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MEDICARE --- GENERAL OVERVIEW (2020)

- 1. Snapshot:** Medicare is a nationwide program of health care coverage, administered by the federal government. Eligibility is not “means tested.” Medicare’s *coverage* is divided into three “Parts” --- **Part A** (hospital, skilled nursing facility, home health, and hospice care); **Part B** (physician, lab and x-ray, medical equipment, therapies, ambulance, and many other primarily outpatient services); and **Part D** (prescription drug coverage). Not all services are covered, and beneficiaries can be liable for many out-of-pocket costs. Beneficiaries have broad appeal rights, and free choice of providers (but *see* #8). What about **Part C**? (*see* # 8).
- 2. Who is Eligible?:** Individuals at age 65, individuals receiving Social Security (or certain “Railroad Retirement”) disability payments for 24 months, and certain individuals with “End Stage” kidney disease. Most beneficiaries must be *eligible* for Social Security (or Railroad Retirement) benefits or, *e.g.* in the case of some federal and state retirees, have made a required amount of contributions to the Medicare trust funds.
- 3. Premiums:** Most beneficiaries receive Part A without premium charges. *All* are responsible for monthly premiums for Part B and, depending on whether and in what form it is chosen, Part D. The “standard” Part B premium is \$144.60/month (in 2020), but beneficiaries with “*modified adjusted gross income*” exceeding \$85,000/year (\$170,000 for couples) pay substantially higher Part B *and* D premiums [*that can be appealed, if your income has decreased*]. Beneficiaries who don’t enroll in Part B or D when first eligible may face *penalties* in the form of higher premiums and delayed coverage when they later enroll (but *see* #5).
- 4. Coverage “Gaps” Including Cost Sharing:** Medicare coverage is comprehensive, but there are some services that are not covered (*e.g.*, non-skilled nursing facility care, attendant care services, dental care and dentures, eyeglasses) and coverage for some services is limited in scope or amount. In addition, there is considerable cost-sharing (deductibles, coinsurance, and co-pays). *Note: cost-sharing does not apply to most Part B preventive services.*
- 5. Do You Have To Take Medicare?:** Technically, no. However, many *other* health coverage programs --- *e.g.*, TRICARE for Life, Medicaid, the NM Retiree Health Care Coverage, and many private retiree plans --- *require* their enrollees to take Medicare. Most individuals take Part A when first eligible for it, but can delay taking Part B and/or Part D (unless they’re

required to have them) without penalty (*see* #3), if they have certain alternative coverage: for Part B, employment-related *group health coverage* based on the **current** employment of the individual or spouse (*not* retiree or “COBRA” continuation coverage); for Part D, *any* prescription drug coverage that is as good as Medicare’s (a/k/a “creditable” coverage).

6. **Do You Have to Apply For Medicare?:** Individuals already receiving Social Security (or Railroad Retirement) benefits when they reach age 65, or who have received 24 months of disability benefits, will be automatically enrolled in Medicare Parts A and B. They are sent a mailing a few months in advance that includes a Medicare card, and information about the right to decline Part B. *All others must apply.* Individuals eligible for Social Security apply through a local Social Security office, on-line (www.socialsecurity.gov), or by phone (1-800-772-1213 [TTY 1-800-325-0778]). *Those eligible for Railroad Retirement Benefits should contact the Railroad Retirement Board (www.rrb.gov, 1-877-772-5772; TTY 312-751-4709).* After being found eligible, applicants will be sent the same above-noted mailing.
7. **When Do You Apply For Medicare?:** Your “*Initial Enrollment Period*” for Medicare is the seven-month period that begins with the third month before the month you attain age 65. *For practical reasons you should apply as early as possible.* If you don’t apply during that period, and do not have a delay right (*see* #5), you normally cannot apply until the first three months of a subsequent year, your coverage won’t start until July, and you will pay higher premiums (*see* #3 and #5). The initial enrollment period under “End Stage” kidney disease eligibility is based on when you get dialysis or enter a hospital for a kidney transplant.
8. **What Are the First Major Choices You Have Under Medicare?:** When your coverage starts you will automatically have Part A and B on a fee-for-service basis, and can seek services from any providers (this is called “Original Medicare”). Many beneficiaries choose to purchase “**Medigap**” insurance at this time (*see* #9). As an alternative to Original Medicare you can choose to enroll in one of several private (mostly HMO-like) “Medicare Advantage” (“**MA**”) plans, *but must get all your Medicare services through the plan* (this service delivery option is called “**Part C**”). You can also choose to take Part D coverage, which is available only through private prescription drug plans (“**PDPs**”) or MA plans that have drug coverage (most do). ***Note: Medigap and MA plan enrollment are not compatible.***

The initial period for MA and Part D plan enrollment is the same seven-month period referred to in #7 (for individuals eligible based on disability, the seven month period begins with the third month before the month of their 25th monthly payment). Thereafter, the next time most beneficiaries can join MA or Part D plans is during an annual October 15-December 7 open enrollment period (*Note: there are several exceptions to this, especially for individuals with Medicaid or Part D subsidies [see #13 and #14]*).

You also have initial choices about which of the many *preventive* services (*see* #4) to use, including the important, comprehensive “**Welcome to Medicare**” physical and mental health exam (available only during your first 12 months of coverage).

