



Medicare Overview 2022

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Presentation Topics

- What retirees spend on healthcare
- Medicare's role in the U.S. in 2022
- Who is eligible for Medicare?
- The A, B, C, D of Medicare- what are Parts A, B, C, and D?
- What does Medicare cost and how do you sign up?
- How to compare and select Medicare Advantage, Medigap and Part D drug plans
- How does the Affordable Care Act impact Medicare?
- Your role as a healthcare consumer under Medicare

Health Advocate

- The nation's leading independent health advocacy and assistance program – founded in 2001
- Offered by more than 12,500 clients nationwide
- Serving more than 50 million Americans
- Covers you, your spouse, dependent children, parents and parents-in-law
- An expert staff of healthcare and insurance professionals
- A strong and recognized brand enjoying a reputation for being objective and well-respected



Your Personal Health Advocate Can Help...

- Find providers in your health plan's network who participate with Medicare
- Schedule appointments, including with specialists
- Facilitate transportation to medical appointments
- Identify lower-cost generic medications, where possible
- Help resolve billing and claims issues

...and much more!

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Special Help for Seniors

- Retirees transitioning to a new health plan
- How to enroll in Medicare
- Clarify Medicare Parts A, B, D and supplemental plans
- Inform about pre-existing conditions; dependents under 65
- Locate eldercare services that fall outside traditional healthcare coverage
- Assist with the transition from traditional insurance to Medicare HMO
- Facilitate early care management intervention

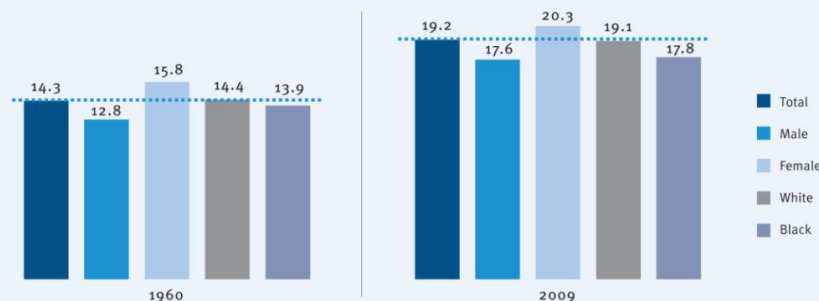


We are living longer, and getting older is expensive, regardless of your health

- At age 65, average life expectancy is about 20 years
- Average retiree healthcare costs will be \$146,400 for someone age 65 who lives 20 more years, while individuals retiring at age 55 will need \$372,400 to cover their healthcare costs to age 85
- Therefore, the average 55-year-old retiree will spend \$226,000 more on healthcare than a person retiring at age 65, assuming they both live to age 85

