



The Ins and Outs of Medicare Open Enrollment

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Quick Review of Terminology

- **Premium**-the monthly amount you pay for your insurance plan(s).
- **Deductible**-the amount of money you pay before your insurance starts to cover healthcare costs.
- **Co-pay**- a fixed dollar amount you pay when you go for an appointment/ procedure. For example \$20 for office visit with primary care provider.
- **Coinsurance**-the cost sharing amount you pay as part of your coverage. For example if your plan covers at 80/20% your coinsurance is 20%.
- **MOOP**-the maximum out of pocket you pay during a benefit period.



Quick Review of Terminology

- **Benefit period**-A benefit period begins the day you're admitted as an inpatient in a hospital or SNF. The benefit period ends when you haven't received any inpatient hospital care (or skilled care in a SNF) for 60 days in a row. If you go into a hospital or a SNF after one benefit period has ended, a new benefit period begins. You must pay the inpatient hospital deductible for each benefit period. There's no limit to the number of benefit periods.
- **Lifetime reserve**- the 60 non-renewable extra days for which the Medicare will pay over and above the 90 covered days of hospitalization during a benefit period.
- **Formulary**- the list of prescription drugs covered by a prescription drug plan. Also called a drug list.



**MEDICARE
DOES NOT
COVER ALL
HEALTHCARE
COSTS!**



What is Open Enrollment?

- The time each year when individuals covered by traditional Medicare can make additions or changes to their coverage.
- The changes include adding more coverage, changing insurance providers or changing types of coverage.
- Medicare open enrollment runs from October 15th-December 7th.
- New coverage elections begin on January 1, 2015.



What does Medicare Part A Cost: A Breakdown

- **PART A-Premium**
 - No premium if individual/spouse has work history
 - If no work history, monthly premium is \$407
 - This premium cost is trending down (\$440 in 2013; \$426 in 2014)
- **Part A-Deductible** (Inpatient Hospital)
 - \$1260 for each benefit period
 - Days 1-60: \$0 coinsurance per benefit period
 - Days 61-90: \$315 coinsurance per day of each benefit period
 - Days 91 and beyond: \$630 coinsurance per each "lifetime reserve day" after day 90 for each benefit period (up to 60 days over your lifetime)
 - Beyond lifetime reserve days: individual is responsible for all costs



What does Medicare Part B Cost: A Breakdown

- Part B- **Premium**
 - For MOST people \$104.90 per month



- Part B- **Deductible**
 - \$147 per year
- Part B- **Coinsurance**
 - Individual pays 20% of the Medicare approved amount for most doctor services, outpatient therapy and durable medical equipment
 - No cost for Medicare approved LAB services
 - No cost for home health services
 - No MOOP



What does Medicare Part D Cost: A Breakdown

- Part D- **Premium**
 - Varies by plan
 - Higher income = Higher premium



- Part D- **Deductible**
 - Varies by plan
 - No plan can have a deductible greater than \$320
- Part D- **Coinsurance and Copays**
 - Varies by plan and by tier
 - Varies by coverage period
 - Initial
 - Doughnut Hole
 - Catastrophic



What is Covered by Parts A and B?

Part A

- ✓ Inpatient care in hospitals
- ✓ Skilled nursing facility care (SNF)
- ✓ Hospice
- ✓ Home health care

Part B

- ✓ Doctor/healthcare provider visits
- ✓ Outpatient care
- ✓ Home health care
- ✓ Durable medical equipment
- ✓ Outpatient mental health treatment
- ✓ Preventive services
- ✓ Labs



What is NOT covered by Medicare A & B

- Long term care
- Custodial care
- Private duty homecare
- Routine dental/eye care
- Dentures
- Most prescription medications
- Cosmetic surgery
- Acupuncture
- Hearing aids



Other Important Facts About Medicare A & B Coverage

- You can go to any doctor/hospital as long as they are participating Medicare providers.
- You do not need to choose a primary care doctor.
- You do not need referrals to see a specialist, but the specialist must also be a participating Medicare provider.



BRIDGING THE GAP

Supplemental Plans



What is a Medigap/Supplemental Plan?

- These policies fill the gap by covering costs/expenses left by traditional Medicare part A and B coverage.
- These policies are sold by private insurance companies.
- You are responsible for monthly Medigap premiums.
- Your plan cannot be cancelled UNLESS you do not pay.
- Cost of plan is dependent on the type of plan elected as well as pre-existing conditions and medical underwriting.
- Does not ALWAYS include Part D/prescription coverage (some plans bundle Medigap and Part D).
- It is always best to purchase a gap plan when first eligible (initial coverage period).
- Federal law does not require insurance companies to sell Medigap policies to individuals under 65; though some state laws trump the Federal mandates.



