

Coordination of benefits

**SMP/SHIP Conference
2016**



Medicare Rights Center

- The Medicare Rights Center is a national, nonprofit consumer service organization that works to ensure access to affordable health care for older adults and people with disabilities through:
 - Counseling and advocacy
 - Educational programs
 - Public policy initiatives
- The Medicare Rights Center is one of the SHIP TA Center partners and provide the following educational services to SHIPs via www.shiptacenter.org:
 - Medicare Minutes for SHIPs
 - Online Counselor Training
 - Online Counselor Certification
 - Answers to Medicare questions at medicarehelp@shiptacenter.org



What we will learn today

1. Medicare basics
 - Medicare costs and coverage
2. Federal Employee Health Benefits Program (FEHBP)
3. TRICARE for Life (TFL)
4. Veterans Administration (VA) benefits

Medicare Basics

What is Medicare?

- Health insurance for people age 65+ and people who have received Social Security disability benefits for 24 months
- People of all income levels are eligible
- Run by the federal government but can be provided through private insurance companies



Medicare eligibility – 65+

- After turning 65, a person can qualify for Medicare if that person:
 - Collects or qualifies to collect Social Security or Railroad Retirement benefits; OR
 - is a current U.S. resident, and either:
 - A US citizen, or
 - A permanent US resident having lived in the US for 5 continuous years before applying for Medicare

Medicare eligibility – under 65

- When a person is not yet 65, that person qualifies for Medicare if:
 - They have been getting Social Security Disability Insurance (SSDI) or Railroad Disability Annuity checks for total disability for at least 24 months
 - If they have ALS (Lou Gehrig's disease), they are eligible for Medicare when they start receiving SSDI
 - OR, they have End-Stage Renal Disease (ESRD or kidney failure) and they or a family member have enough Medicare work history

Parts of Medicare

- Medicare benefits are administered in three parts:
 - Part A – Hospital/Inpatient Benefits
 - Part B – Doctors/Outpatient Benefits
 - Part D – Prescription Drug Benefit
- What happened to Part C? → Medicare Advantage Plans (e.g., HMO, PPO)
 - Way to get Parts A, B, and D through one private plan
 - Administered by a private insurance company
 - Not a separate benefit: everyone with Medicare Advantage still has Medicare

Original Medicare and Medicare Advantage

- Original Medicare and Medicare Advantage are two different ways to receive health care coverage

Original Medicare

- Traditional program administered directly by the federal government
 - Accepted by most doctors and hospitals in the US
- Must get separate drug plan
- Supplemental insurance can help pay out-of-pocket costs (e.g., deductible and coinsurance)

OR

Medicare Advantage

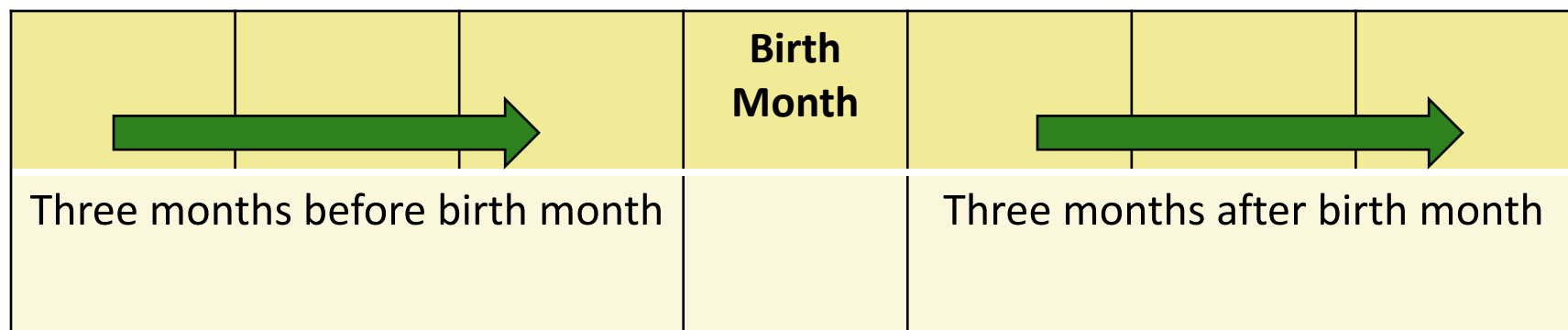
- Medicare benefits through a private health plan that must offer same benefits as Original Medicare
 - Often limits beneficiaries to doctors and hospitals that are in-network
- Usually must get a drug plan from the same plan
- May offer additional benefits