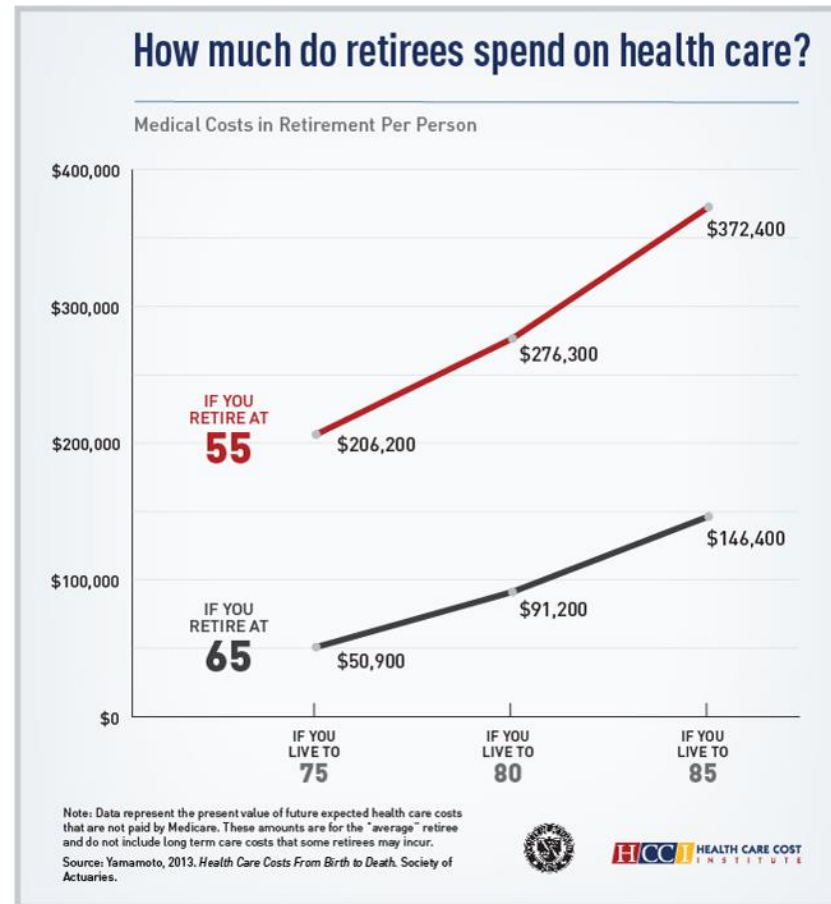
EXHIBIT 1.1

Life Expectancy at Age 65, 1960-2009



SOURCE: NCHS 2012.

Out-of-pocket healthcare costs in retirement are high




Medicare isn't simple

**Every day, 10,000 Baby Boomers
are turning 65 and becoming
eligible for Medicare**

**The rules about how to enroll
in Medicare aren't always
known to retirees and people
with disabilities**



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Reaching age 65 is an
important milestone...
**you're now eligible to
enroll in Medicare!**

(whether you decide to retire
or continue working)

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Navigating the Medicare maze can be confusing!

**The terms are complicated ...
and the choices seem endless.**



This brings up lots of questions...

- What is Medicare all about?
- What will it cover?
- How do I enroll?
- How much does it cost?
- Do I need to take it if I work and have health coverage now?
- Where do I start?

What is Medicare?

A federal health insurance program

Administered by:

- Centers for Medicare and Medicaid Services (CMS)

Eligibility and Enrollment handled by:

- Social Security Administration (SSA)
- Railroad Retirement Board (RRB)



Who is eligible for Medicare?

Citizenship:

- United States citizen or
- Living in the U.S. legally for at least 5 years nonstop

And

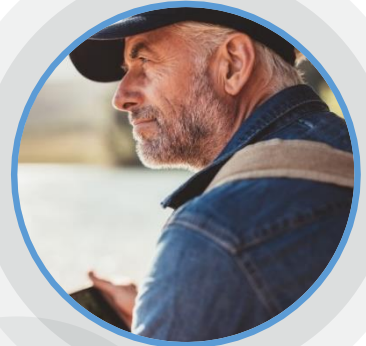
Age:

- 65 years or older and eligible for Social Security

Or

Disability:

- People under 65 with certain disabilities
- All people with End-Stage Renal Disease (ESRD)



How do I enroll in Medicare?

Do you have to apply for Medicare or do you get it automatically?

- Enrollment is **automatic** if you are receiving:
 - Social Security benefits
 - Railroad Retirement Board benefits
- **Initial Enrollment Package:**
 - Sent 3 months before
 - ✓ 65th birthday or
 - ✓ 25th month of disability benefits

**Medicare
& You**
2022

The official U.S. government
Medicare handbook



Do you have to apply for Medicare or do you get it automatically? (continued)

Applying for Part A and Part B is required if you are:

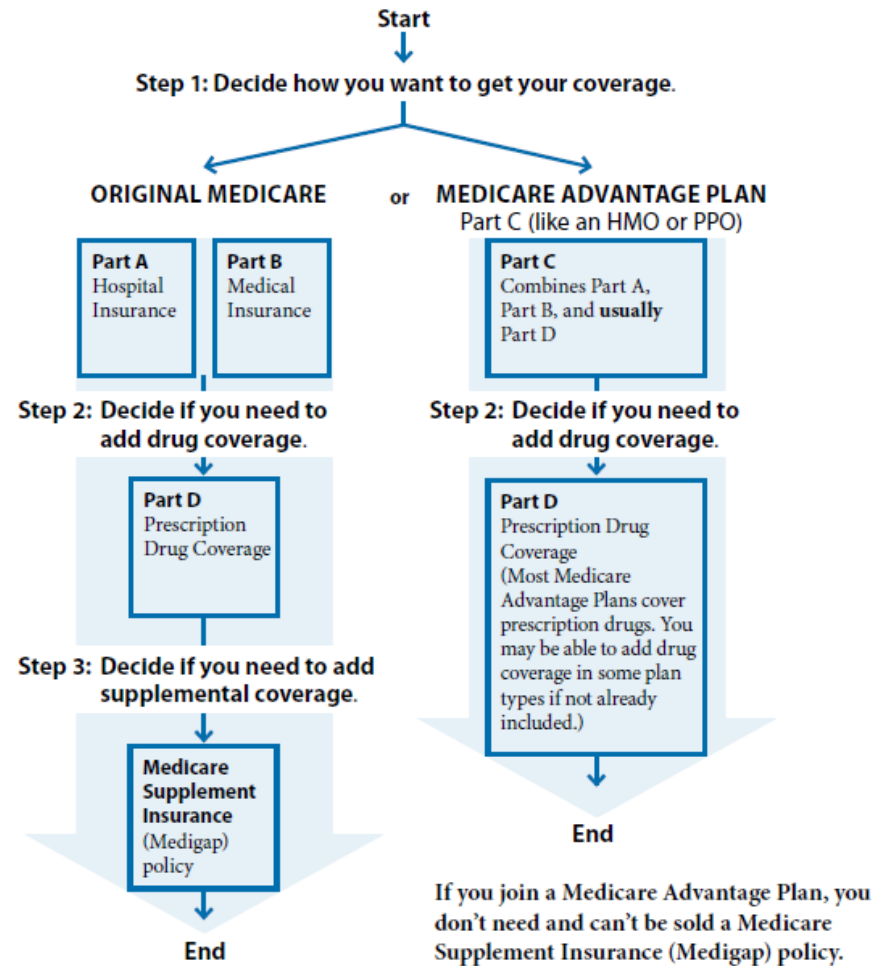
- Turning 65 and not currently receiving Social Security or Railroad Retirement Board benefits
- Qualifying for Medicare because you have End-Stage Renal Disease
- Living in Puerto Rico and want Part B coverage

Sign up:

- Online: [SSA.gov](https://ssa.gov)
- Call: 1-800-772-1213
- In person: At any Social Security office

Your Medicare Coverage Choices at a Glance

- There are two main ways to get your Medicare coverage:
- Original Medicare
- Medicare Advantage Plan
- These steps help you decide which way to get your coverage



The A,B,C, and Ds of Medicare

Medicare has 4 Parts: A, B, C, D

Original Medicare

Part A
**Hospital
Insurance**

Part B
**Medical
Insurance**

Part C
**Medicare
Advantage**

Part D
**Prescription
Drug**

Medicare Part A

Part A

Part A Hospital Insurance provides coverage for:

- Inpatient hospital care
- Inpatient skilled nursing facility (SNF) care
 - ✓ Up to 100 days
- Blood (inpatient)
- Hospice care
- Home health care
 - ✓ Some Home Health Care Services are covered under Medicare Part B
- 190-day limit for inpatient mental healthcare in a lifetime

Part A (continued)

Monthly Premium 2022:

- You will receive your Part A premium free if you were working at least 10 years and contributing to Medicare taxes
 - ✓ Married couples may receive benefits under a spouse's work record
- If you worked less than 10 years of Medicare-covered employment, you pay a prorated premium amount
- If you have no work credits, you will pay the full premium
 - ✓ Up to \$499 each month in 2022
- Higher-income consumers may pay more

Part A (continued)

Paying for Inpatient Hospital Stays

- Covers semi-private room, meals, general nursing and other hospital services and supplies

For each benefit period in 2022	You Pay
Days 1-60	\$1,556 deductible
Days 61-90	\$389 per day
Days 91-150	\$778 per day (60 lifetime reserve days)
All days after 150	All costs

Part A (continued)

Paying for Skilled Nursing Facility (SNF) Care

- Requires a 3-day inpatient hospital stay
- Admission to SNF within 30 days of hospital discharge
- Must be a Medicare-participating SNF

For each benefit period in 2022	You Pay
Days 1-20	\$0
Days 21-100	\$194.50 per day
All days after 100	All costs

Part A (continued)

What you pay for Home Health Care

- Nothing for covered home health care services
- 20% of Medicare-approved amount for durable medical equipment

What you pay for Hospice Care

- Nothing for hospice care
- Up to \$5 per Rx to manage pain and symptoms while at home
- 5% for inpatient respite care

Medicare Part B

Part B

Part B Medical Insurance provides coverage for:

- Physician services (including an annual wellness exam)
- Outpatient medical and surgical services
- Diagnostic tests (X-rays, MRIs, CT scans, EKGs, and other tests)
- Outpatient therapy
- Outpatient mental health services
- Outpatient hospital services
- Durable medical equipment
- Clinical laboratory test
- Home health services
- Ambulance service

Part B (continued)

Monthly Premium 2022

- Standard premium: \$170.10 (or higher depending on your income)
- Taken out of your monthly payment
 - ✓ Social Security
 - ✓ Railroad Retirement

What is IRMAA?