Medicare Supplement Insurance (Medigap) Plans										
Benefits	A	B	C	D	F*	G	K	L	M	N
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100% ***
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Medicare Part A deductible		100%	100%	100%	100%	100%	50%	75%	50%	100%
Medicare Part B deductible			100%		100%					
Medicare Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			100%	100%	100%	100%			100%	100%
							Out-of-pocket limit in 2014**			
							\$4,940	\$2,470		



What does a Medigap Plan Cost

		Plan Type A	Plan Type C	Plan Type F	Plan Type N
68 year old non smoking female No pre-existing conditions	Monthly Premium	\$116.32	\$215.86	\$216.65	\$150.69
68 year old non smoking female with pre-existing conditions*	Monthly Premium	\$220.87	\$409.87	\$411.37	\$286.12

[More AARP plan pricing information](#)



*Does not apply if plan is purchased during initial Medicare eligibility enrollment period
OR if individual has a "guaranteed issue right"

** Rates for tobacco users are higher



Do Medigap Plans Cover Pre-Existing Conditions?

- **It depends**
 - Under Federal law, the plan may impose a six month waiting period for Medigap coverage of pre-existing conditions unless:
 - The individual is entitled to a **guaranteed-issue** right because s/he lost certain types of other coverage.
 - The individual purchased a Medigap plan during open enrollment period and had coverage for at least six months prior to purchasing the Medigap plan and have had this coverage within the last 63 days.
 - The plan can charge higher premiums for those with a pre-existing condition if plan is not purchased during initial coverage period.



Tips When Shopping for a Medigap Plan

- Buy early (i.e. during your **initial enrollment period**) for best cost and plan options.
- Shop around, compare quotes and plans.
- Guesstimate possible medical costs to help determine what type of gap plan you need.
- If you travel abroad, choose a plan that offers travel abroad coverage.
 - This is EMERGENCY coverage only; also has separate deductible.
- Don't forget you may still need to purchase a separate part D plan.
- Ask specific questions about pre-existing condition limits/periods.



MEDICARE ADVANTAGE PLANS

What's the Advantage?



Medicare Advantage Plans

- Also referred to as Medicare Part C.
- Offered and managed by private insurance providers/companies.
- Required to offer the same amount of coverage as traditional Medicare.
- Most also offer additional services like vision, dental, wellness programs, gym memberships, transportation to medical appointments and Part D (prescription) coverage.
- These plans are permitted to assess different out of pocket charges (copayments/coinsurance) than traditional Medicare.
 - Sometimes these are more: example specialist office visits.
 - Sometimes these are less: example premiums/deductibles.

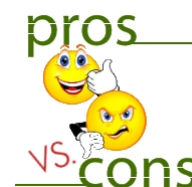


Medicare Advantage Plans

- These plans usually require the individual to choose a primary care physician.
- These plans often require referrals for specialty care.
- These plans may have capitated labs/radiology providers.
- Medicare Advantage Plans have a MOOP---typically \$6700---annually.
- You CAN join some Medicare Advantage plans if you are under 65 and eligible for Medicare due to a disability.



Medicare Advantage Pros/Cons



PROS

- One company managing ALL insurance claims usually including Part D
- Potential added benefits like vision, dental, gym memberships
- Generally no pre-existing condition clauses
- Low cost premiums

CONS

- Many plans work like traditional HMO's with networks providers
 - Your current healthcare providers may not be "in network"
- Plans are annual contracts
 - Benefits may change annually
- You cannot purchase a gap plan
 - And you still have a gap; that \$6700 MOOP. You pay 20% of all costs until you reach the MOOP EVERY YEAR!
 - Thus, your out of pocket may be higher than with traditional Medicare and supplemental coverage



What if I Don't Like My Medicare Advantage Plan?



- It's is hard to get out of one once you are in it.
 - You can change from one Medicare Advantage plan to another during regular open enrollment.
 - However, if it is during your first 12 months in the plan (trial period) you can disenroll at any time.
- Medicare Advantage Disenrollment Period
 - Occurs annually from January 1 to February 14.
 - When you can drop your plan and revert to traditional Medicare.
 - You cannot switch to another Medicare Advantage plan during this time.
 - However, you have now missed open enrollment for a gap/supplemental plan for the entire year.
 - Leaving you responsible for 20% of your healthcare costs for the remainder of the year.
 - Or, having to pay a higher premium for a gap plan because you purchased outside of open enrollment.





MEDICARE PART D



Medicare Part D

- Began January 1, 2006
 - Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA).
- Prescription drug coverage
 - Does not offer 100% coverage for prescription medications, but can substantially reduce the cost of prescription medication.
- There are rules for WHEN you can (and should) enroll in Medicare Part D.
 - Initial enrollment period – most cost effective.
 - Open Enrollment – subject to late enrollment penalty.
 - Penalties for late enrollment are significant!



Medicare Part D-Looking at the Plans

- Types of plans
 - PDP's – prescription drug plans.
 - MA-PD's- Medicare Advantage prescription drug plans.
- Formularies and Tiers
 - Part D plans are not required to cover all Part D drugs.
 - However, they must include categories and classes of drugs that cover all disease states.
 - Certain classes of drugs must be covered by all plans (anti-cancer, anti-psychotic, anti-convulsant, anti-depressants, anti-psychotic, immuno-suppressant and HIV meds).



