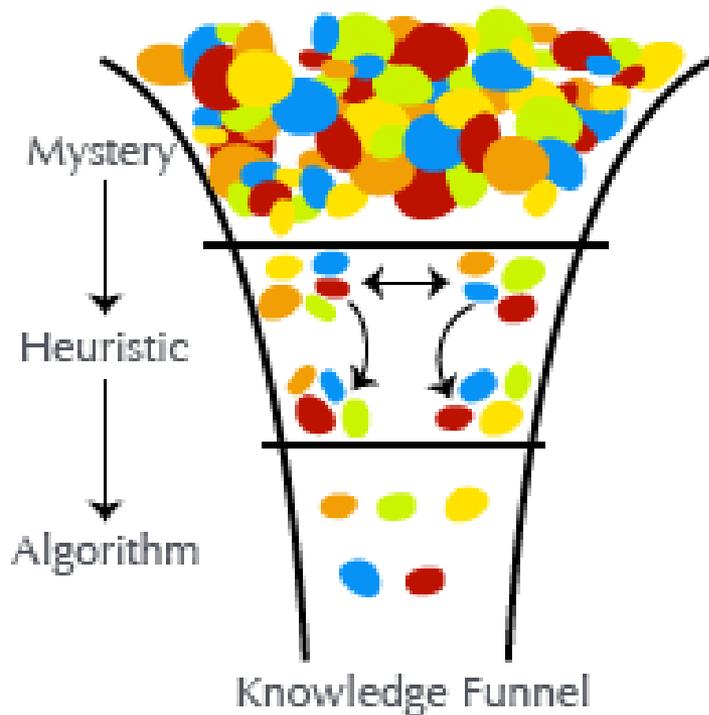
A Basic Understanding of Medicare and Medicare Plans in 12 Questions

Understanding the Basics to

Make the Best Choices

May 8, 2018

Objective



- Medicare can be a **Mystery**.
- Following a **Heuristic** approach, the **Objective** of this presentation is to provide you with enough information so you can make the best decision about your Medicare and Medicare Plan choices.
- The knowledge gained from understanding the 12 questions should help solve the mystery of Medicare.
- Once knowledge is gained a systematic approach of **Algorithm** can be developed to evaluate your Medicare and Medicare Plan decisions.
- The 12 questions follow on the next slides.



The Medicare 12 Questions

- 1) What is Medicare?
- 2) What does each part of Medicare cover?
- 3) What are Medicare Part D Rx Drug Plans?
- 4) What doesn't Medicare cover?
- 5) What is Original Medicare with a Part D Rx Drug Plan?
- 6) What are the strong points and possible issues with Medicare A&B plus Part D Rx Drugs?
- 7) What is Original Medicare with Part D Rx, and a Medicare Supplemental Plan?
- 8) What are the strong points and possible issues with Medicare A&B, Part D Rx and a Medicare Supplemental Plan?
- 9) What is a Medicare Advantage Plan with Rx Drugs?
- 10) What are the strong points and possible issues with Medicare Advantage Plans?
- 11) What are Medicare and Medicare Plan features to consider in making your choices?
- 12) What are the personal issues you need to consider your choices?



Question #1 - What is Medicare?



- Medicare is the Federal program that provides coverage for hospital, medical, and health related services for beneficiaries 65 and over; disabled beneficiaries who meet Social Security Disability Program requirements; and qualifying individuals with End Stage Renal Disease.

Question #2 - What does Medicare Cover



- Medicare covers most of the health care expenses that beneficiaries may encounter.
- However, beneficiaries must have all Parts of Medicare to have this broad coverage.
- Examples of what each Medicare Part covers is shown on the next page.



Question #2 (continued) **Examples of What Medicare covers**

- **Medicare Part A** – primarily covers inpatient hospital, skilled nursing following a hospitalization, and hospice charges, such as hospital room and board; nursing services; hospice services and drugs for pain relief; skilled nursing facility or home care after a hospitalization.
- **Medicare Part B** – primarily covers physician, outpatient hospital, and other general care, such as doctor’s charges; emergency room charges; outpatient imaging, i.e., CAT scans and MRIs; durable medical equipment; ambulances, and outpatient physical therapy.
- **Medicare Part D** – primarily covers outpatient prescription drugs. Medicare Part D, also covers some outpatient injectable drugs.
- **Medicare Part C** – also called Medicare Advantage programs usually cover Medicare Parts A, B, and D, and sometime additional benefits such as limited dental and vision.

