

2010 Medicare

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This is the time of year when Medicare provides you an opportunity to make changes in your health plans. Medicare changes each year, especially Medicare Advantage plans and Prescription Drug plans. The changes are likely to affect your coverage and costs. You usually cannot make changes during the year, so it is important to re-evaluate when given a chance.

The following information is not complete. Medicare is not a simple system. This may answer all your questions, but if not, there are telephone numbers and other resources listed at the end of this article.

Definitions

CMS: Center for Medicare & Medicaid Services. Federal office that administers Medicare and Medi-Cal (California's version of Medicaid)

LIS: Low Income Subsidy program for individuals on Part D, whose income and assets are below a certain level. Ask Social Security, Medicare or HICAP if you qualify.

Medicare: Federally provided health insurance for people over 65 or younger people on Social Security Disability Insurance

Medicare Advantage (MA): Variety of plans offered by private insurance companies, including HMOs, PPOs, POSs, etc. The plans differ greatly, and once enrolled, you are locked in for a year

Medigap: Supplemental plans through private insurance companies that cover some of the services that Medicare covers partially or not at all. You can change the plan annually within 30 days of your birthday. *During 2010, major changes will be made in Medigap plans. These changes will occur in June, so you may change again at that time if you wish.*

Medicare Part A: Hospital, Skilled Nursing, Hospice and some Home Care coverage.

Medicare Part B: Outpatient health care costs, including doctors, ambulance, shots, tests and others. There is a life-time premium penalty of 10 percent for each 12-month period for late signup.

Medicare Part D: Private Prescription Drug Plans, (PDP) these may be stand-alone or be included with a MA plan. There is a 1 percent lifetime premium penalty for each month of late signup.

To help you decide which the best plan is for you, think about your needs: Can you keep your current doctors? Where are the offices located? Do you have a medical condition requiring specialists or expensive drugs? How much paperwork is required? What are the deductibles? What is the cost of the plan?

If You Are New to Medicare

If you are about to turn age 65, Medicare suggests that you sign up for Medicare three to four months before your 65th birthday. It will usually begin the first day of your birthday month. You can sign up through your local Social Security Administration office. If you are already receiving Social Security, they will put you into Medicare part A and B automatically.

You have a number of options within the Medicare program:

- 1) Parts A, B and D
- 2) Parts A, B, D and a Medigap plan
- 3) Parts A and B and a Medicare Advantage – add a Prescription Drug Plan if it's not included in the Medicare Advantage or penalties apply.

If you are under age 65 and qualify for Medicare because you are on Social Security Disability Insurance (SSDI), you will have full coverage, generally with the same choices as those over 65. The start of Medicare may be delayed as long as 25 months after starting SSDI. When a person on SSDI reaches age 65, he or she is automatically enrolled in regular Medicare and can make new choices.

Medicare Part A and B and the cheapest Part D are the lowest cost options. If you want the least paperwork, Medicare Part A and B and a Medicare Advantage plan are best. If you want the maximum insurance coverage with flexibility in location, doctors, hospitals,

specialists and drugs, then it would be Medicare Part A and B with a high-end Medigap and a premium PDP. This would also be the most costly.

If you plan to keep working after age 65, Medicare suggests signing up for Medicare Part A (usually free). When your job or insurance coverage ends (which ever occurs first), you can sign up for Part B and Part D. Penalties apply if you go beyond an eight-month window when the job or insurance ends.

If You Have Medicare and a Retiree Healthcare Plan (RHP)

If you have both Medicare and a Retiree Healthcare Plan (RHP), you should compare the costs and benefits of having one or both plans. Usually the RHP is fairly costly and mostly duplicates Medicare, but it may have a more generous drug plan. Keep in mind that you cannot re-enroll in your RHP if you elect out of it.

When deciding which plan, if not both, is best for you, remember that RHPs do not usually supplement Medicare. (In other words, RHPs evaluate each expense by their own rules and then decide how much should be paid. If Medicare has already paid, the RHP may pay nothing. Most of them do not act as a Medigap.)

Note: The RHPs can be quite variable, even within the same employer and insurance company. Your Benefits Department can give you some descriptive information on your plan. When you have the information, a HICAP counselor can help you understand it.

If You Have Medicare and Medicare Advantage (MA)

If you are thinking of moving to a different Medicare Advantage (MA) plan, first find out what plans your doctors accept, study this information carefully and sign up between January and March. You will automatically be moved from one plan to another when you sign up.

If you would like to move from your MA plan back to regular Medicare, you must disenroll from the MA plan between November 15 and December 31. This is also the time to select a Prescription Drug plan, if your drug plan was with the MA. You may be able to make the change from MA to regular Medicare at your local Social Security Administration office. Otherwise, you have to write a letter and send it to the MA plan. You cannot just stop paying for it. Because the MA plan has a contract with Medicare and that continues until they receive your disenrollment paper. Once you are disenrolled from the MA, you are automatically re-enrolled in Medicare.

If you're interested in signing up for a Medigap plan and you have gone past the initial six-month open enrollment period, Medigap companies do not have to accept you past the initial signup time, although some do it routinely. See a HICAP counselor if you have questions.

The Prescription Drug Plan (PDP)

There are 45 plans from which to choose in California in 2010. There is a penalty for late sign up (see 'definitions' above). If you don't use any prescription drugs, you could consider buying the cheapest PDP (\$17.60 per month) and change the plan next year if needed. If you have a drug plan through your RHP, you don't need a PDP if your RHP drug plan meets Medicare standards for PDPs. The RHP must inform you annually of their status. Save the letters with your insurance papers. Most Medicare Advantage plans include a PDP, but if yours does not, you must get one.

To find the PDP that is best for you, use the Medicare Plan Finder:

- Go on www.medicare.gov, and follow prompts
- Enter drug info, it will then list all drug plans by annual cost, cheapest first
- Check all details on how the PDPs deal with your drugs

*Note: You must determine not just if your drugs are on the PDP's formulary and what it will charge you, but also whether the PDP puts restrictions on the drug such as *Quantity Limited, Prior Approval Required, Step Therapy Required* and if they accept off-label use if that is how you use one or more of your drugs. This is important because, although they may list your drug at a favorable price level, they may put restrictions on it that prohibit you from actually getting it.*

If you do not have access or the ability to use a computer, you may also call 800-MEDICARE, or HICAP at 800-434-0222, and after you give them the information on your drugs, they will give you a short list of the lowest cost PDPs that provide your drugs. You may have to call the insurance companies to find if they have restrictions on your specific drugs. You may also request an appointment with a HICAP counselor. The cut-off is December 31, so don't wait.

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****A note about HICAP:** The Health Insurance Counseling and Advocacy Program (HICAP) is a volunteer-supported program that provides free, unbiased information to help Medicare beneficiaries make the best choices for their individual health care needs. HICAP services are administered by the California Department of Aging.

If you would like to meet with a HICAP counselor for a free personal appointment, call 800-434-0222 for more information. There are also public presentations on Medicare given periodically in all California counties. Check also with your local senior center, the County Council on Aging or Area Agency on Aging.