Example of Drug Prices for MA-PD drug plan in Pennsylvania

Service Area: Pennsylvania Área de servicio: Pennsylvania	Standard Retail Cost-Sharing 30, 60, 90 Days	Standard Mail Order Cost-Sharing 30 and 90 Days
	Costo compartido al menudeo estándar 30, 60, 90 días	Costo compartido orden por correo estándar 30 y 90 días
Bucks, Chester, Cumberland, Delaware, Lancaster, Montgomery, Philadelphia, York	30/60/90 Days 30/60/90 días	30/90 Days 30/90 días
Tier 1: Preferred Generic Drugs Nivel 1: Medicamentos genéricos preferidos	\$4/\$8/\$12	\$4/\$12
Tier 2: Non-Preferred Generic Drugs Nivel 2: Medicamentos genéricos no preferidos	\$10/\$20/\$30	\$10/\$30
Tier 3: Preferred Brand Drugs Nivel 3: Medicamentos de marca preferida	\$45/\$90/\$135	\$45/\$135
Tier 4: Non-Preferred Brand Drugs Nivel 4: Medicamentos de marca no preferida	\$90/\$180/\$270	\$90/\$270
Tier 5: Specialty Tier Nivel 5: Medicamentos de especialidad	26%	26%
Tier 6: Select Diabetic Drugs Tier Nivel 6: Medicamentos selectos para personas diabéticas	\$5/\$10/\$15	\$5/\$15

Formulary Example



Rules and Regulations

- Part D plans can restrict certain formulary drugs in order to contain costs
 - ❖ **Prior authorization**
 - ❖ Before the plan will cover a particular drug, your doctor or other prescriber must first show the plan it's medically necessary for you to have that particular drug. Plans also do this to be sure these drugs are used correctly.
 - ❖ **Quantity Limits**
 - ❖ For safety and cost reasons, plans may limit the amount of drugs they cover over a certain period of time.
 - ❖ Often used with narcotics and high cost medications.
 - ❖ **Step Therapy**
 - ❖ In most cases, you must first try a certain less-expensive drug on the plan's formularies (drug list) that's been proven effective for most people with your condition before you can move up a "step" to a more expensive drug.
 - ❖ Often used with anti-emetics, pain medications, PPI's.



What Medications are Not Covered by Part D?

- Over the counter drugs
- Drugs for weight loss or gain, including nutritional supplements
- Cough and cold preparations
- Fertility drugs
- Erectile dysfunction drugs (unless medically necessary AND approved by the FDS to treat conditions other than sexual/erectile dysfunction)
- Cosmetic or hair growth drugs
- Vitamins and minerals (except niacin, Vitamin D analogs, prenatal vitamins and fluoride preparations)
- Drugs that are covered under Part B





Sources of Additional Help Available to Manage Costs of Medications

- Extra Help/Low Income Subsidy
- Co-pay assistance
- State Pharmacy Assistance Programs
- Medicaid (dual eligibility)



Cancer Care and Medicare



- Chemotherapy treatments received in a physician's office or outpatient infusion centers are covered under Part B.

- *Thus, these services are covered at 80%.*

- Radiation treatments are covered under Part B.

- *Thus, these services are covered at 80%.*



Cancer Care and Medicare



- Certain oral chemotherapy drugs can also be given by IV
 - These drugs are covered under Part B.
 - They are covered at 80% and are available via retail/specialty pharmacy
 - Xeloda
 - Melphalan
 - Busulfan
 - Temodar
 - Topotecan
 - Etoposide
 - Methotrexate
 - Cytosan
 - Trexall
 - Certain antiemetics given in the first 72 hours after chemotherapy



Cancer Care and Medicare Advantage Plans



- Radiation and chemotherapy are covered at 80%.
- The patient is responsible for 20% of the cost of chemotherapy and radiation until the patients reaches an annual MOOP of \$6700.
- Once reaching the MOOP, costs are covered at 100% for the remainder of the calendar year.
- Specialist office visit copays can be pricey (\$50-\$75 per visit)!
- Providers available for specialty care may be limited by provider network available with the plan.



Part D Prescription Coverage and Cancer Treatment



- Present a big challenge due to cost of oral chemotherapy drugs such as
 - Gleevec, Tarceva, Xalkori, Thalomid, Revlimid.
 - Most oral chemotherapy drugs are not available as generics.
- Injectable (supportive care) medications can be very costly.
 - Neupogen, Neulasta, Procrit, Aranesp, Lovenox
- Medicare Part D doesn't cover some medications used for symptom management.
 - Cough medicine with Codeine
 - Drugs used for anorexia, weight loss or weight gain
 - Megace/Marinol
 - Ensure supplements





QUESTIONS?



References and Resources

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