Income-related monthly adjustment amount (IRMAA) is an additional amount of premium that you will pay for Medicare Part B coverage if you have income above the threshold. The amount of your IRMAA is based on your modified adjusted gross income.

Modified Adjusted Gross Income(MAGI)		Part B monthly premium amount
Individuals with a MAGI of \$91,000 or less	Married couples with a MAGI of \$182,000 or less	\$170.10
Individuals with a MAGI above \$91,000 up to \$114,000	Married couples with a MAGI above \$182,000 up to \$228,000	\$238.10
Individuals with a MAGI above \$114,000 up to \$142,000	Married couples with a MAGI above \$228,000 up to \$284,000	\$340.20
Individuals with a MAGI above \$142,000 up to \$170,000	Married couples with a MAGI above \$284,000 up to \$340,000	\$442.30
Individuals with a MAGI above \$170,000 up to \$500,000	Married couples with a MAGI above \$340,000 up to \$750,000	\$544.30
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$578.30

Part B (continued)

Paying for Medical Care

Yearly Deductible	\$233
Coinsurance for Part B Services	<ul style="list-style-type: none">• 20% coinsurance for most covered services• \$0 for some preventive services• 20% coinsurance for outpatient mental health services, and copayments for hospital outpatient services

Items and Services Not Covered by Part A or Part B

- Long-term care
- Custodial care
- Routine vision care and eyeglasses
- Routine dental care and dentures
- Routine foot care
- Acupuncture
- Outpatient prescription drugs
- Hearing aids and exams for fitting them
- Cosmetic surgery
- Alternative care, such as naturopathy

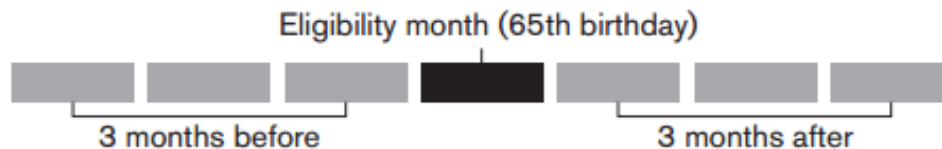
Enrollment Timeframes

When can I enroll in Medicare Part A and Part B?

Initial Enrollment Period (IEP) is the first time you are eligible for Medicare

Turning 65:

- 7-month period surrounding the months of your 65th birthday
- 3-1-3 rule



Under 65 and disabled:

- 3 months before the 25th month of disability

Enrollment options:

- Join Medicare Part A and/or Part B and Part D

I am 65, Medicare eligible and actively working...

Do I need to enroll in Part A and Part B?

- As long as you maintain medical coverage through your or your spouse's employer, you might not need to enroll in Part A and Part B.
- Once you are planning to retire and will not have coverage through your or your spouse's employer, contact Social Security at least 2 months before you plan to retire.

Can I delay enrollment into Medicare without getting a penalty for Part B or Part D?

- Yes, you can delay enrollment as long as you have coverage through your or your spouse's employer and you will not be subject to a penalty.

COBRA (stands for Consolidated Omnibus Budget Reconciliation Act) and retiree health coverage don't count as current employer coverage.

My employer has a High-Deductible Health Plan with an HSA – should I be enrolled in Part A and Part B?

Declining Medicare Part A and Part B

- As long as you are not receiving Social Security benefits, you can choose to decline Part A until you retire
- You can delay Part B enrollment until you lose your active coverage
- If you are married and not enrolled in Medicare, but your spouse is enrolled in Medicare, you can still contribute to the HSA
- You need to stop your payroll contributions at least six months before you collect Social Security

Enrolling in Medicare Part A and Part B

- If you are enrolled in Medicare, you cannot open or contribute to an HSA
- You will continue to have access to any contributions made prior to Medicare enrollment

What are the late enrollment penalties for Part A and Part B?

- **Part A:** If you don't sign up for Medicare Part A during your Initial Enrollment Period, your monthly premium may go up 10% when you do enroll. You'll have to pay the higher premium for twice the number of years you are past age 65.
- **Part B:** If you don't sign up for Medicare Part B during your Initial Enrollment Period, you may pay a late enrollment penalty for the entire time of your Part B coverage when you do sign up. Your monthly Part B premium may go up 10% for each 12-month period that you didn't sign up.

When can I enroll in Medicare Part A and Part B if I am still actively working?

