

Healthcare Navigation, LLC



Medicare: Navigating Traps and Gaps

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Introduction



This presentation is an introduction to Medicare. We will cover many topics but individual research must follow so that you make the best decisions for yourself based on your priorities.

Most Americans are eligible for Medicare at age 65. Others qualify earlier due to illness or disability. Anyone transitioning to Medicare must plan ahead to learn about Medicare, understand options, make sound decisions, and properly enroll to avoid a gap in coverage.

Medicare is complex and as a government program unlikely to become less complex. We are pleased you've joined us to learn about Medicare. After all, it is likely you'll be on Medicare for the rest of your life.

Medicare History and Evolution



1966 – Coverage for Medicare Parts A (hospital) and B (medical) begins. Medicare Parts A and B are described as “original Medicare”.

1970’s – Supplements (private products) fill A and B “gaps” and demonstration Advantage-Plan type alternatives begin.

1997 – Medicare Advantage formalized as Medicare Part C.

2006 – Part D (outpatient drug) begins.

Original Medicare covered illness and injury. As Medicare evolved, more well care, screening and drug coverage added and enhanced benefits through Advantage Plans.

A Brief Summary of the Parts

A

Part A

Hospital and skilled nursing
facility coverage.



B

Part B

Physician and outpatient
services coverage.

Private Supplements

Supplements are private
plans that pay a portion of
out-of-pocket expense
associated with Medicare
Part A and B for those on
original Medicare.



C

Advantage Plan (Part C)

Alternative to original Medicare
(A and B). Benefits provided
through private plan.

D

Part D

Outpatient Drug Coverage.



What Medicare Doesn't Cover



1

Long term custodial services

2

Routine Dental

3

Routine eye exams and glasses

4


Hearing Aids

5

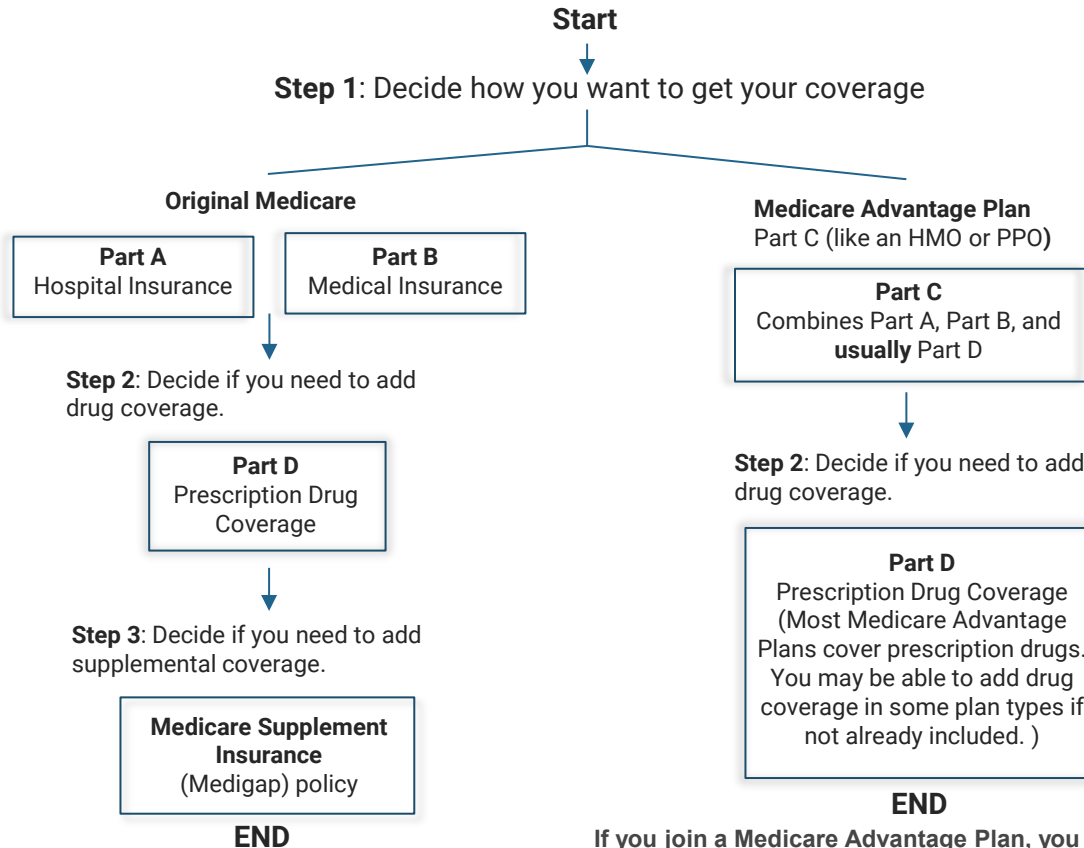
Services Provided Outside of U.S. (except in RARE circumstances)

6

Routine laboratory tests considered screening, medications used to treat erectile dysfunction, weight loss or gain, fertility medications, cosmetic or hair growth medications, prescription vitamins and medical foods, anything available over the counter and others.



