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***MEDICARE:
JUST THE FACTS***

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A no nonsense guide to the United States' only national health insurance program, Medicare.

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What is Medicare?

Medicare is the United States' only national health insurance program. Passed in 1965 as part of the Social Security Act, Medicare was intended to pay for health care services to ensure a basic level of health care for the nation's elders. Just as a private health insurance policy would, Medicare has a cost sharing component in the form of premiums, deductibles and co-pays.

Who can get Medicare?

Those who are 65 years of age or older and who are eligible for Social Security retirement benefits are entitled to Medicare. Medicare is also available to individuals entitled to Social Security Disability benefits (after a 24 month waiting period). Others eligible for Medicare are those entitled to either Railroad Retirement benefits or Railroad Retirement Disability benefits, those with end-stage renal disease (ESRD), or those with amyotrophic lateral sclerosis (ALS, otherwise known as Lou Gehrig's disease). An individual who is over 65, but not eligible for Social Security retirement benefits may purchase Medicare coverage by paying a monthly premium.

How does Medicare work?

Medicare is divided into several parts. **Part A** covers hospitalization healthcare services. If you are entitled to Medicare because you are eligible for Social Security Retirement benefits or disability benefits, you do not have to pay a premium for **Part A**, it is paid for you by the government. If, as discussed above you must purchase your Medicare coverage, the **Part A** premium is \$461 per month.¹

Part B covers outpatient services, for example, doctor visits, durable medical equipment and ambulance services. Unlike **Part A**, everyone pays a monthly premium for **Part B**. Starting in 2010, the **Part B** premium paid by an individual is based on their enrollment date into the Medicare

¹All premium, deductible and co-pay amounts associated with the Medicare program are subject to change each year.

program. If enrolled prior to 01/01/10, the premium amount is \$96.40. If enrolled 01/01/10 or after, the premium is \$110.50.

Medicare **Part C** is the Medicare Advantage Plans, most of which are similar to HMO insurance plans.² If you are not enrolled in a Medicare Advantage Plan, then you are using traditional Medicare. In a Medicare Advantage Plan, Medicare contracts with health plans to provide services under **Parts A and B**, for example Lovelace Senior Plan or Presbyterian Senior Care. Depending upon the health plan, there may be a premium in addition to the **Part B** premium discussed above. In addition to **Parts A and B**, most Medicare Advantage Plans also provide **Part D** prescription drug coverage. The exception to this is the Medicare Advantage private fee for service plans, in which **Part D** coverage is purchased separately.

Medicare **Part D** is the most recent (as well as most confusing) addition to Medicare and covers prescription drugs. Unfortunately, **Part D** is known more for its drawbacks than for its benefits. Under the **Part D** "standard drug benefit", after payment of a \$310 deductible, you pay a coinsurance of 25% of the cost of covered drugs up to the initial coverage limit of \$2,830, which amounts to \$630. After you have reached the initial coverage limit, you enter a second deductible period, commonly referred to as the "doughnut hole". During the "doughnut hole", you are responsible for the full cost of your medicines. When you reach a total of \$4550 in out of pocket expenses, including your deductible and coinsurance amounts, your coverage will kick in again and you will pay \$2.50 for generic or preferred drugs and \$6.30 for other drugs or a 5% coinsurance, whichever amount is greater. Insurers may also offer "alternative" or "enhanced alternative" coverage plans which must be equal to or greater in value than the standard benefit plan.

Help paying for Medicare

There are programs that assist lower income seniors in paying some of the Medicare cost sharing. For example, there are programs that help with the Medicare **Part B** premium and also with the **Part D** deductible and co-pays. Contact the Senior Citizens' Law Office for more information.

² While most Medicare Advantage Plans run like HMOs, there are a few that are private fee for service plans.