Four ways to enroll in Medicare

1. Automatic Enrollment
2. Initial Enrollment Period
3. General Enrollment Period
4. Special Enrollment Period

Initial Enrollment Period

- Seven-month period including the three months before, the month of, and three months following a beneficiary's 65th birthday
 - Coverage starts depending on when in the IEP a person enrolls
 - Some are automatically enrolled in Part A and B



Other Enrollment Periods

- **General Enrollment Period (GEP)**
 - January 1 through March 31
 - Sign up for Part B with coverage beginning in July
 - Using the GEP to sign up will mean incurring a late enrollment penalty
- **Special Enrollment Period (SEP)**
 - Periods of time outside of the normal enrollment periods triggered by specific circumstances

Part B SEP

Two criteria to be eligible for the Part B SEP:

1. Must have insurance from a current job (an employer group health plan from their job, their spouse's job or sometimes a family member's job) or have had such insurance within the past 8 months
2. Must have been continuously covered since they became eligible for Medicare, including the month they became eligible for Medicare
 - Can have no more than 8 consecutive months without coverage from either Medicare or current employer coverage

Medicare Costs and Coverage

What Part A covers

- **Inpatient hospital care**
 - Formally admitted into the hospital by a hospital doctor
- **Inpatient skilled nursing facility care**
 - Beneficiary must have spent 3 nights as a hospital inpatient
- **Home health care**
 - Beneficiary must be considered homebound and need skilled care
 - Doctor must approve and services must be received from a Medicare-certified home health agency
- **Hospice care**
 - Comprehensive care for people who are terminally ill

Part A costs

Medicare Part A Costs for 2016	
Premium	Free for those with 10 years of Social Security work history \$226 if beneficiary or spouse worked and paid Medicare taxes for 7.5 to 10 years \$411 if beneficiary or spouse worked and paid Medicare taxes for fewer than 7.5 years
Hospital deductible	\$1,288 for each benefit period
Hospital coinsurance	\$322 per day for days 61-90 each benefit period \$644 per day for days 91-150 (these are 60 non-renewable lifetime reserve days)
Skilled nursing facility (SNF) coinsurance	\$161 per day for days 21-100 each benefit period

What does Part B cover?

- **Outpatient care**
 - Care provided to a beneficiary by health care professionals if the beneficiary was not formally admitted as a hospital inpatient
- **Doctors' services**
 - Medically-necessary services provided to a beneficiary by a doctor
- **Preventive care**
 - Care to keep beneficiaries healthy or prevent illness
- **Home health care**
 - Care used to treat an illness or injury in the home
- **Durable medical equipment (DME)**
 - Medical equipment provided to beneficiaries on an outpatient basis

Part B costs

Medicare Part B Costs for 2016

Annual deductible	\$166
Monthly premium	<p>\$104.90 per month if beneficiary paid this amount out of their Social Security last year.</p> <p>Note: The premium is \$121.80 for those new to Medicare in 2016 or not collecting Social Security</p> <p>People with high incomes pay more for the monthly premium</p>
Coinsurance	Medicare pays 80 percent of Medicare-approved amount for a doctor's service; beneficiary pays 20 percent coinsurance

Note: coinsurance is sometimes called cost sharing

What Medicare does not cover

- Most dental care
- Most vision care
- Routine hearing care
- Most foot care
- Most long-term care
- Alternative medicine
- Most care received outside the U.S.
- Personal care or custodial care if there is no need for skilled care
- Most non-emergency transportation

Note: Medicare Advantage Plans (or Medicaid a beneficiary qualifies) may cover these services

Medicare Drug Coverage: Part D

Medicare Part D

- Outpatient prescription drug benefit for anyone with Medicare
 - A person is eligible for Part D if they have Part A or Part B
- Only available from private insurance companies
- Two ways to get Part D drug coverage:
 - If beneficiary has Original Medicare:
 - Purchase a stand-alone prescription drug plan – private plan offers only drug coverage
 - If beneficiary has a Medicare Advantage Plan:
 - Part D is generally included and the beneficiary receives all Medicare benefits from one plan
- Everyone is responsible for a monthly premium
 - Beneficiaries with low incomes can get help with costs

Part D coverage

- Each Medicare drug plan has its own **formulary**, or list of covered drugs
 - Only covers drugs on the formulary
- Plans must offer at least two drugs under each type of drug class
- Plans must cover substantially all drugs from a few classes
- A few classes of drugs are excluded from Medicare coverage by law

Part D costs

- Each plan charges different premiums, deductibles, and copays
- National average premium: \$34.10 per month in 2016
- Medication copays vary
 - Pay less for drugs in lower tiers
 - Tier 1: Generics
 - Tier 2: Preferred Brand-Name
 - Tier 3: Non-Preferred Brand-Name
 - Tier 4 and above: Specialty Drugs
- **Extra Help:** a federal program to help qualified individuals lower their drug costs