- **Special Enrollment Period (SEP)** may delay enrollment in Part B if covered by a group health plan based on current employment that is primary
- **Part B**
 - ✓ You are currently covered under active employee/spousal coverage
 - Can enroll at any time
 - ✓ You lose active employee/spousal coverage
 - **8-month period** (Parts A and/or B) beginning the month after employment ends or group coverage terminates, whichever is first
- **Enrollment Options**
 - ✓ Join Medicare Parts A and/or B, also enroll in Part D

I'm about to turn 65...

What happens if I don't sign up for Part B during my Initial Enrollment Period or Special Enrollment Period?

- For each 12-month period you delay enrollment in Part B, you will have to pay a 10% premium penalty, unless you have insurance from your or your spouse's current job
- You will pay the premium penalty as long as you have Medicare
- Example: If you turned 65 in 2021, and you delayed signing up for Part B for 5 years until 2026 (and you did not have employer insurance that allows you to delay enrollment), your monthly premium would usually be 50% higher for as long as you have Medicare

When can I enroll in Medicare Part A and Part B?

General Election Period (GEP) allows anyone who did not enroll in Medicare Parts A and/or B when first eligible and who are not eligible for a Special Enrollment Period

- Enroll during January 1 – March 31 of each year
- Part B coverage begins July 1st of the same year
- Late enrollment penalties may apply

Coordination of Benefits

Coordination of Benefits: Medicare and Employer Plans for 65+

When an employee is still actively working

- **Medicare is primary** and employer plan is secondary
 - ✓ If the company has less than 20 employees
 - ✓ Employee will need to enroll in Part A and Part B
- **Medicare is secondary and employer plan is primary**
 - ✓ If the company has 20 or more employees

Coordination of Benefits: Medicare and Employer Plans for People with Disabilities Under 65

When an employee is still actively working

- **Medicare is primary** and employer plan is secondary
 - ✓ If the company has less than 100 employees
 - ✓ Employee will need to enroll in Part A and Part B
- **Medicare is secondary and employer plan is primary**
 - ✓ If the company has 100 or more employees

Coordination of Benefits: Medicare and End-Stage Renal Disease

- **Medicare is secondary** and employer plan is primary
 - ✓ During 30-month coordination period
 - ✓ Period begins the first month you are eligible for Medicare due to ESRD
 - Even if you have not signed up
- **Medicare is primary and employer plan is secondary**
 - ✓ After the 30-month coordination period

Coordination of Benefits: COBRA and Medicare

- **Medicare is always primary** to COBRA coverage
 - ✓ COBRA may act like a Medigap policy
- You should enroll in Part B if eligible
 - ✓ A Special Enrollment Period **DOES NOT** apply for loss of COBRA coverage
- You will have to pay a Part B late enrollment penalty if you decide to delay enrolling in Medicare because you had COBRA

Medicare Supplement Insurance

Medicare Supplement Insurance

- Often called Medigap
 - ✓ Offered by private health insurance companies
- Supplements Original Medicare
 - ✓ Helps pay some of the costs that Original Medicare doesn't cover
- Does NOT cover your share of Part D drug plan costs or services that Original Medicare does not cover
- Only applicable if you choose Original Medicare – can't have Medigap if enrolled in a Medicare Advantage Plan

Medicare Supplement Insurance (continued)

- Individual must have both Medicare Part A and Part B to enroll
- Medigap is totally voluntary
 - ✓ Individual pays the entire cost of the Medigap policy
 - ✓ Continue to pay Medicare Part B premium
- Each spouse must have their own Medigap policy
- Each person can only have one Medigap policy at a time
- If you apply during your 6 month Medigap open enrollment period, you cannot be denied or charged more for health reasons and the policy is guaranteed renewable. Open enrollment starts on the first day of the month you are over 65 and enroll **in both Part A and Part B**, and runs for 6 months.

Medicare Part C

Part C = “Medicare Advantage”

- Health plan options approved by Medicare
 - ✓ Still part of the Medicare program
 - ✓ Run by private companies
- Plans provide all the benefits covered under Part A, Part B
- May include prescription drug coverage (Part D)
- Plans often add additional benefits and features to attract members (wellness and disease management programs, vision, preventive dental, hearing, podiatry, chiropractic, gym memberships, and telemedicine)
- Preventive benefits are covered at 100% as long as the provider (physician, lab) is in-network

Part C = “Medicare Advantage” (continued)

