

WHAT IS MEDICARE?

BY BEN KINIRY, ESQ.

First: A reminder to check your prescription drug plan or your loved one's plan. Every fall there is an open enrollment period for Medicare and this year it is from October 15 to December 7. During this timeframe, it is important that those enrolled in Medicare Part D, which is a prescription drug benefit, check to see which plan will benefit them the most. As you can imagine, an individual could have developed a medical condition on May 1 of this year. The condition may have required an expensive medication not covered by his or her current plan. Perhaps they don't remember to check for a plan that better suits their needs during open enrollment. You need to remind them and help them.

There is more to Medicare than just Part D. The following paragraphs explain what you should know about the Medicare program as a starting point. The following paragraphs were taken from a writing by the National Academy of Elder Law Attorneys, Inc. (NAELA).

“What is Medicare?”

The Medicare program, funded by workers' and employers' contributions and premiums paid by participants, is the principal source of insurance coverage for most Americans 65 and over as well as for Americans receiving Social Security Disability benefits. Medicare is divided into four major parts: Part A (hospital, skilled nursing, hospice and home health care); Part B (physician services, outpatient therapy, some home health and skilled nursing facility services); Part C (Medicare's array of coordinated care benefits, including HMOs and PPOs); and Part D (Medicare's prescription drug benefit). People who are receiving Social Security or Railroad retirement benefits at age 65 automatically receive Medicare Part A. Others, including those who will not receive full Social Security retirement benefits until after age 65, must apply for Medicare through their Social Security office or online. The age of eligibility for Social Security benefits has been floating upward depending on one's date of birth.

What You Need to Know

Medicare Part A is premium-free for most beneficiaries (persons who have paid into the Medicare system during their working years), and covers hospitalization, home health care, and nursing home care. Other eligible persons with fewer quarters of coverage paid into the Medicare system may pay a monthly premium for their Medicare-covered services. In addition, lawfully registered aliens who have lived in the U.S. continuously for the five years prior to the date of application may purchase Medicare. Beneficiaries pay a deductible for hospital care. They also pay cost sharing for hospital stays after the 60th day and for skilled nursing home care after the 20th day. There are no deductibles or other cost sharing for home health and hospice care, except that there is a coinsurance amount for drugs and biologicals, not to exceed \$5, provided to a hospice beneficiary, and a copayment for a respite level of care who is not an inpatient. Because Medicare coverage of skilled nursing home care is limited to 100 days per spell of illness (or benefit period), beneficiaries often need to turn to other sources for payment, including Medicaid, private health insurance, long-term care insurance, and supplemental medical insurance (often called Medigap).

Medicare Part B covers doctors' visits, durable medical equipment, some home health care, lab tests, and preventive services, including flu shots. Medicare Part B generally pays 80 percent of Medicare approved amount for covered expenses. Beneficiaries are responsible for the remaining 20 percent, together with the cost of expenses not covered by Medicare, and an annual deductible that increases every year. Beneficiaries who use physicians and suppliers who are not Medicare participating physicians and suppliers experience higher out-of-pocket Part B expenses. There is no cost sharing for home health and most preventive benefits.

Part B is optional for beneficiaries, who must pay a monthly Part B premium for the coverage. The Part B premium is usually withheld from participants' Social Security



checks. Others must make a monthly payment. Medicare beneficiaries with annual incomes over a certain amount pay higher premiums for Part B and Part D services.

Many Medicare participants purchase separate insurance to pay the Part A and B deductibles, copayments, and related expenses. Such policies, usually called “Medigap” or “Medicare supplemental policies,” are highly regulated and must conform to model policies established by the National Association of Insurance Commissioners.

Medicare Part C establishes the Medicare Advantage (MA) Program (Medicare's coordinated care options) as a way to deliver Medicare benefits through private health plans, including religious and fraternal organizations. These plans include Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs), and Private Fee for Service Plans (PFFS). While some coordinated care plans may provide benefits not covered by Medicare, such as vision care, they may also limit a beneficiary's choice of doctor or hospital. Additionally, beneficiaries who enroll in MA plans may pay less out of pocket for doctor's visits, but more for other services. MA plan benefits must be actuarially equivalent to what is available under the traditional Medicare program.

Medicare Part D provides outpatient prescription drug coverage and is optional. Beneficiaries choose a drug plan and receive drug coverage through the plan they choose. Premiums, deductibles, and other beneficiary cost-sharing vary by plan, though the Centers for Medicare and Medicaid Services (CMS) has established benchmark plans amounts around which most

Part D plans base their costs. Many plans have a gap in coverage during which the beneficiary pays the full cost for drugs until a catastrophic limit is reached.

Where to Go For Help

Call 1-800 MEDICARE with any Medicare program beneficiaries' questions and concerns. Medicare's website, www.medicare.gov, also provides useful information. The Medicare ombudsman can be reached at 1-800 MEDICARE.

Area Agencies on Aging also provide information about Medicare benefits, Medigap policies, MA plans, and other health and social services topics. People may also find additional information through the Eldercare Locator Service at 1-800-677-1116. Beneficiaries and their advocates may also wish to be in touch with the Agency for Community Living (ACL) about the array of services it provides. In addition, beneficiaries may wish to consult with an advice and referral counselor through the State Health Insurance Assistance Program (SHIP), [https:// shipnr.shiptalk.org/shipprofile.aspx](https://shipnr.shiptalk.org/shipprofile.aspx).”

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The information provided in this article does not constitute legal advice.

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