Part D costs

- Different costs for different prescriptions at different times
- Four different coverage periods for Part D during the calendar year
 1. Deductible Period
 2. Initial Coverage Period
 3. Coverage Gap
 4. Catastrophic Coverage

Federal Employee Health Benefit Program (FEHBP)

FEHBP

- Federal Employee Health Benefit Program (FEHBP)
 - Health insurance for full-time permanent civilian employees and retirees of the United States Government
- FEHBP is available through different types of plans (FFS or HMO health plans)
 - Also covers prescription drugs
- FEHBP Plans cover similar medical costs as Medicare
 - FEHBP plans may also cover some or part of costs for care not covered by Medicare, such as eyeglasses, hearing aids, routine dental care, oversees emergency care, and annual physical exams

FEHBP and Medicare enrollment

- Most federal employees are eligible for premium-free Medicare Part A, so they enroll into Part A when they first become eligible
- Federal employees who are actively employed (and their spouses) may decline to take Medicare Part B or D when they first qualify
 - This is because most people who enroll in Part B and take a Part D plan must pay premiums which adds to their overall out of pocket costs
- For federal retirees, decisions to enroll in Medicare should be based on individual circumstances
 - Those who delay enrollment into Part B or Part D have a Special Enrollment Period (SEP) once they retire or lose employer insurance

FEHBP and Medicare coordination

- FEHBP coverage is always primary to Medicare if the beneficiary is **currently employed** by the federal government
- FEHBP for government retirees is **secondary** to Medicare **only** if the beneficiary enrolls in Part B
 - This means unlike many employer group health plans (GHP), employees with FEHBP can choose to keep the same primary coverage
 - These retirees will continue paying full FEHBP premiums, but will not have to enroll in Medicare and FEHBP will pay primary
 - These individuals do not have access to an SEP if they later decide to enroll in Medicare
 - If a retiree drops their FEHBP, they usually cannot get their coverage back

FEHBP as a secondary payer

- Federal employees who enroll in Part B when they retire are given a one time life event to alter their FEHBP coverage
 - They can use this life event to change their coverage to any available FEHBP plan
 - Medicare beneficiaries can use this opportunity to pick a FEHBP plan with a lower monthly premium in order to lower their overall out-of-pocket costs
 - Beneficiaries can use this life event anytime beginning on the 30th day before they become eligible for Medicare
- A person with FEHB may suspend enrollment with FEHB to enroll into a Medicare Advantage Plan
 - To re-enroll into FEHB a you may have to wait until the Open Season unless you meet a qualifying reason

FEHBP and Part D

- Many federal retirees do not enroll in Part D
 - FEHBP coverage is creditable drug coverage from employment
 - Individuals have an SEP to enroll into Part D later without penalty if they decide to do so, or if they lose FEHBP coverage

TRICARE for Life

TRICARE

- TRICARE is the Department of Defense's health insurance program for both active duty and retired military personnel and their family members
- There are many different TRICARE programs
- **TRICARE for Life (TFL)** is the TRICARE program for Medicare beneficiaries

TRICARE and Medicare enrollment

- When someone with TRICARE becomes eligible for Medicare, they usually must enroll into Medicare Part A and Part B
 - People with TRICARE who delay enrollment into Part B usually have to pay a premium penalty and may face gaps in coverage
- Service members who are currently working and their family members can delay Part B
 - People who are eligible for Medicare have a one-time SEP to enroll in Part B if they did not enroll when they first became eligible
 - Medicare beneficiaries who want comprehensive health coverage should enroll in Part B before they retire to avoid gaps in coverage

TFL and Medicare coordination

- For people with TRICARE for Life (TFL) and Medicare, Medicare pays first and TFL pays second
 - Medicare and TFL together should typically cover most medical costs, including Medicare deductibles and coinsurances
- TFL will pay first when services are not covered by Medicare or when someone has exhausted their Medicare benefits
 - TFL deductibles/cost-sharing will apply
 - TFL requires prior authorization for certain types of care when it pays primary

TFL and Medicare drug coverage

- The TRICARE for Life pharmacy program provides drug coverage for those who have both Medicare and TFL
- People with Medicare and TFL do not have to enroll in Medicare Part D
 - The TFL pharmacy program is considered creditable coverage
 - Individuals with TFL will not pay a premium penalty if they decide to enroll in Medicare Part D at a later date
 - May want to consider enrolling in Part D if they qualify for Extra Help
- If an individual with TFL does enroll in Medicare Part D, their Part D plan pays primary to the TFL pharmacy program