Medicare and You (excerpt): Original Medicare vs Advantage Plan



If you join a Medicare Advantage Plan, you can't use or be sold a Medicare Supplement Insurance (Medigap) policy.

More on Medicare Part A

PART A

- Primarily covers inpatient facility services and other services related to inpatient episodes of care such as short-term home health services.
- Premium free if earned through your work or a spouse's work. Enrollment process is fairly straightforward especially for those who earn premium-free Part A on their own work record.

- Benefit design is poorly understood (radically different from non-Medicare coverage) as both hospital (up to 150 days) and Skilled Nursing Facility (up to 100) days are maximum benefit days in a given benefit period.
- Beneficiaries obtain catastrophic hospitalization through private Medicare supplement policies or Advantage plans.



A

More on Medicare Part B

PART B

- Primarily covers physician services and almost all outpatient medical services, lab, therapies, tests, DME (durable medical equipment), infused drugs, etc.
- Everyone except low-income beneficiaries pay premiums and premiums are income-indexed for higher income beneficiaries. Part B has a base premium of \$185.00/month and a maximum premium of \$628.90/month in 2025.

- Enrollment rules are complicated and potentially punitive. The Medicare program is structured such that almost all Americans turning 65 should pay into the program unless they are covered through active group coverage. Enrollment process varies depending on whether on Social Security at 65, enrolling for benefits at 65, or enrolling after 65.



B

More on Medicare Private Supplements

Supplements/Medigap Plans

- Supplement original Medicare (A and B) - access to all participating providers nationwide.
 - Private insurance policies with standard benefits in 47 states regulated by feds – benefits same for product with same letter, e.g. “G” or “N”.
 - States also regulate– premium rating, waiting periods, access to beneficiaries under 65, etc. MA, WI and MI have distinct offerings.
- Some products are NOT PORTABLE and a move to another state might involve medical underwriting where insurer can deny.
 - In addition to deductible and coinsurance coverage, all have 365 extra days of hospitalization coverage and D,G,M and N have limited foreign travel emergency coverage. Medicare covers services outside of U.S. only in rare circumstances.



S

Comparing Medigap Plans

Medicare first eligible before 2020 only	
C	F*
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
80%	80%

Benefits	A	B	D	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%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	50%	75%	100%	100%
Blood (first 3 pints)	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	50%	75%	100%	100%
Part A deductible		100%	100%	100%	50%	75%	100%	100%
Part B deductible								
Part B excess charges				100%				
Foreign travel emergency (up to plan limits)		80%	80%	80%			80%	80%

Out-of-Pocket in 2025	
\$7,220	\$3,610

* Plan G will also offer a high-deductible plan in some states. If you choose this option, this means you must pay for Medicare-covered costs (coinsurance, copayments, and deductibles) up to the deductible amount of \$2,870 in 2025 before your policy pays anything.

** For plans K and L, after you meet your out-of-pocket yearly limit and your yearly part B deductible (\$257.00 in 2025), the Medigap plan pays 100% of covered services for the rest of the calendar year.

** Plan N pays 100% of the Part B coinsurance, except for a copayment of up to \$20 for some office visits and up to a \$50 copayment for emergency room visits that don't result in an inpatient admission.

More on Advantage Plans (Part C)

PART C

- An alternative to original Medicare (A and B).
- More than 50 percent of those on Medicare are on Advantage Plans.

- Advantage Plans - must be on A and B to enroll, tied to geographic area of residence, a lock-in feature, rules like preauthorization, different products, some with limited networks. Plans have option to include or exclude Part D coverage (most include drug coverage). Some Plans include enhanced benefits such as limited dental, gym membership discount, hearing aid discount, etc.
- Enrollment guaranteed during an annual enrollment period, 10/15 through 12/7. If regrets, can return to original Medicare or change to a different Advantage Plan from 1/1 – 3/31.
- If disenrolling from Advantage Plan whether one can get back on supplement depends on state regulations and, sometimes, health status.

C

More on Part D

Part D

- Outpatient prescription drug benefit administered by private companies. Plan premiums vary. Income-indexed premiums range from \$13.70 - \$85.80/month in 2025.
- Strict enrollment rules – different from Part B but not following them can also lead to lifetime premium penalties, albeit much smaller than Part B.
- Annual enrollment like Advantage Plans, 10/15 – 12/7 allows one to change plans after initial enrollment.
- Maximum deductible in 2025 is \$590.00.

