

Medicare, Medigap, and Long Term Care Insurance

NYSBA Basics of Elder Law CLE

**DUTCHER
& ZATKOWSKY**
elder law | medicaid | estate planning

Today's Objectives

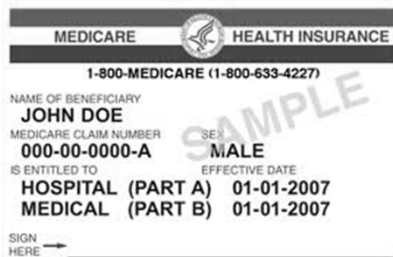


- Medicare
 - eligibility
 - 2015 premiums
 - Deductibles and coinsurance
 - Limitations on coverage
 - Appeals
- Medigap policies
- Long Term Care Insurance
 - Partnership policies, traditional policies, and hybrid plans

Medicare versus Medicaid

- ▶ Both are government programs and both help people pay for health care.
- ▶ **MEDICARE** is generally for people who are older or disabled. It is not a means tested program.
- ▶ **MEDICAID** is for people with limited income and resources.

Medicare Eligibility



A sample Medicare Health Insurance card for John Doe. The card includes the Medicare logo and the text "HEALTH INSURANCE". Below the logo is the phone number "1-800-MEDICARE (1-800-633-4227)". The card lists the beneficiary's name as "JOHN DOE", his Medicare claim number as "000-00-0000-A", and his sex as "MALE". It also indicates that he is entitled to "HOSPITAL (PART A)" and "MEDICAL (PART B)", both with an effective date of "01-01-2007". At the bottom, there is a line for the beneficiary to sign, labeled "SIGN HERE" with an arrow pointing to the line.

- Applicant (or spouse) must have worked at least 10 years (40 quarters)
- 65 or older
- Under 65 with certain disabilities
- Any age with End Stage Renal Disease
- U.S. citizen or permanent resident

Medicare Parts

- Part A (Hospital Insurance)
- Part B (Supplementary Medical Insurance)
- Part C (Medicare Advantage)
- Part D (Prescription Drug Benefit)

Part A

- Hospital Insurance
 - Inpatient care in hospitals
 - Skilled nursing facility care*
 - Hospice care
 - Home health care

Part B

- Medical Insurance
 - Services from doctors and other health care providers
 - Outpatient care
 - Home health care
 - Durable medical equipment
 - Some preventive services

Part C

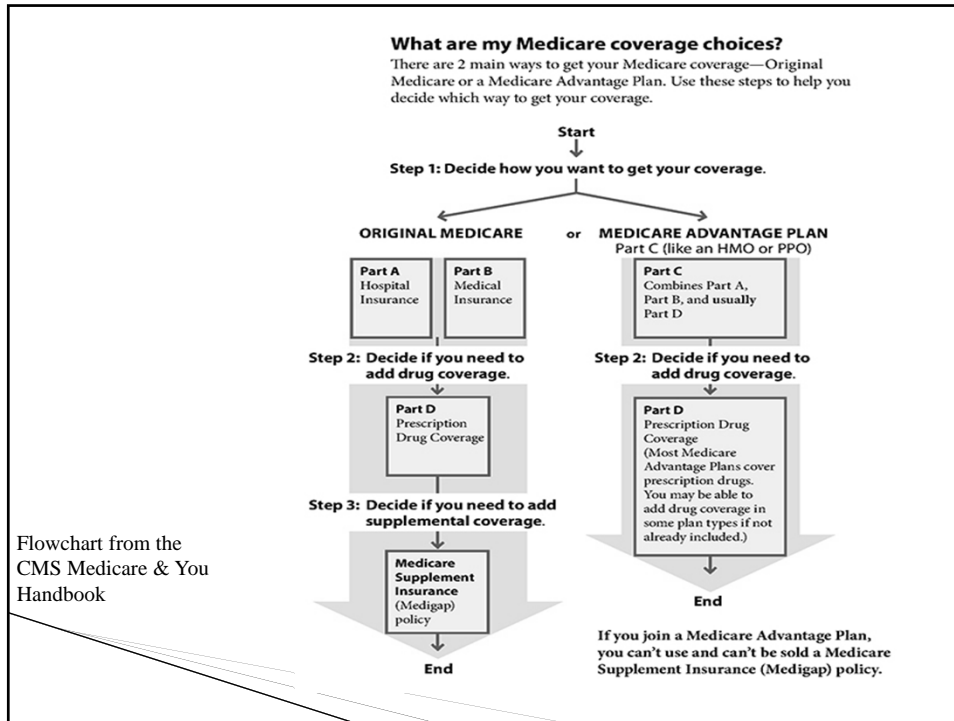
- Medicare Advantage
 - Includes all benefits and services covered under Parts A and B
 - Usually includes prescription drug coverage (Part D) as part of the plan
 - Run by Medicare-approved private insurance companies
 - May include extra benefits and services for a cost