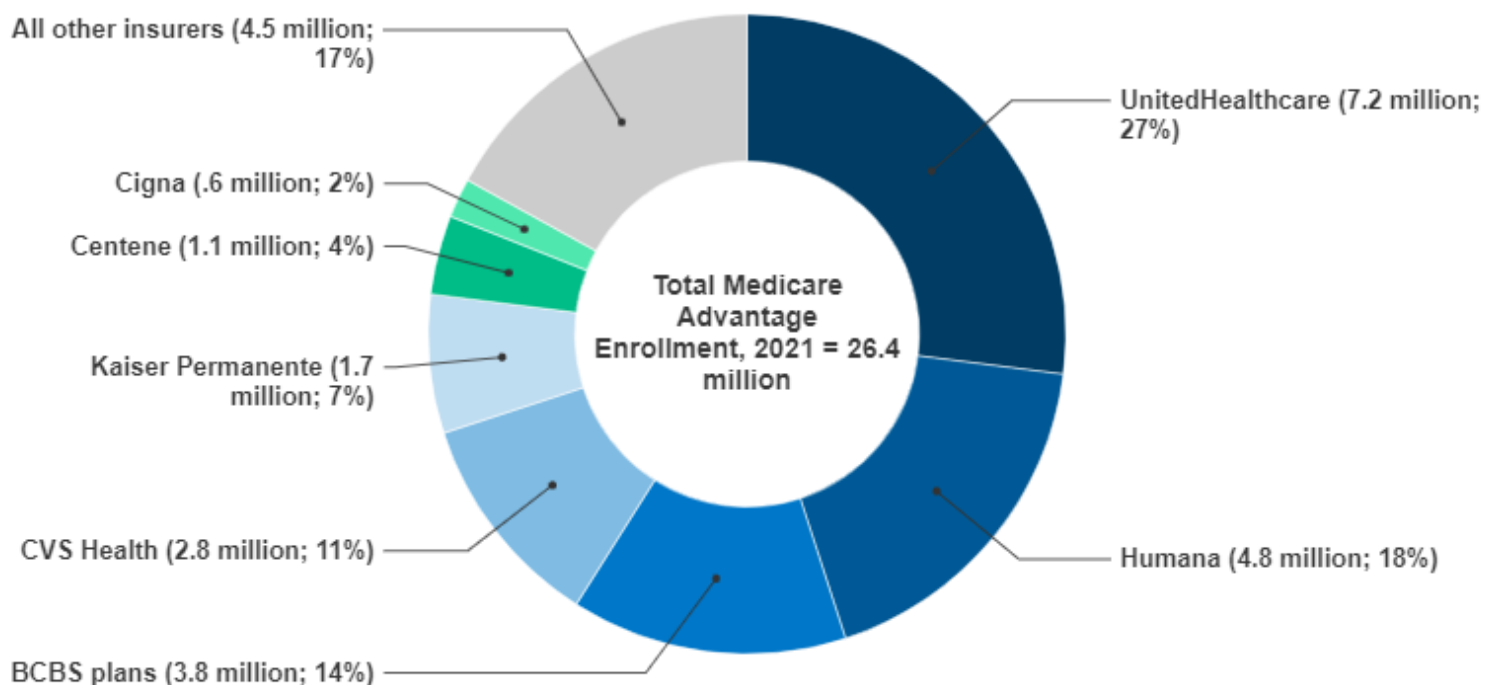
- In order to enroll in a Medicare Advantage Plan individual must:
 - ✓ Have Medicare Part A and Part B
 - ✓ Live in the plan’s service area
- Medicare Advantage enrollees pay the monthly Part B premium
 - ✓ May pay an additional premium directly to their plan
 - ✓ Individuals pay deductible, coinsurance, and copayments

Types of Medicare Advantage Plans

- **HMO plans**
 - ✓ Usually require you to choose a PCP and get referrals to specialists; no non-emergent care outside network.
- **PPO plans**
 - ✓ Usually do not require you to choose a PCP or get a referral to see a specialist. Your lowest cost will be for providers in PPO network.
- **POS (“Point of Service”) plans**
 - ✓ Similar to HMO, but may have some out-of-network benefits at higher cost.
- **PFFS (“Private Fee-for-Service”) plans**
 - ✓ You can go to any Medicare-approved provider that has “agreed to the terms of the PFFS plan.”
- **MSA (“Medical Savings Account”) plans**
 - ✓ Resemble high-deductible health plans from employers. No Rx coverage.

Number of Medicare Beneficiaries with Access to a Medicare Advantage Plan from These Companies in 2021

Most common plans are UnitedHealthcare and Humana.



NOTE: All other insurers includes firms with less than 2% of total enrollment. BCBS are BlueCross and BlueShield affiliates and includes Anthem BCBS plans. Anthem non-BCBS plans are 2% of total enrollment. Percentages may not sum to 100% due to rounding.