Veterans Administration (VA) Benefits

VA coverage

- Veterans Administration (VA) Benefits
 - Benefits provided by the federal government to veterans
 - Veterans are people who served on active duty in the U.S. Armed Forces for a required period of time and received an honorable discharge or release
 - These benefits include pensions, educational stipends and health care, among others

VA health benefits overview

- Health care provided mostly in VA medical centers, outpatient clinics, and nursing homes
- Health care from non-VA facilities/providers is covered on a very limited basis
- People who are eligible for VA benefits must apply to be enrolled in the VA benefits program

VA health benefits

- VA health care includes:
 - Medically necessary inpatient and outpatient medical and mental health care (including substance abuse treatment), home health care, nursing home care, and durable medical equipment
 - Coverage of items excluded by Medicare, including over-the-counter medications and supplies, annual physical exams, hearing aids, and eyeglasses under certain circumstances

Eligibility for VA health benefits

- Eligibility for benefits depends on one or more factors
 - Existence of a service-connected disability
 - Exposure related to service
 - Income
 - Other factors
- The VA assigns veterans to 1 of 8 priority groups, depending on the above factors
- Veterans' costs depend on their group assignment

Eligibility for VA health benefits

- Veterans with the highest priority include soldiers with service-connected disabilities, those who are completely disabled, those with very low incomes and others (Groups 1-6)
- Veterans with the lowest priority include those who have both no service connected disabilities and have higher but still limited incomes (Groups 7-8)

VA health benefits

- Care for all disabilities related to someone's military service is free, regardless of income
- Cost of other medical care depends on disability rating and income
 - Copays for non-service-connected conditions may apply
- Those with the lowest priority have higher costs

VA prescription drug coverage

- VA outpatient prescription drug coverage
 - Requires prescription from a VA doctor or other VA health care professional
 - Dispensed only from VA pharmacies
 - Must follow the VA formulary, but physicians can order medically necessary off-formulary drugs
- Costs:
 - No premiums or deductibles
 - Copays of no more than \$9 for 30-day supply

VA benefits and Medicare

- Medicare and VA benefits do not work together
- People who have both Medicare and VA health benefits can be covered under either of these programs but never both at the same time
- Medicare does not pay for any care provided at a VA facility
- VA benefits do not typically work anywhere but VA facilities
- VA benefits do not wrap-around Medicare (unlike TRICARE and FEHBP)
 - This means that VA benefits do not pay Medicare deductibles, copays or coinsurances

VA benefits and Medicare Part B

- Many veterans enroll in Part B, despite its costs
 - Premium penalties and enrollment restrictions apply if someone delays Part B enrollment
 - Veterans may want to the flexibility of getting health care outside the VA system
 - Low-income individuals qualify for Medicaid or a Medicare Savings Program to help pay Medicare Part B premiums and/or cost-sharing

VA benefits and Part D

- **Some veterans decline Part D**

- VA drug coverage is creditable so a person can delay enrollment in Part D without penalty and outside usual enrollment periods
- With no premiums and no or limited co-pays for prescriptions, VA coverage is comparable to having Medicare drug coverage with Extra Help

- **Some veterans join a Medicare Part D plan**

- People who live far from a VA facility or pharmacy, or who do not want to use a VA doctor to get a prescription
- People who want the flexibility of filling prescriptions at retail pharmacies or find the VA formulary too restrictive
- People who reside in a non-VA nursing homes and want to get prescriptions from a long-term care pharmacy that works with their nursing home
- People who qualify for full Extra Help, which requires lower co-pays than VA coverage

Online Counselor Training Courses

- Login at www.shiptacenter.org, and go to Counselor Training
 - Password-protected
 - Requests for access processed by leaders at each state SHIP program
 - For more information, visit the SHIP TA Center exhibit or email info@shiptacenter.org
- Developed for SHIPs through the SHIP TA Center
 - Based upon Medicare Interactive Pro, but customized for a SHIP counselor audience
 - Four levels of courses + special topics
 - Levels One: Medicare Basics
 - Level Two: Medicare Coverage Rules
 - Level Three: Appeals and Penalties
 - Level Four: Other Insurance and Assistance Programs

Dear Marci



- E-newsletter
 - Released every two weeks
- Clear answers to frequently asked Medicare questions
 - Links to explore topics more deeply
 - Additional resources and health tips
 - Co-branding available
- Sign up at www.medicarerights.org/about-mrc/newsletter-signup.php

Questions?

The production of this presentation was supported by Grant No. 90ST1001 from the Administration for Community Living (ACL). Its contents are solely the responsibility of the SHIP TA Center and do not necessarily represent the official views of ACL.

