

## Original Medicare vs Medicare Advantage

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### Agenda

- Health Insurance Options
- Medicare History and Evolution
- What Medicare Covers
- What Medicare does not cover
- Original Medicare vs Medicare Advantage
- Medicare Advantage Additional Benefits
- Choosing a plan
- Medigap policy (plan comparisons, how it works)
- Resources
- Q&A




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### Health Insurance Options

Insurance is a means to manage risk especially health insurance. Healthcare costs consistently rise above CPI-U. The US is different from some developed countries in health care coverage – a patchwork of options.

- Employee group insurance, some continue to have coverage after retirement
- Tricare for military (and reserved) and retired military
- Federal Employee Health Benefits Program (FEHB)
- Marketplace insurance or Obamacare (state-based or federal platform, 12 states do not offer marketplace insurance)
- Medicare for  $\geq 65$  and the disabled
- For those with any of the above\* and are eligible for Medicare, Medicare becomes the secondary payer.

\*Those w FEHB or Obamacare would not sign up for Medicare




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### Medicare History and Evolution

- In 1965, President Lyndon Johnson signed into law an amendment of the Social Security Act to offer Medicare (Title XVIII) to those  $\geq 65$  years old
- Medicare was designed to cover only a portion of a retiree's health care needs. "Original Medicare" includes 2 parts: Part A, hospitalization coverage, and Part B, physicians and outpatient services. Only selected services are covered, and costs are shared between Medicare and the beneficiary.
- Generally, there are 3 primary options for Medicare – original Medicare (fee-for-service), original Medicare + prescription drug plan/supplemental insurance or an all-in-one policy called a Medicare Advantage Plan.




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### Medicare History and Evolution (cont'd)

- In 1972, President Nixon expanded Medicare coverage to the disabled, people with end-stage renal disease (ESRD) requiring dialysis or kidney transplant.
- In 1988, programs were created to help low-income enrollees with their Medicare premiums (for Part B) and other costs ("Extra Help").
- In 1990, Medigap plans were standardized.
- In 1997, Medicare + Choice was introduced.
- In 2001, ALS became eligible for Medicare
- In 2003, Medicare Modernization Act was signed into law by President George Bush (43<sup>rd</sup>) to add prescription drugs to Medicare benefits and Medicare Advantage plans.
- Over the last 17 years, Medicare kept evolving.




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### What Medicare Covers

- Part A – hospital, skilled nursing, hospice and some home health care
- Part B – services from doctors and other health care providers, outpatient care (including ambulance, ER, urgent care), home health care, durable medical equipment (e.g., wheelchair, walker, hospital bed), some preventive services (e.g., flu shots, Covid vaccine, Pneumovax, Shingles, hepatitis)
- Part D – most prescription drugs + ACIP-recommended vaccines (IRA 2022)
- Part C inclusive of Parts A and B




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### What Medicare does not cover

- Long term care – Medicare covers skilled nursing facilities (or step-down) but not custodial care
- Out-of- service area coverage – e.g., worldwide travel (some MA plans offer as a supplemental benefit), if one lives abroad for more than 180 days, one may be disenrolled from an MA plan or not have coverage from Medicare
- Cosmetic surgery – Bariatric surgery on a medical necessity basis
- Weight loss/gain drugs
- Fertility treatments




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### Original Medicare vs Medicare Advantage

- Private insurance carriers offering Medicare Advantage (MA) plans (MA only and MA+ prescription drug) have to cover all benefits under original Medicare but they can offer more.
- Original Medicare is fee-for-service – the providers have to accept Medicare assignment (payment), Medicare uses Medicare Administrative Contractors to adjudicate claims whereas Medicare Advantage plans receive a monthly capitation payment to cover medical services. MA plans design benefits which have to be approved by CMS.
- Enrollees in an MA plan, whether it is an HMO or PPO, have to follow the rules; otherwise out-of-pocket costs could be high.
- MA plan enrollees have appeal rights that can go all the way to the Federal District Court.




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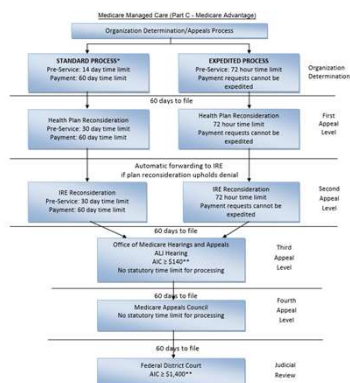
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## Original Medicare vs Medicare Advantage (cont'd)

### Original Medicare

- Works similarly to an indemnity plan – with a deductible and coinsurance
- No premium for Part A (hospital, skilled nursing facility, hospice)
- Part B is a voluntary program that requires the payment of a monthly premium for all parts of coverage – but a penalty of 10% is assessed for each year if one could have signed up for Part B, but didn't. Same for Part D.