Some Additional Medicare Facts

- Medicare Part A is usually automatic for most workers and their spouses aged 65, who have worked and paid into Social Security for at least 10 years.
- Medicare Part B is voluntary and requires a monthly premium (**\$134** in **2018** for modified adjusted gross income less than or equal to \$85,000 individual or \$170,000 joint couple) Less for Beneficiaries already receiving Social Security (on average **\$130**)
- Medicare Part D Rx is voluntary.

Just the 
Facts



Question #3 – What are Medicare Part D Rx Drug Plans?

- Medicare Part D Rx Drug Plans cover outpatient (non-inpatient hospital) Rx Drugs that are typically obtained at a pharmacy or through mail order.
- The Medicare Part D Rx Plan is voluntary.
- The Federal Centers for Medicare and Medicaid Services (CMS) sets requirements and regulates Medicare Part D programs, but they are administered by many insurance companies, Pharmacy Benefit Managers, and others.
- Not all Rx drugs are covered under each Part D Rx Drug Plan.
- Each plan has a drug formulary, which describes what drugs are included in the plan and the benefits for each Rx Drug.
- If a drug is not covered in the Plan formulary then you'll pay 100% of the cost.
- **It is, therefore, very important to check a Plan formulary to make sure that any particular drug, which is important to you is covered.**



Question #3 - What is a Part D Rx Plan (continued)

- CMS sets minimum standards that all plans must meet, but the actual benefit plans offered are wide and varied.
- Typically plans have different co-pays for different types of drugs such as generics, preferred brands, non-preferred brands, and specialty drugs.
- One feature common to almost all Part D Rx Plans is called the “donut hole.”
- In **2018**, once you have incurred **\$3,750** for Rx drugs you will enter the “donut hole,” where you are responsible for all of the cost, but you have a **65%** discount for plan retail price for brand drugs and a **56%** discount for generic drugs.
- You will remain in the donut hole until you have spent **\$5,000** out-of-pocket from the beginning of the year (including 50% of the manufacturer’s discount), after which you’ll usually pay **5%** of the cost of Rx drugs for the rest of the year.
- Because benefits and covered drugs are different, premiums are different as well ranging from a low of about \$20 a month to over \$150 a month.

Question#4 - What Doesn't Medicare Cover (2018)



- Medicare Part A Hospital **\$1,340** deductible
- **\$335** per day co-pay (day 61-90)
- **\$670** per day co-pay reserve day after 90 days (60 lifetime reserve days)
- Full cost, any days after reserve days are used up
- Skilled Nursing Facility **\$167.50** co-pay days 21-100
- Skilled Nursing Facility after 100 days.
- **\$183** Medicare Part B deductible
- 20% of Medicare Part B expenses after the **\$183** deductible
- Costs in the Medicare Rx Part D “donut hole”
- Long Term Care