Part D

- Medicare Prescription Drug Coverage
 - Helps cover cost of prescription drugs
 - Run by Medicare-approved private insurance companies

Enrollment Options

- When first enrolled, client will be on Original Medicare (Parts A and B) and will have to choose to enroll in Part D plan.
- Client can also choose to join a Medicare Advantage Plan (HMO or PPO). Prescription drug plan will be part of MAP.
- *Medicare plan finder online to compare plans



Automatic enrollment

MEDICARE HEALTH INSURANCE

1-800-MEDICARE (1-800-633-4227)

NAME OF BENEFICIARY
JOHN DOE

MEDICARE CLAIM NUMBER SEX
000-00-0000-A **MALE**

IS ENTITLED TO EFFECTIVE DATE
HOSPITAL (PART A) 01-01-2007
MEDICAL (PART B) 01-01-2007

SIGN HERE → _____

- If client is receiving Social Security benefits, he or she will be automatically enrolled in Parts A and B on the first day of the month of 65th birthday.
- If disabled and under 65, there is a 2-year waiting period
- Medicare card comes in the mail three months before effective date.

Enrollment by Signing Up

MEDICARE HEALTH INSURANCE
1-800-MEDICARE (1-800-633-4227)

NAME OF BENEFICIARY
JOHN DOE

MEDICARE CLAIM NUMBER
000-00-0000-A

SEX
MALE

IS ENTITLED TO EFFECTIVE DATE
HOSPITAL (PART A) 01-01-2007
MEDICAL (PART B) 01-01-2007

SIGN HERE → _____

SAMPLE

- If client is not yet receiving Social Security Benefits, he or she should contact the SSA during Initial Enrollment Period to sign up.
- Initial Enrollment Period lasts 7 months (3 months before 65th birthday, month of 65th birthday, and 3 months after).

What if client didn't sign up during IEP?



- There is a General Enrollment Period between January 1 and March 31 each year
- Coverage begins July 1 and there may be a penalty or higher premiums for late enrollment

What does Medicare Part A Cover?

- Home Health Services
 - for homebound
- Hospice care
 - fewer than 6 months to live
- Inpatient hospital care
- Skilled Nursing Facility Care
 - beware of limitations

Inpatient Hospital Stay Coverage

For each benefit period in 2015	Client Pays
Days 1-60	\$1,260 deductible
Days 61-90	\$315 per day
Days 91-150	\$630 per day (60 lifetime reserve days)
All days after 150	All costs

Skilled Nursing Facility Coverage

For each benefit period in 2015	Client Pays
Days 1-20	\$0
Days 21-100	\$157.50
All days after 100	All costs

Costs- Part A

- Part A is typically premium-free as long as client or spouse paid into Medicare for 40 quarters.
- If purchasing Part A, there is a \$407.00 per month premium
- Copays, coinsurance vary for individual services



What does Medicare Part B Cover?

- Preventive services
- Outpatient health care
- Doctor services while inpatient in hospital
- Durable medical equipment
- See handbook for full list

Costs- Part B

- Part B has an initial yearly deductible of \$147.00
- Typically pay 20% of the Medicare-approved amount for most doctor services
- Monthly premium taken from Social Security. If income less than \$85,000 (individual) or \$170,000 (joint), then monthly premium is \$104.90. * 2016 jump for some



What is NOT Covered by Medicare?

- Dental care
- Eye examinations
- Dentures
- Cosmetic surgery
- Acupuncture
- Hearing Aides
- Routine foot care (except for diabetics)
- MOST LONG TERM CARE*

Part C – Medicare Advantage Plans

- Offered by private companies approved by Medicare
- Parts A and B are covered by the MAP rather than Original Medicare
- HMO or PPO, so must use in-network provider
- Provides at least the same coverage as Original Medicare, but typically has more coverage (hearing, dental) and a Prescription Drug Plan.
- May have different rules for referrals, copays, limits on yearly out of pockets costs, etc..

When to enroll in MAP

- During initial enrollment period when first eligible for Medicare
- Between October 15 and December 7 of each year – coverage begins January 1
- If a Special Enrollment Period applies (moved out of area, moved into a nursing home, qualified for Medicaid)
- See chart in materials pages 51-52 for enrollment summary

Part D

- Offers some financial assistance for prescription drugs
- Medicare contracts with private companies who are approved to sell Part D coverage



Part D

- Two sources of Part D coverage:
 - PDPs (prescription drug plans) – stand alone companies that sell prescription drug coverage only
 - MA-PDs (Medicare Advantage prescription drug plans) – plans offering hospital, medical and prescription drug coverage under one policy

Part D - Costs

- Costs vary by plan
 - Deductibles, monthly premium, co-payments, costs in the coverage gap, late enrollment penalty fee
 - Medicare charges a penalty if client is without creditable prescription drug coverage (depending on length of lapse)

Prescription Plan “Donut Hole”



- Coverage gap
- In 2015, the threshold amount is \$2,960.
- After that threshold is reached, client pays all out of pocket costs for the drug until client reaches the “catastrophic coverage” threshold (\$4,700 in 2015) after which there is just a copay.