- New out-of-pocket maximum for 2025 is \$2000.00.
- Many with VA drug benefits also enroll in a Part D Plan. VA drug coverage is creditable so future enrollment in D without penalty is possible.



D

Enrollment Periods

(Vastly simplified – as noted on “More on Advantage Plans” slide, there is also an Enrollment Period from 1-1 to 3-31 **just** for those on Advantage Plans who want to return to original Medicare or change Advantage Plans)

Initial Enrollment Period:

7 months – three months before month of 65th birthday, month of 65th birthday, and three months after.

General Enrollment Period:

1st quarter of every year for an effective date the first of the month after filing the application. There are Part B premium penalties for life for each 12 month Period one could have been on Part B and wasn't enrolled.

Special Enrollment Period

For those working age 65 and beyond and covered by (large) group plan through ACTIVE employment of worker or spouse. Extends eight months beyond active work or end of group coverage, whichever came first.

Annual Enrollment Period:

Every 10/15 – 12/7, enroll or change Part D plan, choose between original Medicare and Advantage Plan, or new Advantage Plan.

Enrolling in Medicare

A

Part A



Enroll through Social Security (unless RRB- Railroad Retirement Board). If eligible, enroll in IEP- Initial Enrollment Period unless on group HDHP- High Deductible Health Plan with health savings account. Once on Social Security, you are on Part A.

B

Part B



Enroll through Social Security (unless RRB- Railroad Retirement Board). If enrolling during SEP- Special Enrollment Period, must demonstrate active group coverage through work or spouse's work.

Private Supplements



Enroll through plan you select.

C

Advantage Plan



Enroll through Medicare or plan you select.

D

Part D



Enroll through Medicare or plan you select.

Income-indexing Parts B and D



Parts B and D are income-indexed with six tiers of income-indexing (find current info on [medicare.gov](https://www.medicare.gov), IRMAA).



If filing a joint tax return, a spouse's income is included in calculations even if spouse is not on Medicare.



Income-indexing normally based on tax return filed two year's prior to period. If experiencing a "Life's Changing Event" like retirement or divorce, one can file SSA-44 with Social Security to base premiums on projected income.



Base B premium and income-indexed B and D come out of Social Security retirement payment. If not receiving Social Security, Medicare will bill for amounts.





Original Medicare: Doctors

Original Medicare: Hospitals

Doctors relate to Original Medicare in the following ways:

- **Accept Assignment:** MD office submits claim to Medicare and receives payment directly from Medicare. Payment amount regulated by Medicare.
 - **Don't Accept Assignment:** MD office may charge patient up front. Office submits claim to Medicare and payment made to patient at slightly higher fee schedule than assigned MDs. Payment amount regulated by Medicare.
 - **Opts Out of Medicare:** Medicare doesn't pay; patient pays cash, no Medicare regulation of fees. Burden on MD to inform patient of status.
-
- **Hospitals:** All hospitals in U.S. except sanctioned hospitals receive payment directly from Medicare.

Advantage Plans: Doctors and Hospitals

Doctors

May choose to be in Plan's network much like non-Medicare insurance product.



Copay structure is common with higher copay for out-of-network MD. Burden is on patient to know MD status.

Some MDs who are not in-network will charge patient cash regardless of Plan's published copay schedule which forces patient to file claim with Plan.

Hospitals

May choose to be in Plan's network much like non-Medicare insurance product.



Burden is on patient to be familiar with hospital network.

Patient assumes higher out-of-pocket costs when out-of-network.

Retiree Medical Benefits



- Coverage paid, subsidized or arranged through former employer.
- Enrollment in Medicare A and B always required at 65 when enrolled in a retiree plan.
- Many corporations have outsourced their retirees' plans, offering a subset of options available to the public through a private exchange. Some have outsourced to one insurer. Retiree coverage may or may not be subsidized by former employer.
- The actual value of retiree medical varies widely with worst case being offered a subset of options with no employer subsidy. Burden is typically on retiree to understand options and their value.




Other Medicare Coordination of Benefits Issues

Medicare and Small Group of under 20 Employees

- Medicare materials often indicate one typically must enroll in Medicare A and B but this is not universally true. Status should be verified through Plan, Plan's broker and/or State Insurance Department.

Medicare and COBRA

- According to insurance rules, COBRA should be secondary to Medicare A and B so COBRA is rarely a wise choice if Medicare-eligible as it is costly and duplicates coverage.
 - According to insurance rules, if on COBRA and become Medicare-eligible, COBRA should end.
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Supplemental Resources

Please refer to “A Guide to Medicare: Navigating Traps and Gaps,” also on the Education section of healthcarenavigation.com for more detailed information.



THANK YOU