Three of the Most Common Medicare Choices

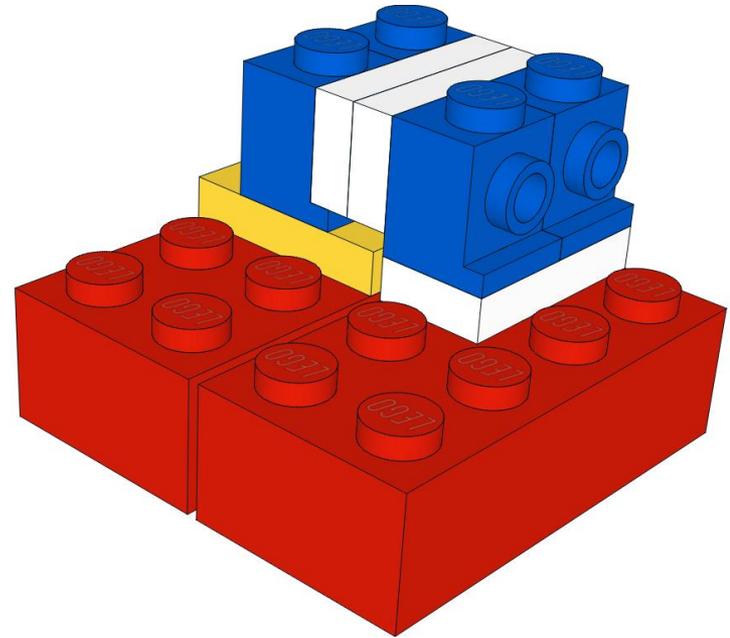
- Medicare enrollment and selecting Medicare Plans often seems like a mysterious and daunting process. However, the most common basic choices are as follows:
 - 1) **Original Medicare with Part D Rx Drugs.**
 - 2) **Original Medicare with Medicare Supplemental with Part D Rx.**
 - 3) **Medicare Advantage with Rx Drugs.**

Although Medicare and Medicare Plans are complex, understanding of the three most common basic choices should provide a good basic understanding of Medicare and Medicare Plans.

Additional details on each choice will be given as follows.

Question #5 - What is the Original Medicare with Part D Rx Drugs?

- A Basic Choice
- Includes the Basic Parts of Medicare only.
- Medicare Part A (Inpatient Hospital).
- Medicare Part B (Voluntary Doctors and Outpatient)
- Medicare Part D Rx Plan (Pharmacy and Mail Order Rx Drugs)





Question #6 – What are the Strong Points and Possible Issues with Original Medicare and a Medicare Part D Rx ?

Strong Points

- Medicare is accepted nationwide by any Hospital or Dr. that accepts Medicare.
- Covers approximately 80% of Hospital and Medical Costs.
- The least costly alternative.

Possible Issues

- Medicare Beneficiary responsible for approximately 20% of hospital and medical costs.
- There are no out of pocket limits, so long and/or expensive treatment could have substantial out of pocket costs.
- After the Initial Enrollment Period (typically 3 months before, the month of and 3 months after you turn 65) you would be subject to pre-existing and medical underwriting if you want a Medicare Supplemental Plan later.

Question #7 - What is Original Medicare with Medicare Part D Rx and a Medicare Supplement Plan?

- A Cadillac Choice
- Medicare Part A (Inpatient Hospital).
- Medicare Part B (Voluntary Doctors and Outpatient).
- Medicare Part D Rx Plan (Pharmacy and Mail order Rx Drugs).
- A Medicare Supplemental Plan would cover some to most of hospital and medical services NOT covered by Original Medicare.
- A summary of Medicare Supplemental Plans are shown on the next slide.



Plan	A	B	C	D	F	G	K \$4,960 OPM	L \$2,480 OPM	M	N \$20 OV \$50 ER
A copays 365 Days Covered	X	X	X	X	X	X	X	X	X	X
Part B 20% Co- insurance	X	X	X	X	X	X	50%	75%	X	X
Blood 1st 3 pints	X	X	X	X	X	X	50%	75%	X	X
Hospice	X	X	X	X	X	X	50%	75%	X	X
Skilled Nursing copay			X	X	X	X	50%	75%	X	X
Part A Deductible		X	X	X	X	X	50%	75%	50%	X
Part B Deductible			X		X					
Excess Charge					X	X				
Foreign Emergency			X	X	X	X			X	X



Question #8 – What are the Strong Points and Possible Issues with Original Medicare, Medicare Part D Rx and a Medicare Supplemental Plan?

Strong Points

- Medicare Supplemental Plans are accepted nationwide by any Hospital or Dr. that accepts Medicare.
- Medicare Supplemental Plans are standardized.
- There are different plans for different budgets.
- The richer Medicare Supplemental Plans pay for almost all of your hospital and medical expenses, when combined with Medicare Parts A&B.

Possible Issues

- Medicare Supplemental Plans will usually increase in price as you age, but increases have been moderate in recent years.
- Except for the 6 month period after you turn 65 and some other circumstances, Medicare Supplemental Insurance companies can apply pre-existing condition limitations and medical underwriting.
- If you need a Rx Drug Plan, you must purchase it separately.
- A rich Medicare Supplemental Plan with a Rx drug plan is usually the most expensive option.

