

An Introduction to Medicare 2024

There are a number of questions you generally ask when considering a medical insurance policy:

- What does the policy cost?
- What are the deductibles, copays and coinsurance?
- What is the cap on what I spend before the insurance company pays for everything?
- What is the limit on what the insurance company will pay before I have to pay for everything?
- What is not covered by the insurance policy?
- Are there any restrictions on the doctors I can see and are referrals required to see specialists?

The answers to these questions are different for different parts of Medicare, so what are the different parts of Medicare?

- Medicare A is what you have been paying for out of your paychecks. It covers inpatient hospital care, skilled nursing facility care, hospice care and home health care. You must be admitted to the hospital for Medicare A to cover your hospital expenses.
- Medicare B you have to pay for if you choose to have it. It covers doctor bills and other health care provider expenses, outpatient care such as emergency room services and outpatient surgery, home health care, durable medical equipment and preventative services such as flu shots.
- Medicare C is also referred to as Medicare Advantage Plans. These are private insurance companies that follow rules set by Medicare. They provide both A and B coverage and many include Part D coverage as well. They may also include vision and dental coverage which Medicare does not provide. Some cost no more than your part B cost. They receive subsidies from the government for your part A coverage.
- Medicare D is prescription drug coverage which you must pay for if you choose to have it. Private insurance companies provide the coverage for a fee. You log onto the [medicare.gov](https://www.medicare.gov) site and go to Part D. Enter the prescription medicines you use and a list of companies will come up that cover those medications. Their terms and prices will also be given. You must have Parts A and B in order to have Part D as well.
- Medicare Supplemental Insurance (called Medigap policies) is extra insurance that is offered by private insurance companies that follow rules set by Medicare.
- Medicaid is for people too poor to pay for any extra insurance beyond what is provided in Medicare A.

Note: Since Medicare C, Medicare D and Medicare Supplemental Insurance are all private insurance policies, they are also regulated by the states. As a result, the rules governing these policies vary by state. The states also provide some of the costs of Medicaid so they also regulate Medicaid as well.

There is no cap in Medicare. If you want a cap then you must get a Supplemental policy or a Medicare Advantage policy. Starting in 2024 there will be an \$8000 cap on prescription drug costs for the year for those with Part D Medicare as well as A and B.

The limits on what Medicare will pay are time limits rather than dollar limits. There is no premium cost for Medicare A. The costs and limits for Medicare A services in 2020 are:

- For inpatient hospital care there is a \$1632 deductible for the first 60 days, \$408 per day coinsurance for days 61 to 90 and \$816 per day coinsurance for any of the 60 lifetime reserve days you use. Beyond this you pay for everything.
- For skilled nursing facility care there is no cost for the first 20 days and \$204 per day coinsurance for days 21 to 100. Beyond this you pay for everything.
- For hospice care you pay nothing.
- For home health care you pay nothing. The limit is determined on a case by case basis.

There are no limits on what Medicare will pay for Medicare B. The costs for Medicare B services in 2020 are:

- The standard premium for Medicare B is \$174.70 per month if your individual annual income is less than \$103,000. It scales up for higher incomes.
- For doctors, outpatient care and durable medical equipment there is a \$240 deductible plus 20% coinsurance if the doctor accepts "assignment."
- If the doctor accepts Medicare patients but does not accept "assignment" then they are allowed to charge up to 15% more in "excess part B expenses."

For Medicare C there are a number of Medicare Advantage policies for which the premium is the same as the Medicare B premium. These policies typically include drug coverage and have their own caps and limits. The tradeoff is that they are typically preferred care or HMO policies. Most doctors accept Medicare patients and no referrals are required in Medicare. Referrals may be required in Medicare Advantage policies. There are also policies with somewhat higher premiums. These may include vision and dental coverage.

For Medicare D, which covers prescription drugs, the private insurance companies offering these plans have an average cost for 2024 of \$55.50. Your cost will vary depending on the deductibles and coinsurance. Note that you must have Parts A and B to enroll in a Part D plan. If you have Part D, your insulin costs cannot exceed more than \$35 per month.

Medicare does not cover the following:

- Dental care
- Eye exams for prescribing glasses
- Cosmetic surgery
- Hearing aids and exams for fitting them

- Long-term care

Medicare Supplemental Insurance (Medigap Policies) are labelled by letters A, B, D, G, K, L, M, N and a high deductible F. They will cover part or all of the following benefits:

- Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used) – included in all Medigap Policies 100%
- Part B coinsurance or copayment – 100% for all but K (50%) and L (75%)
- The first 3 pints of blood – 100% for all but K (50%) and L (75%)
- Part A hospice care coinsurance or copayment – 100% for all but K (50%) and L (75%)
- Skilled nursing facility care coinsurance
- Part A deductible
- Part B excess charges – only covered by G and the high deductible F.
- Foreign travel emergency (up to plan limits)

K, and L have caps (\$7060 for K, \$3530 for L). The plans cost from \$50 to \$400 per month.

The open enrollment period for Medigap begins the first day of the month in which you are 65 or older and enrolled in part B. This enrollment period lasts 6 months. If you try to enroll after this you will likely be required to provide a medical history and may be turned down or it may cost more.

If you drop your Medigap policy when you join an Advantage Plan, you won't be able to get it back.

One exception is if you first join an advantage plan at 65 then you have 12 months to quit and pick up a Medigap plan.

For Medicare A, B and D the initial enrollment period is 7 months, starting 3 months before the month of your 65th birthday. If you are working past 65 then enroll anytime you are still covered by a group health plan or during the 8 months starting the month after employment ends or coverage ends, whichever comes first. If you do not join a Part B and D plan when first eligible, you likely will pay a late enrollment penalty for as long as you have coverage.

There is a general enrollment period of January 1 to March 31 but you may pay a penalty in higher premiums.

For Medicare Part D you can change plans during the open enrollment period, each year, between October 15 through December 7.

The following information is taken from the Missouri Medicare supplement insurance shopping guide. These are state regulations.

You can switch supplemental insurance companies each year during the 30 days before or after your policy's anniversary date (the date on which your policy first starts).

If you switch to the same-lettered-plan, the new insurer cannot deny coverage or impose a waiting period based on pre-existing conditions.

If you switch to a different lettered plan you may be subject to medical underwriting (providing a medical history) and may be denied coverage or a waiting period may be imposed.

According to the individual I talked to at the national Medicare phone number, if you move from one state to another, you can keep the same-lettered-plan without underwriting if the state provides it. If you change to a different lettered plan then you will be subject to medical underwriting. Be sure to check with the Dept. of Insurance for the state you are moving to for details.

This is an introduction so you need to go to Medicare.gov for detailed information. Also be sure to read the manual you will receive the year before you turn 65. For questions call Medicare at 1-800-633-4227

You should also read the State manual at the MO. Dept. of Insurance website or call them at 1-800-390-3330 or 1-573-751-2640