



## Compliance Fact Sheet: Medicare

Medicare was created by the Federal government in 1965 to address the growing need for health insurance protection, primarily for those reaching the retirement age of 65 in the US. To qualify for Medicare, individuals have to be age 65 or older, Social Security disabled for 24 months, or diagnosed with End Stage Renal Disease (ESRD).

There are four basics parts to Medicare; below is a short description of each part.

### I. Medicare Part A:

- Provided by the Federal government
- **No cost** to individuals who have worked for 10 years or more
- Covers inpatient hospital care, skilled nursing facility costs and some home health care
- Individuals are automatically enrolled when they begin collecting Social Security benefits at age 65 or older

### **2011 Out-of-Pocket Costs for Part A:**

| Part A Service                         | You Pay in 2011       |
|--|-----------------------|
| Inpatient Hospital Days 1-60           | \$1,132.00 deductible |
| Inpatient Hospital Days 61-90          | \$283.00 per day      |
| Inpatient Hospital Days 91-150         | \$566.00 per day      |
| Inpatient Hospital Days 151 and beyond | 100% of costs         |
|  |                       |
| Skilled Nursing Facility Days 1-20     | \$0 per day           |
| Skilled Nursing Facility Days 21-100   | \$141.50 per day      |

### II. Medicare Part B:

- Provided by the Federal government
- Covers Medicare eligible physician services, outpatient hospital services, certain home health services, diabetic supplies and durable medical equipment
  - **Medicare eligible physician services include physician visits, labs, x-rays, emergency room visits, ambulance, physical therapy, speech therapy and occupational therapy**
- There is an annual deductible for most Part B covered services of **\$162.00** and a **20%** coinsurance; some preventive screenings are covered at 100% with no deductible
- If you are already enrolled in Medicare Part B and your premium is deducted from your SS check your premium amount for 2011 **will not change**
- If you are a new enrollee in Medicare Part B for 2011 your premium amounts are listed in the chart below

### **Medicare Part B Monthly Cost:**

| You Pay in 2011 | If Your Yearly Income is |                       |
|-----------------|--------------------------|-----------------------|
|                 | <i>Single</i>            | <i>Married Couple</i> |
| Part B          |                          |                       |
| \$115.40        | \$85,000 or less         | \$170,000 or less     |
| \$161.50        | \$85,001-\$107,000       | \$170,001-\$214,000   |
| \$230.70        | \$107,001-\$160,000      | \$214,001-\$320,000   |
| \$299.90        | \$160,001-\$214,000      | \$320,001-\$428,000   |
| \$369.10        | Above \$214,000          | Above \$428,000       |



### **III. Medicare Supplement and Medicare Advantage Plans:**

#### **Part C: Medicare Advantage Plans**

- Provided by private vendors
- Covers the out-of-pocket costs NOT covered by Medicare (i.e. Deductibles, per day copays, coinsurance)
- Offered on HMO or PPO platforms
  - HMO covers services at in-network providers only; networks are much smaller than traditional HMO networks. A PCP and referrals are required for these plans.
  - PPO covers services at in-network and out-of-network providers; networks are much smaller than traditional PPO networks and out-of-network coverage has a higher out-of-pocket cost to the individual
- Covers some services NOT covered by Medicare Parts A & B: vision and hearing visits are included in most plans
- Rx coverage is included in most plans
- Costs vary depending on carrier and plan type

#### **Medicare Supplement/Medigap Plans**

- Provided by private vendors
- Covers the out-of-pocket costs NOT covered by Medicare (i.e. deductibles, per day copays, coinsurance)
- Covers **ONLY** the services that are covered by Medicare Parts A & B
- Accepted at any physician or facility that accepts payments from Medicare nationwide
- Rx coverage is NOT included in plans
- Costs vary depending on carrier and plan type

### **IV. Medicare Part D:**

- Provided by private vendors
- Provides prescription drug coverage to individuals who are Medicare eligible
- Plan design is set by the Federal government
- Plan design includes: Initial Coverage, The Donut Hole and Catastrophic Coverage
  - Initial Coverage for 2011 is: Individual pays copay amounts set by vendor until the individual and the vendor spend \$2,840 in total Rx costs
  - Donut Hole for 2011 is: Individuals pays 100% of the cost of Rx after Initial Coverage is exhausted and until the **individual** spends \$4,550 **out of pocket** for their Rx costs
  - Catastrophic Coverage for 2011: Individual pays copay amounts set by vendor AFTER they have spent \$4,550 out of pocket for their Rx costs
- Costs vary depending on carrier and plan type

To enroll in Medicare Parts A and B, please contact your local Social Security office at least 3 months prior to eligibility date. To enroll in Medicare Supplement, Medicare Advantage and Medicare Part D plans please contact the local vendor to enroll. The Medicare information provided is for illustrative purposes only, each enrollee circumstances are unique please contact your local Social Security office to determine your specific benefits.