Question #9 - What is a Medicare Advantage Plan with Rx Drugs?

- **Medicare Advantage Plans are replacements for original Medicare**
- Covers Medicare Part A and B and usually Medicare Part D Rx, as well as additional benefits such as limited dental.
- Usually based off of a PPO or HMO network.
- Typically have co-pays and deductibles, but have an annual out-of-pocket limit.
- The lowest cost option in many markets.





Question #10 – What are the Strong Points and Possible Issues you when choosing a Medicare Advantage (MA) Plan?

Strong Points

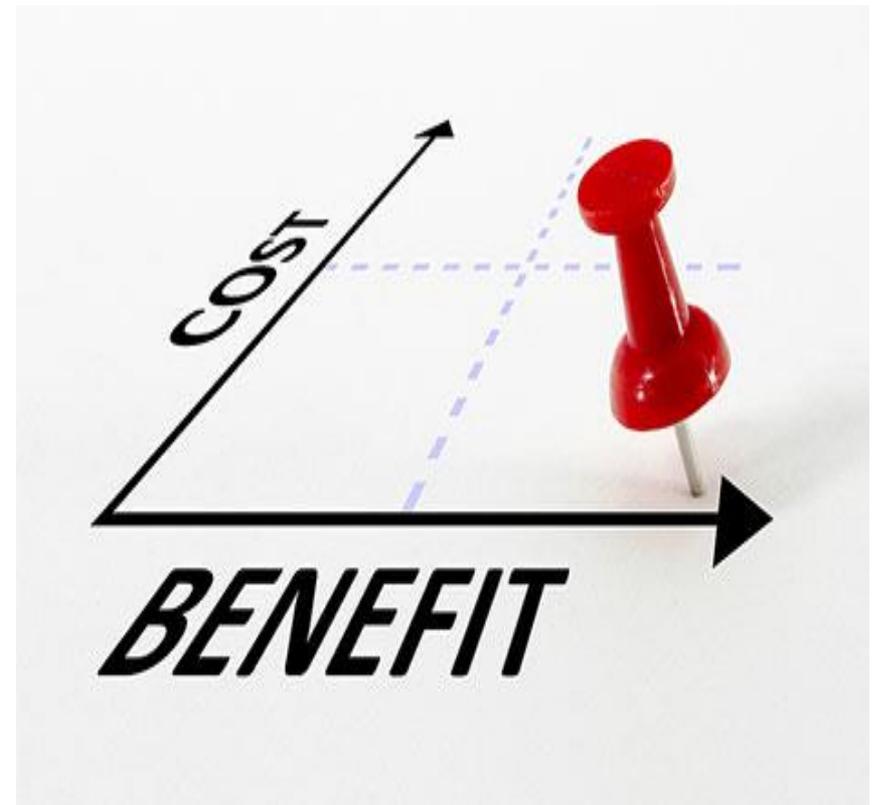
- MA plans are typically, but not always, less expensive than Medicare Supplemental and Part D Rx plans.
- MA plans usually have all inclusive benefits.
- MA plans usually have some extra benefits like limited dental and hearing.
- MA plans have network contracted hospitals and doctors, who cannot charge more than negotiated rates.
- MA plans do not have pre-existing condition limitations or medical underwriting.
- MA plans have maximum out-of-pocket limits, which cap annual out-of-pocket costs, except for Rx drugs.

Possible Issues

- MA plans have been the target of Federal budget reductions, although they have so far survived drastic cuts.
- MA plans have network restrictions, so that all Medicare participating providers do not necessarily participate in each MA plan.
- Depending on the MA plan, there may not be access to out-of-area nationally known hospitals and doctors.
- MA plans typically have more deductibles, co-pays, and co-insurance than higher end Medicare Supplemental plans.

Question #11– What are Medicare and Medicare Plan Features to consider when making your choice?

