

Medicare 101

University of California, Berkeley
2020

Agenda

- Basics of Medicare
- Enrolling in a UC Medicare Plan

Basics of Medicare



What is Medicare?

- Medicare is a federally funded health insurance program
- Medicare Parts A and B are known as Original Medicare
- Medicare was established in 1965
- Medicare is administered by the Centers for Medicare & Medicaid Services (CMS)

Who can join Medicare?

- People 65 or older if they or their spouses (current or deceased) are eligible for Social Security
- People under 65 who are disabled
 - Must be eligible for Social Security disability
 - Requires a 2-year waiting period
- People of any age with:
 - End-stage renal (kidney) disease (ESRD)
 - Permanent kidney failure that requires dialysis
 - Needing a kidney transplant
 - Amyotrophic Lateral Sclerosis (ALS)

Medicare Part A – Hospital Insurance

Hospital insurance that covers:

- Inpatient hospital care
- Skilled nursing facility care
- Hospice care
- Home health care

What does it cost?

- No cost if person or spouse has worked for at least 10 years or 40 quarters and paid Medicare taxes
- Option to pay monthly premium if not enough years or quarters (*not required by UC*)

Medicare Part B

Medical insurance that covers:

- Doctor and other health care provider services
- Outpatient care
- Lab
- Radiology
- Durable medical equipment
- Dialysis
- Some preventive care services

Medicare Part B Premiums for 2020*

If you're single or married filing jointly		
YOUR YEARLY INCOME [†]		YOU PAY
Single	\$ 87,000 or less	\$144.60**
Married couple	\$174,000 or less	
Single	\$ 87,001 – \$109,000	\$202.40
Married couple	\$174,001 – \$218,000	
Single	\$109,001 – \$136,000	\$289.20
Married couple	\$218,001 – \$272,000	
Single	\$136,001 – \$163,000	\$376.00
Married couple	\$272,001 – 326,000	
Single	Above \$163,000	\$462.70
Married couple	Above \$326,000	

If you're married, but file a tax return separately from your spouse	
YOUR YEARLY INCOME [†]	YOU PAY
\$ 87,000 or less	\$144.60
Above \$87,000	\$462.70

*You must continue to pay your Medicare Part B premium and any other applicable Medicare premium(s), if not otherwise paid by Medicaid or another third party.

[†]Modified adjusted gross income as reported on your 2018 IRS tax return.

Note: The dollar amounts are for 2020 and may change in 2021.

How to Enroll in Medicare Parts A and B

Initial Enrollment Period (IEP) 7-month period starting 3 months before the month of one's 65th birthday

- Contact Social Security to enroll online or in person
- People receiving Social Security benefits are automatically enrolled the first day of the month of their 65th birthday
- Employees covered by group health and continuing to work beyond 65 can defer Medicare

Note: Completing and submitting the application form doesn't automatically enroll you in Medicare Part B. Social Security must first determine if you're eligible.

How to Enroll in Medicare Parts A and B cont'd

Special Enrollment Period (SEP)

- A Medicare-eligible employee or their Medicare-eligible dependents have 8 months to enroll following separation from employment

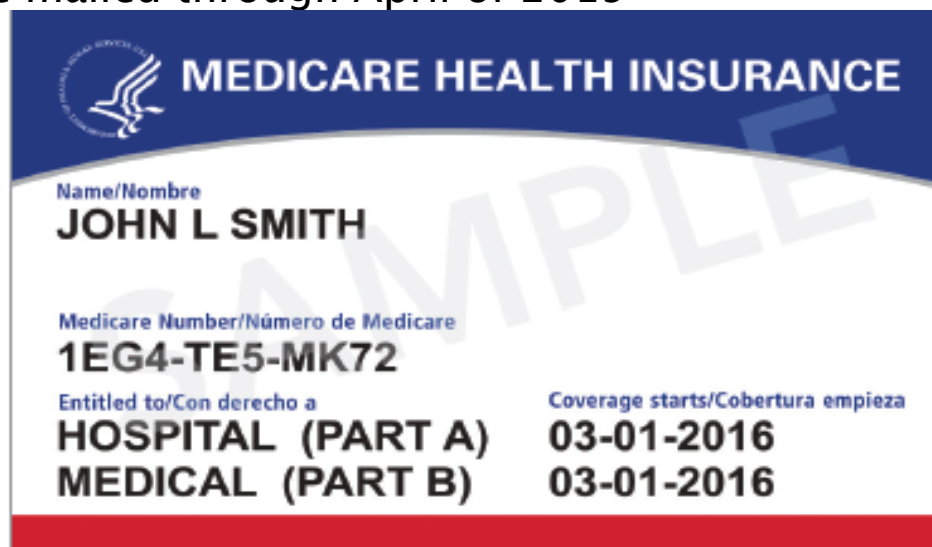
General Enrollment Period (GEP)

