

Health Care Reform: Changes to Medicare

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APPRISE
is Pennsylvania's
State Health Insurance
Assistance Program (SHIP)

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APPRISE
provides free counseling
to help individuals
understand their health
care options.

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Two ways for consumers to access APPRISE services:

- State-wide Hot Line **800-783-7067**
- Local Program's direct line (Allegheny County) **412-661-1438**

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What is Medicare?

Medicare is the federal government program that provides health care coverage for individuals that are 65 or older, or have a disability.

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What is Medicare?

- Fee for Service payment system
- Use Red, White & Blue Medicare Card as actual insurance card
- May go to any provider that accepts Medicare
- Referrals are not necessary
- Deductibles & Coinsurances Apply
 - beneficiaries purchase supplemental insurance to cover these costs

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Medicare Eligibility

WHO CAN ENROLL IN MEDICARE?

- 65 years of age and older
- OR**
- Under 65 years and receiving disability benefits from SSA or RRB
Must receive these benefits for 24 months before eligibility for Medicare (ALS exception)
- OR**
- Under 65 years and diagnosed with End Stage Renal Disease

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The Current Parts of The Medicare System

Medicare has multiple parts, each of which offers coverage for different health care areas.

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The Current Parts of The Medicare System

Part A: Hospital Care

- Covers in-patient care/services

Part B: Medical Care

- Covers out-patient care/services

Parts A and B are usually referred to as “Traditional” or “Original” Medicare

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Medicare Cost Sharing

Cost Sharing was intentionally built into the Medicare system—

Beneficiaries were expected to share the cost of coverage through the payment of:

- Premiums
- Deductibles
- Co-payments

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Medicare Cost Sharing

As a Result of Cost Sharing:

A key characteristic of the Medicare system is the utilization of private insurance enhancements and supplements to help with the costs that “Basic” Medicare does not cover.

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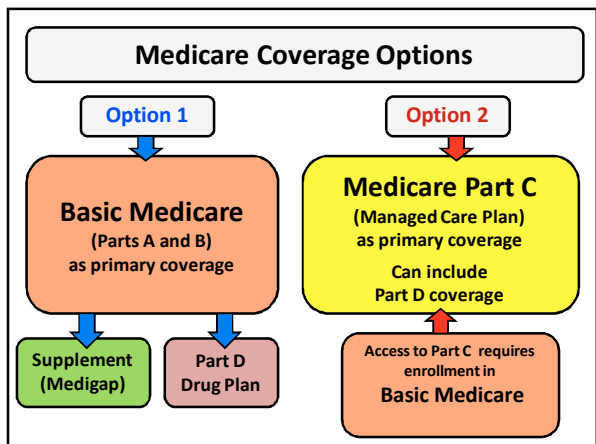
Private Insurance Parts of The Medicare System

Medigap:
Supplemental Insurance for Medicare Parts A and B

Part C:
Alternative Private Insurance Coverage

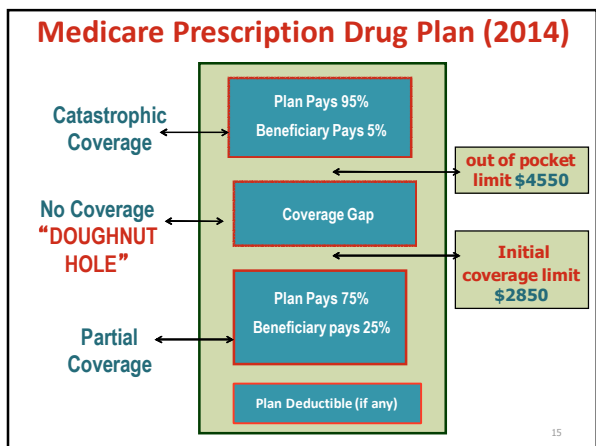
Part D:
Prescription Drug Coverage

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**MEDICARE
PART D**

**Prescription
Drug Coverage**



Help with the “Donut Hole”

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Help with the “Donut Hole”

•2011
New Health Care Legislation required Pharmaceutical Manufacturers to provide **50%** discount on prescriptions filled for individuals in the Coverage Gap
Federal government provided **7%** discount on generics for individuals in the coverage gap
The % amount of the discount will gradually increase each year until...

•2020
Complete elimination of the Coverage Gap

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(2014) Coverage Through the “Donut Hole”

- **52.5%** discount on brand-name plan covered drugs (less small pharmacy dispensing fee)
 - Counts toward TrOOP
- **28%** discount on plan covered generic drugs
 - Paid by federal government.
 - Does NOT count toward TrOOP
- Discounts will increase each year until 2020

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Formulary

- A list of prescription drugs covered by the plan
- Plans have “tiers” that cost different

Example of Tiers (Plans can form tiers in different ways)

Tier	You Pay	Prescription Drugs Covered
1	Lowest copayment	Most generics
2	Medium copayment	Preferred, brand-name
3	Highest copayment	Non-preferred, brand-name
Specialty	Highest copayment or coinsurance	Unique, very high-cost

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Beyond Medicare

Other Benefit Programs

Medicare Savings Programs

MEDICARE SAVINGS PROGRAMS

Medicare Savings Programs –
 Help from Medicaid paying Medicare Part B premium.
 For individuals with limited income and resources.