- Premium costs, separately and in combination with other plans
- Late enrollment penalties
- Ability and cost of change
- Plan Benefits
- Formularies for Rx Drug Plans
- Access to Health Care Providers





Question #12 – What are the personal issues you need to consider in making your choices?

- Everyone has a unique situation that should be considered when making choices. Consider issues like the following:
 - 1) Your ability to withstand potential costs of health care costs not covered by insurance.
 - 2) The likelihood that you will incur health care costs equal or greater than premium costs.
 - 3) Your tolerance to accept health care cost risks.
 - 4) Your desire to have as little to worry about as possible with health care costs.
 - 5) Your desire to have access to health care providers that you use now or may want to use in the future.



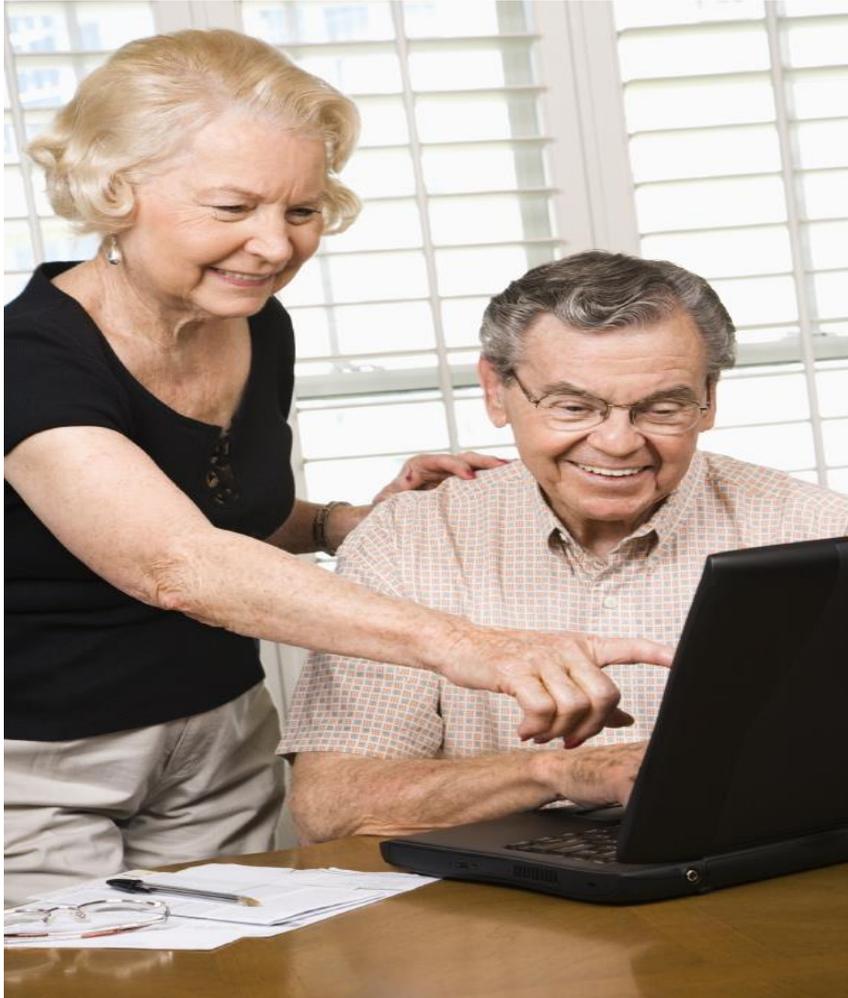
Double Health USA can help you with your choices in Three Ways

- 1) By providing you with this presentation and the Double Health USA Retiree Guide if requested.
- 2) By assisting you with every step of the process that you desire help, and answering your questions, and providing spot assistance.
- 3) By providing the Double Health USA agent # when you enroll on-line, on the phone, or on a paper application. This will give you access to Double Health for any questions. This will also allow us to troubleshoot any issues you may have now or in the future, since we would be recognized as your agent by insurance companies in most cases. **(Double Health USA will provide you with the agent # and any necessary instructions).**

There is no direct or indirect cost to you for any of the 3 options above. Double Health USA is an agency, compensated by its appointed insurance plans



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We Hope to hear from You!

**THANK
YOU**