### Medicare Advantage

- Covers Parts A and B (Part C) and Part D (Rx)
- Some cover Parts A and B, not Part D
- Enrollees can enroll in an MA plan and sign up for a stand-alone prescription drug plan
- Supplemental benefits not covered under original Medicare
- HMO and PPO options




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## Medicare Advantage Additional Benefits

- Silver sneaker (gym)
- Dental and vision (not covered under original Medicare)
- Over-the-counter drugs
- Flex spending card on health-related expenses, e.g., hearing aid, eye glasses
- Chiropractic therapy/acupuncture
- Meals on wheel after hospitalization

\* MA plans have to cover all benefits under original Medicare.




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## Choosing a plan

### How to choose a health insurance plan

- Review the Evidence of Coverage including out-of-pocket copay/insurance – does the plan cover services one needs?
- Review the Part D drug list (formulary)
- Check out the carrier's quality rating (STAR)
- Network of providers – primary care, specialists, laboratory services, hospitals
- Do not believe everything the sales agent tells you – ask for written documentation
- Make sure to sign up when eligible or penalties apply




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### Choosing a plan (cont'd)

- MA plans are sold by licensed sales agents.
- A sales agent should make an appointment to meet with you at your home to sell you the products you agreed to hear about.
- If you receive a call from a sales agent who tries to solicit your enrollment in an MA plan, that call should be recorded.
- The sales agent should tell you about the plan options and how to get more plan information.
- The sales agent should not ask you for your personal protected information such as your Medicare ID, your SSA ID, your bank account or whatever information you consider to be "confidential".




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### Medigap Policy

- Also known as Medicare Supplemental policy
- Medigap is extra insurance offered by a private insurance company to help pay the insured's share of costs in Original Medicare.
- Eligibility to buy Medigap if the insured has Original Medicare. That means one has to sign up for Medicare Part A (Hospital Insurance) and Part B (Medical Insurance) before one can buy a Medigap policy.
- All Medigap policies are standardized, i.e., they offer the same basic benefits no matter where one lives or whoever the carrier is. There are 10 different types of Medigap plans offered in most states, which are named by letters: A-D, F, G, and K-N. Price is the only difference between plans with the same letter that are sold by different insurance companies.




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### 10 health care coverage benefits offered in Medigap plans<sup>3</sup>

(Note: not all Medigap plan types cover all 10 benefits to the same degree)




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### Comparison of Medigap Benefits

Medigap Benefit	Plan A	Plan B	Plan C	Plan D	Plan F*	Plan G*	Plan K	Plan L	Plan M	Plan N
Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B coinsurance or copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓***
Blood (first 3 pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A hospice care coinsurance or copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled nursing facility care coinsurance	✗	✗	✓	✓	✓	✓	50%	75%	✓	✓
Part A deductible	✗	✓	✓	✓	✓	✓	50%	75%	50%	✓
Part B deductible	✗	✗	✓	✗	✓	✗	✗	✗	✗	✗
Part B excess charge	✗	✗	✗	✗	✓	✓	✗	✗	✗	✗
Foreign travel exchange (up to plan limits)	✗	✗	80%	80%	80%	80%	✗	✗	80%	80%
Out-of-pocket limit**	N/A	N/A	N/A	N/A	N/A	N/A	\$6,940 in 2023	\$3,470 in 2023	N/A	N/A



### Medigap Plan Benefits

- Note: Plan C & Plan F aren't available for those who turned 65 on or after January 1, 2020, and to some people under age 65. One might be able to get these plans if one was eligible for Medicare before January 1, 2020, but not yet enrolled.
- \*Plans F & G offer a high deductible plan in some states.
- \*\*Plans K & L show how much they'll pay for approved services before out-of-pocket yearly limit and Part B deductible are met. After meeting them, the plan will pay 100% for approved services.
- \*\*\*Plan N pays 100% of the costs of Part B services, except for copayments for some office visits and some emergency room visits.



### How Medigap plan works

- Generally, Medigap policy eligibility only to those who have Original Medicare — Part A and Part B.
- With a Medigap policy, Medicare will pay its share of the Medicare-approved amount for covered health care costs. Then, the Medigap policy will pay its share. The insured is responsible for any costs that are left.
- The policy will continue as long as the Medigap premiums are current. All standardized Medigap policies are automatically renewed every year, even if the insured has health problems.

Medigap insurance company can only drop you if:

- The insured stops paying premiums
- Incorrect information on the Medigap policy application
- The insurance company goes bankrupt or goes out of business



## Resources

- ✓ <https://www.medicare.gov/what-medicare-covers/your-medicare-coverage-choicesLCD> (for California) and NCD where appropriate
- ✓ Medicare & You Handbook – updated every year
- ✓ 1-800-MEDICARE (1-800-633-4227)
- ✓ <https://www.medicare.gov/plan-compare/#/?year=2024&lang=en>
- ✓ <https://www.medicare.gov/medigap-supplemental-insurance-plans/#/m/?year=2024&lang=en>
- ✓ <https://data.cms.gov/provider-data/topics/medicare-plan-finder>
- ✓ <https://q1medicare.com/>
- ✓ Plan documents (EOC and drug list)




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## Questions & Answers




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