SOURCE: KFF analysis of CMS Medicare Advantage Enrollment Files, 2021. • [PNG](#)

KFF

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When can I apply for a Medicare Advantage Plan (Part C)?

When you first become eligible for Medicare or when you turn 65, during your 7-month Initial Enrollment Period (IEP).

- During Medicare's Open Enrollment Period: October 15 – December 7
 - ✓ Coverage becomes effective January 1
- During the General Enrollment Period (GEP): January 1 – March 31
 - ✓ You can sign up for Medicare A and B
 - ✓ Starting April 1 through June 30, you can sign up for an Advantage Plan
 - ✓ Coverage becomes effective July 1
- Under certain circumstances you may qualify for a Special Enrollment Period (SEP), such as:
 - ✓ You move out of the service area
 - ✓ You're eligible for Medicaid
 - ✓ You qualify for Extra Help with Medicare prescription drug costs
 - ✓ You're getting care in an institution, like a skilled nursing facility

Note: You must have Medicare A and B to enroll in a Medicare Advantage Plan

Medicare Part D

Part D

- Individuals are eligible for prescription drug coverage under a Part D plan if they are entitled to benefits under Part A and/or enrolled in Part B.
 - ✓ Must live in the plan's service area
 - ✓ Cannot live outside of the U.S.
 - ✓ Must actively enroll to join
 - No automatic enrollment
- Benefits provided by private companies
 - ✓ Approved contracts with Medicare
- There are two ways to get coverage:
 - ✓ Standalone prescription drug plans ("PDP")
 - ✓ Medicare Advantage Plans ("MA-PD")

Part D (continued)

- Plans must offer at least the Medicare standard level of coverage
- Plans vary in cost and drugs covered
 - ✓ Different tier, copayment and coinsurance levels
- Benefits and cost may change each year
- Some Medicare members receive drug coverage through an employer-sponsored retiree plan, spouse's coverage, or the VA
 - ✓ Enrollment in Part D may not be needed

Part D Covered Drugs

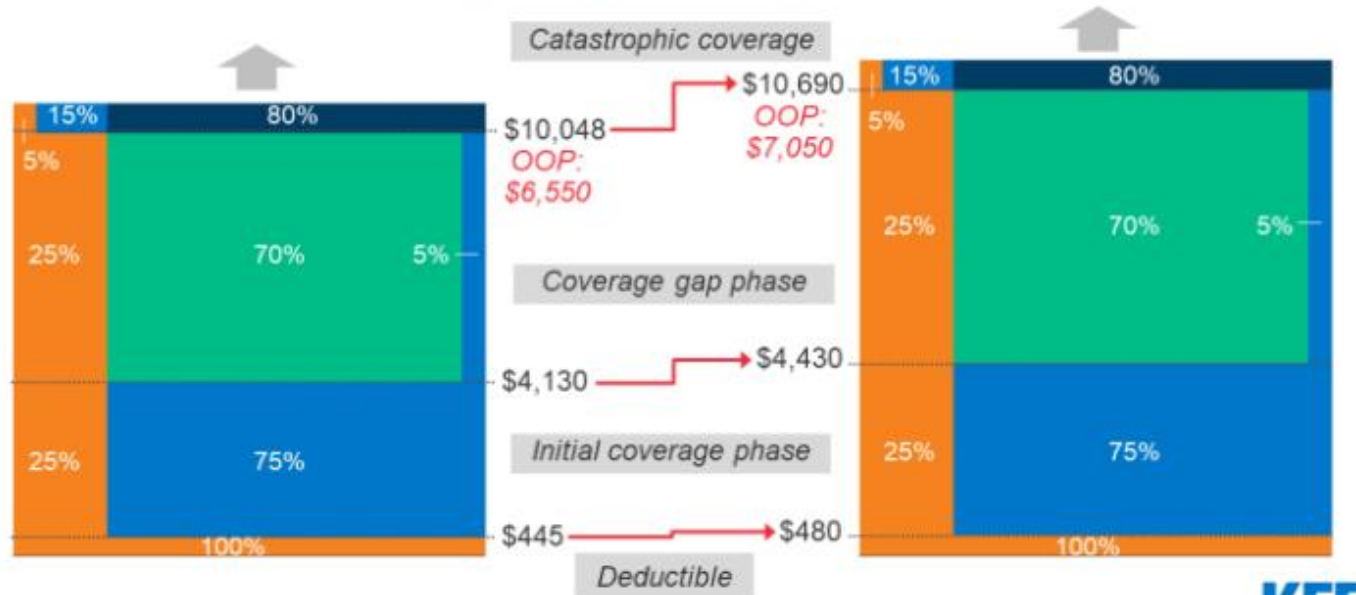
- Prescription brand name and generic drugs
 - ✓ Approved by the FDA
 - ✓ Used for medically accepted reasons
 - ✓ Used and sold in the United States
- Includes drugs, biological products and insulin
 - ✓ Supplies associated with injection of insulin
- Plans must cover a range of drugs
- Coverage and rules can vary by plan

