

Elder Law: Medicare Benefits Explained

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Have you ever tried to make sense of the Medicare rules or figure out which plan is best for you or your loved one? Medicare is a complex program and navigating its many rules is difficult. This article explains the basics of Medicare coverage.

Medicare is the federal government program available to provide health insurance benefits to individuals who are age 65 years and older or who are disabled. It is run by the Department of Health and Human Services ("HHS") through the Centers for Medicare and Medicaid Services ("CMS"). It was designed to share the cost of health care services with participating individuals who are called Medicare beneficiaries.

As part of the coverage under the Medicare program, beneficiaries must enroll in Medicare Parts A and B. Part A is hospital insurance and helps pay for the cost of inpatient hospital treatment, inpatient skilled nursing facility treatment for a period not to exceed 100 days, hospice services and home health care services. Part B coverage helps pay for physician visits, outpatient care, medical equipment, many preventive health services and some home health care services. For most beneficiaries, there is no monthly premium for Part A coverage as the cost of Part A is paid from Medicare taxes deducted from the beneficiary's paycheck. The premium for Part B is automatically deducted from the beneficiary's Social Security check before payment to the beneficiary. For most people, the cost of Part B insurance in 2012 is \$99.90 per month. For higher income beneficiaries, the cost is greater.

Medicare Parts A and B do not cover all health care services and for those that are covered, Medicare generally pays 80% of the cost of the services. In order to obtain insurance coverage for the health care services not fully covered by Parts A and B, Individuals enrolled in the Medicare program have 2 insurance coverage options. Upon enrollment in the Medicare program an individual selects either Original Medicare or a Medicare Advantage Plan (also called a Medicare health plan).

Original Medicare is the Medicare program that was first introduced in 1965 to help pay for medical treatment for individuals. It was modeled after the Blue Cross/Blue Shield program. Medicare Advantage Plans were later created by private insurance companies that are approved by Medicare to contract with the federal government to provide Medicare services. The Medicare Advantage Plans are also called Medicare Part C. Under these contracts, the federal government pays a set monthly fee to a private insurance company for each Medicare beneficiary. In return, the private insurance company provides Medicare coverage to the individual in a managed care program.

Enrollment in Original Medicare with a supplemental insurance policy or in a Medicare Advantage Plan provides coverage for some additional services and for the remaining 20% coinsurance amount of the cost of the services. However, there is no coverage under any Medicare plan for the payment of long term care in a skilled nursing facility after the first 100 days. Payment for long term care services in a nursing home is paid under the Medicaid program if the applicant meets the strict financial eligibility requirements of the Medicaid program.

For beneficiaries enrolled in Original Medicare, a Medicare Supplemental insurance policy (called a Medigap policy) sold by private insurance companies that are approved by Medicare will pay for some of the health care costs that are not covered under Parts A and B such as co-payments, coinsurance and deductibles. The beneficiary pays a monthly insurance premium for this coverage. All Medigap policies must offer certain basic coverage but some offer additional benefits. The policies are designated by the letters A through N. The beneficiary should select the policy best suited to his or her needs.

If a beneficiary enrolls under Original Medicare and desires prescription drug coverage, the beneficiary must also join a Medicare Prescription Drug Plan (called Medicare Part D). These plans are offered by private insurance companies that are approved by Medicare. The beneficiary pays a monthly premium for the prescription drug plan and may also owe co-pays for prescription drugs. Beneficiaries may switch prescription plans each year from October 15 to December 7.

For enrollees in a Medicare Advantage Plan, some of the health care costs that are not covered under Parts A and B such as co-payments, coinsurance and deductibles will be covered under this plan without the need of a supplemental insurance policy. These plans may also include coverage for additional services not covered under Original Medicare such as vision, dental, hearing and wellness programs. Most Medicare Advantage Plans also include prescription drug coverage so that the beneficiary need not enroll in a separate prescription plan. The beneficiary pays a monthly premium for this coverage.

An individual may enroll in Original Medicare and Medicare Parts A, B, C and D at any time during the 3 months before, after, or during the month of his or her 65th birthday. If the individual is still working and/or is covered under an employment plan he or she may enroll in Medicare at a later date without incurring any penalty. Disabled persons will automatically receive Medicare benefits after they have received Social Security Disability Income benefits for 24 months. Beneficiaries may switch between various Medicare plans at designated times during the calendar year.

For more information about Medicare plans, enrollment and choosing the right plan for you check out www.Medicare.gov. and either download or request a copy of "Medicare & You", the official Medicare handbook. For free personalized Medicare assistance counseling, contact APPRISE, the state health insurance assistance program in Pennsylvania, at 1- 800- 783-7067. You can get all of your Medicare questions answered through these resources.