Medicare Supplement Insurance (Medigap)



- Policies sold by private insurance companies that covers some of the costs that Original Medicare does not cover (i.e. copayments, coinsurance, deductibles)
- Have an additional premium paid directly to company
- NOT AVAILABLE IF CLIENT HAS MEDICARE ADVANTAGE PLAN

Medicare Supplement Insurance (Medigap) plans										
Benefits	A	B	C	D	F*	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%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100% **
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	50%	100%
Part B deductible			100%		100%					
Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%
							Out-of-pocket limit in 2015			
							\$4,940	\$2,470		

CMS Medicare & You Handbook 2015

“Extra Help”

- Program for individuals with limited income and resources to assist paying for health care and prescription drugs
- Single persons in 2015: \$17,655 in income and \$13,640 in resources
- Married persons in 2015: \$23,895 in income and \$27,250 in resources

Appeals in Original Medicare

- Medicare Summary Notice (MSN) explains:
 - Why Medicare didn't pay
 - How to appeal
 - Where to file an appeal
 - How long a person has to appeal (120 days)

5 Levels of Appeal

- Level 1: Redetermination by the company that handles claims for Medicare
- Level 2: Reconsideration by a Qualified Independent Contractor (QIC)
- Level 3: Hearing before an administrative law judge
- Level 4: Review by the Medicare Appeals Council
- Level 5: Judicial review by federal district court

Fast Appeal

- If receiving services from hospital, skilled nursing facility, home health agency, comprehensive outpatient rehab facility, or hospice and Medicare coverage is ending sooner than anticipated, option to choose “fast appeal” or “expedited determination”
- Provider supposed to give notice before services end that contains info about fast appeal

Long Term Care

- Long term care – What is it?
 - Wide range of supportive services required when someone is not able to attend to their basic living needs to due injury, illness, frailty or aging.
 - Distinction between “skilled care” and companion care/aide service

Long Term Care

- Cost of care in our Rochester region:
 - SNF
 - \$312.52/day or \$114,000.00 per year average
 - Companion care/non-medical care
 - \$18-\$24 per hour or \$432.00-\$576.00 per day if 24 hour care need.

Long Term Care Insurance

- Medicaid is primary source of long-term care payment
- LTCi encouraged by government to avoid dependence on Medicaid
 - NYS Tax credit – 20% of premiums (includes children paying for parents' coverage)
 - Federal tax deduction – premiums are treated as medical expenses for itemized deductions

LTCI

- Insured selects amount of benefit per day/per month
 - Typically between \$100-\$500 per day
- Insured selects benefit period (days or years)
 - Ex.) a \$300 per day benefit amount and 6 year benefit multiplier provides a total pool of money of \$657,000.
- Typically a 90 day elimination period during which insured pays costs of care

NYS Partnership for Long-term Care

- Allows insured to keep some or all of their assets under Medicaid if long term care needs extend beyond the period covered by the policy
- Insured shares costs with LTCI for certain period of time, then qualifies for Medicaid without regard to resources
- No “spend down” for Medicaid



Total Asset Protection Policy Plans 2015

2/4/50	NH - 2 years at minimum daily benefit of \$284; Home care - 4 years at minimum daily benefit of \$142
3/6/50	NH - 3 years at minimum daily benefit of \$284; Home care - 6 years at minimum daily benefit of \$142
4/4/100	NH - 4 years at minimum daily benefit of \$284; Home care - 4 years at minimum daily benefit of \$284

Dollar for Dollar Policies

After minimum policy duration is satisfied, insured is eligible for Medicaid and can retain excess resources in the amount equal to the amount paid out for care under the policy

Dollar for Dollar Policies 2015

1.5/3/50	NH - 1.5 years at minimum daily benefit of \$284; Home care - 3 years at minimum daily benefit of \$142
2/2/100	NH - 2 years at minimum daily benefit of \$284; Home care - 2 years at minimum daily benefit of \$284

Example Costs of Policies

Total Asset Protection Plans (5% inflation protection)			
3/6/50		4/4/100	
Age	Premium	Age	Premium
30	\$3,143	30	\$4,604
65	\$6,209	65	\$8,076
80	\$17,227	80	\$23,251

Hybrid Plans (aka Linked-Benefit Plans)

- Life insurance and long-term care benefits in one policy
- Riders may be purchased to accelerate a portion of the life insurance death benefits in the event the insured requires long-term care
- May be more palatable to someone who is reluctant to pay cost of LTCi because of chance that they might not need long term care.