9. More About Medigap and MA Plans: Medicare Supplemental Insurance (“**Medigap**”) is a highly regulated form of private insurance, available in several standard types (designated by letters), that mainly covers varying portions of Medicare cost-sharing and some extended hospital care (several types of plans also cover foreign travel emergency care). If you seek to purchase a policy *during the first six months* you have Medicare Part B *and* are at least 65, you cannot be denied purchase based on health status (there are also certain later, limited purchase rights). You must have Medicare Parts A *and* B to purchase a Medigap policy.

MA plans can *never* deny your enrollment based on health status (except for End Stage kidney disease), unless they are “Special Needs Plans” for specified groups. Plans *must* cover all Medicare services, and *must* usually cover some additional services not covered under Original Medicare (*see* #8). They usually have fixed co-payment amounts for many or most services. You have the right to enroll in an MA plan at any allowable time, without penalty, but you must have Medicare Parts A *and* B.

10. Appeal (and Grievance) Rights: You will have the right to appeal almost any decision affecting eligibility, premiums, service coverage, or payments. However appeals regarding particular matters are handled by different entities, using differing procedures. For example appeals about eligibility and premiums are handled by the Social Security Administration (or Railroad Retirement Board); appeals over coverage and payments under “Original Medicare” go to Medicare-designated private contractors; appeals about coverage and payment under Parts C and D are handled initially by the plans. Fortunately, you will usually receive written decision notices explaining your appeal rights.

The standard time limits for **appealing** most decisions under Original Medicare is 120 days from the time you get the decision (*MA plan time limits are much shorter*). But there are also *very fast* appeal rights in cases involving (1) MA and Part D plan denials of medically urgent drugs or services; and (2) proposed hospital, skilled nursing facility, home health, and hospice discharges. In situation #2, the fast appeals go first to an Ohio-based agency called “KePRO,” 1-888-315-0636; TTY 855-843-4776; FAX 1-844-878-7921. **Grievances** are complaints about quality of care apart from appeal issues. You can pursue grievances with Medicare, and your MA or Part D plan if any.

11. Supplementing Medicare Coverage: As noted in #4 Medicare --- like all other health coverage --- has many coverage gaps and limitations including cost-sharing. As a result, beneficiaries have always been interested in options for supplementing Medicare coverage. Some options have already been mentioned, such as “Medigap” and MA plan enrollment (*see* #8-#9), and *other* coverage particular individuals may have (*see* #5), which can be seen as Medicare supplements. Other options include Veterans Administration (VA) health coverage (which operates separately from Medicare), and the state **Medicaid** program (*see* #13).

12. How Does Medicare Work With Other Insurance?: As noted in #5, beneficiaries will often have other health coverage in addition to Medicare. Learning how the other coverage works with Medicare is *extremely* important, and can differ based on whether it is “primary” or

“secondary” to Medicare (*i.e.*, which pays first for services both cover); and whether taking any part of Medicare coverage will cause you to *lose* any part of the other coverage (this *can* happen in some situations!!). The rules governing these matters come under the headings “*Coordination of Benefits*” and “*Medicare as Secondary Payer.*”

13. What is Medicaid? Who are “Dual Eligibles”?: Medicaid is a state- and federal-sponsored health coverage program for specified categories of individuals with income and assets under very low, specified levels (*i.e.*, eligibility is “means tested”). Each state administers its own Medicaid program, and --- subject to federal minimums --- the groups and services covered vary from state to state. Individuals who can qualify *include* those age 65 and older, or determined disabled by SSA (or RRB) --- the same groups potentially eligible for Medicare. “**Dual Eligibles**” is a term regularly used to refer to individuals who receive both Medicare and Medicaid *at the same time*. Dual Eligibles can face many coverage *problems*.

14. Is there Financial Help For Meeting Medicare Costs?: Medicare beneficiaries have to pay a variety of costs under Medicare --- monthly premiums and various types of cost sharing. While the Medicare “supplement” options noted in #11 may help cover all or part of Medicare cost sharing, there are two financial assistance programs that can help cover all or part of Medicare *premiums* as well. *Both are “means tested.”* If you are eligible for **Medicaid** (*see* #13) --- including limited coverages called “**QMB**,” “**SLMB**,” and “**QI**” --- Medicaid will cover: (1) your Part B premium and all or part of your Part D premiums; (2) portions of your Part D cost-sharing; and (3) *in the case of full-benefit Medicaid and QMB, your Part A and B cost-sharing*. The other program, called “**Extra Help**” (a/k/a “**LIS**”), which has higher income and asset limits than Medicaid, can cover all or part of your Part D premiums and cost-sharing. Extra Help is administered by SSA. [*Note: Full-benefit Medicaid, and QMB, also cover Part A premiums for a comparatively small number of individuals age 65 or older who cannot qualify for premium-free Part A*]

15. Some Sources of Additional Information and Help:

- A. The Medicare agency’s web site (www.medicare.gov), toll free customer service line (1-800-663-4227; TTY 1-877-486-2048), and publications (especially “**Medicare & You**”)
- B. The Social Security Administration’s web site (www.socialsecurity.gov), and toll free customer service line, (1-800-772-1213, TTY 1-800-325-0778)
- C. The Railroad Retirement Board, toll free customer service line, (1-877-772-5772), TTY line (312-751-4709, *not* toll free) and web site (www.rrb.gov)
- D. The New Mexico *Aging and Disability Resource Center* (“**ADRC**”), toll free line (1-800-432-2080) and web site (www.nmaging.state.nm.us/)