- **QMB** (Qualified Medicare Beneficiary)
- **SLMB** (Specified Low-Income Medicare Beneficiary)
- **QI-1** (Qualified Individual)

2014 Eligibility Guidelines for Medicare Savings Program

	Single	Married
QMB (100% FPL)	INCOME: \$973 month ASSETS: \$7,160	INCOME: \$1,311 month ASSETS: \$10,750
SLMB (120% FPL)	INCOME: \$1,167 month ASSETS: \$7,160	INCOME: \$1,573 month ASSETS: \$10,750
QI-1 (135% FPL)	INCOME: \$1,313 month ASSETS: \$7,160	INCOME: \$1,770 month ASSETS: \$10,750

Medicare Savings Program

QMB (100% FPL)	Payment of Medicare Part B premiums; Payment of Medicare Part A and Part B Cost Sharing, Eligible for LIS (Prescription Drug benefits)
SLMB (120% FPL)	Payment of Medicare Part B premiums, Eligible for LIS (Prescription Drug benefits)
QI-1 (135% FPL)	Payment of Medicare Part B premiums, Eligible for LIS (Prescription Drug benefits).

Medicaid

Medicaid Eligibility

- Not all people with low income/resources are eligible
- Must be a member of a *“group”*
- Rules for counting income and resources vary from *group* to *group*

2014 Guidelines for Medicaid Eligibility (Aged or Disabled)

	Single	Married
100% FPL	INCOME: \$11,670 (annual) \$973 (month)	INCOME: \$15,730 (annual) \$1,311 (month)
	ASSETS: \$2,000	ASSETS: \$3,000

MAWD
**Medical Assistance
for Workers with
Disabilities**

- MAWD – Eligibility Criteria**
- Age 16 – 64
 - Illness or condition that meets Social Security's definition of disability
 - Be a recipient of SSDI or;
 - Provide documentation to DPW that demonstrates disability status
 - Working & earning compensation from work (no minimum work requirement)
 - Countable income <250% FPL
 - Countable assets less than \$10,000

**The Waiver
Programs**

**Home & Community Based Services
(HCBS)**

provides assistance
to the aged & disabled
to permit them to live independently
in homes & communities

**HCBS Eligible Individuals
Receive:**

- Medicaid Benefits
- Additional in-home Medical Services
- In-home Non-medical Services

**Aging Waiver –
Eligibility Requirements**

- Resident of Pennsylvania
- U.S. Citizen or qualified non-citizen
- Age 60 years or older
- Requires a level of care provided by SNF
- Monthly income limit - 300% of the federal benefit limit for SSI
- Asset limit - \$8,000

MEDICARE AND MEDICAID

- People eligible for both programs (Medicare and Medicaid):

“Dual Eligibles”

For Medicare covered services:

- Medicare pays first
- Medicaid pays second

LOW-INCOME SUBSIDY PROGRAM
(LIS or ‘EXTRA HELP’)

The Medicare Low Income Subsidy (LIS / Extra Help)

- Provides extra help with the costs of Prescription Medications for individuals enrolled in Medicare that have limited income and assets
- Funded by the Federal Government
- Administered by the Social Security Administration

Low Income Subsidy

- **Income (2014)**
 - 150% Federal poverty level
 - \$1,459 per month for an individual or
 - \$1,966 per month for a married couple
 - Or more based on family size
- **Resources (2014)**
 - Up to \$13,440 (individual)
 - Up to \$26,860 (married couple)
 - Or more based on family size

2014 Eligibility Guidelines for Low Income Subsidy (LIS)

	Single	Married
Full LIS 135% FPL	INCOME: \$1,313 (month) ASSETS: \$8,660	INCOME: \$1,770 (month) ASSETS: \$13,750
Partial LIS 150% FPL	INCOME: \$1,459 (month) ASSETS: \$13,440	INCOME: \$1,966 (month) ASSETS: \$26,860

Low Income Subsidy

- **Full LIS Benefit:**
 - Pay no premiums or deductibles
 - Have no "donut hole"
 - Have small co-payments – (Beneficiaries with Full LIS in LTC facilities or enrolled in the PDA Aging Waiver have zero drug co-payments)
- **Partial LIS Benefit:**
 - Have a reduced premium and deductible
 - Have no "donut hole"
 - Pay slightly larger co-payments than full LIS beneficiaries

LIS Eligibility

- Some individuals automatically qualify for full LIS
 - People with Medicare who
 - Receive full Medicaid benefits (includes SSI, MAWD, and Aging Waiver)
 - Receive help paying Medicare Part B premiums (QMB, SLMB, and QI-1)
- Others must apply to Social Security Administration and be found eligible for full or partial LIS

**The ACA Mandates
Reduction of
Waste, Fraud, and Abuse
In the Medicare System**

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- **Payment Rates to Medicare Advantage Plans Frozen**
Medicare payments to Part C Advantage Plans for 2011/2012 frozen at the 2010 payment levels
- **Payment Rates to Medicare Advantage Plans Reduced**
Reductions in payments to Medicare Advantage plans will be phased in over 3 to 7 years.
Plans must still provide all benefits guaranteed by Medicare

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•Payment Rates to Hospitals Reduced

Reduces Medicare payments to inpatient acute care hospitals, LTC hospitals, psychiatric hospitals and rehabilitation hospitals

•Payment Rates to Doctors Reduced

Reduces payments to physicians for certain categories of medical procedures

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