Standard Medicare Prescription Drug Benefit, 2022

Figure 6

Medicare Part D Standard Benefit Parameters Will Increase in 2022

Share of total drug costs paid by: ■ Plans ■ Enrollees ■ Manufacturers ■ Medicare



NOTE: Some amounts rounded to nearest dollar. OOP is out of pocket.
SOURCE: KFF, based on 2021 and 2022 Part D benefit parameters.

KFF

Figure 6: Medicare Part D Standard Benefit Parameters Will Increase in 2022

When can I apply for Medicare Part D?

You can apply for Part D:

- If you are enrolled in Medicare Part A and/or Part B and live in your plan's service area, you can enroll in the Medicare drug benefit (Part D) **during your 7-month Initial Enrollment Period (IEP)**
- During your Special Enrollment Period (many situations, but most common are moving to new service area or gaining or losing employer coverage)
- If you do not join a Medicare private drug plan during your Initial Enrollment Period, you may not be able to enroll until the next **Open Enrollment (10/15-12/7)**
- Remember, if you want Medicare Part D for drug coverage, you must actively enroll yourself

What happens if I don't sign up for Part D during my IEP or SEP and I don't have other "creditable coverage" at least as good as Part D?

- A premium penalty of 1% of "national premium" for every month you delay enrollment is added to your plan's monthly premium — for as long as you have Part D

Medicare Part D



Business Week, Nov. 7, 2005

HealthAdvocateSM

Comparing Original Medicare vs. Medicare Advantage Plans

Side-by-Side Comparison of Original Medicare and Medicare Advantage Plans

Original Medicare Pros:

- Your benefits will cover you anywhere in the United States
- There is no provider network
- Limited advance approval for medical services

Medicare Advantage (MA) Plans Pros:

- MA Plans may include dental and vision benefits
- MA Plans may have wellness programs or disease management programs
- With MA Plan, Medigap is not needed
- Out-of-pocket maximum

Side-by-Side Comparison of Original Medicare and Medicare Advantage Plans (continued)

Original Medicare Cons:

- No coverage for dental and vision – (Reminder: Health Advocate can help find plans)
- No disease management programs
- May not have wellness, gym and fitness programs
- No out-of-pocket maximum

Medicare Advantage Plans Cons:

- May have a limited provider network – providers must be in-network
- May require pre-approvals for medical services
- May be difficult to use if outside of your home service area
- Plans are not standardized and have coverage gaps

Sample – Side-by-Side Premium Comparison of Original Medicare, Medigap, Medicare Part D to a Medicare Advantage Plan For 2022

**Medicare Part D & Medigap (G) plan
Philadelphia, PA area**

**Original Medicare
(Part A + Premium for Part B)**
Premium: \$170.10

SilverScript Choice (PDP)
Premium: \$33.30

AARP Medigap G Plan
Premium: \$145.63

**Total Monthly Premium per person:
\$349.03**

**Medicare Advantage Plan (PPO)
Philadelphia, PA area**

**Original Medicare
(Part A + Premium for Part B)**
Premium: \$170.10

**Humana Choice Plan (PPO) with Rx
Coverage**
Premium: \$62.00

**Total Monthly Premium per person:
\$232.10**

Medicare and the Marketplace

What People with Medicare Need to Know about Health Insurance Marketplaces (Exchanges)

- If you already have Medicare, your coverage will NOT change as a result of the health insurance exchanges. Someone who knows you have Medicare cannot sell you a health plan through the Marketplace.
- Medicare Advantage Plans, Medigap plans, Part D drug plans and standard Medicare plans are NOT sold through the Marketplaces/Exchanges



Summary

Medicare is not simple—you as the consumer need to maintain an active role in decisions about health plans, drug plans, and treatment

The timing of your decisions is key to avoid penalties

There are many good information sources

Health Advocate Medicare Specialists can help

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Thank You!



For more information,
contact **Health Advocate**

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