- Annually between January 1 and March 31, with a July 1 effective date

UC recommends beginning the Part A and B enrollment process 3 months prior to the requested effective date

New Medicare Cards

- Medicare started mailing new Medicare cards to all people with Medicare in April 2018
- Your new card will have an indicator that is unique to you – it will no longer be based on your Social Security Number
- New cards will be mailed through April of 2019



New Medicare Cards

- Your new card will automatically come to you. You don't need to do anything as long as your address is up to date. If you need to update your address, visit your "my Social Security" account.
- Your Medicare coverage and benefits will stay the same.
- Your new card is paper, which is easier for many providers to use and copy.
- Once you get your new Medicare card, destroy your old Medicare card and start using your new card right away.
- Your medical plan ID card is your main card—you should still keep and use it whenever you need care (except for Kaiser, where you will continue to use your Kaiser Card).
- If you forget your new card, you, your doctor or other health care provider may be able to look up your Medicare number online.

Medicare Part B & Late Enrollment Penalty

Part B monthly premiums are usually deducted from your Social Security check

10% Part B Late Enrollment Penalty for each 12-month period that Part B coverage is declined

- Not a one-time penalty, **but continues throughout enrollment in Medicare**
- ***Not imposed on employees or their dependents if the employee continues to work for and get health coverage from UC.*** (While CMS gives you up to 8 months after your employment ends to enroll, refer to UC's process upon retirement.)

Medicare Coverage Options

Original Medicare through CMS

- Pay a deductible and coinsurance for your Part A and Part B services
- See Providers who accept Medicare

Original Medicare plus a “Medigap” plan

- Medicare Supplement plans offered by private insurance companies
- Plans may pay some of the deductible and coinsurance
- 10 standardized plans (A, B, C, D, F, G, K, L, M, N)

Medicare Advantage

- “Medicare Part C” offered by private insurance companies

UC offers group Medicare Advantage and Medicare supplement plans designed for UC retirees in California and individual coverage options for those outside of CA

Medicare Part C – Medicare Advantage

- “Medicare Advantage” plans cover all the services of Original Medicare*
- Most plans offer additional medical benefits and services
- Services are rendered under a network of providers
- Medicare pays private health plans a set amount each month for each member enrolled
- Some plans have additional monthly premiums
- Some plans require copays for covered services
- Except in the case of emergency or urgent care, out-of-network providers are usually not covered

*Except care for some clinical research and hospice care (Original Medicare covers hospice care even if you're in a Medicare Advantage Plan.).

Medicare Part D – Outpatient Prescription Drug Coverage

Part D is not directly offered by Medicare or Social Security. There are 3 options:

- A Medicare Advantage plan that includes Part D prescription drug coverage
- A stand-alone Prescription Drug Plan (PDP) for prescription drug coverage only
- ***A drug plan through an employer or union sponsored plan, such as for UC retirees residing in California***

Medicare Part D – Outpatient Prescription Drug Coverage

Part D Late Enrollment Penalty (LEP):

- As with Part B, you must sign up for Part D coverage as soon as you're eligible or you'll be charged a penalty
- The penalty is **1 percent of the year's Part D base premium per month** that you do not maintain prescription drug coverage creditable to Part D, *such as UC's*
- You may be asked by any new health carrier to attest to your prior prescription drug coverage, which you can do by phone or mail

Medicare Part D – IRMMA

2020 Part D Income-Related Medicare Monthly Premium Adjustment

YOUR YEARLY INCOME*		YOU PAY (MONTHLY)
Single	\$87,000 or less	No premium adjustment
Married couple	\$174,000 or less	
Single	\$87,001 – \$109,000	\$12.20
Married couple	\$174,001 – \$218,000	
Single	\$109,001 – \$136,000	\$31.50
Married couple	\$218,001 – \$272,000	
Single	\$136,001 – \$163,000	\$50.70
Married couple	\$272,001 – \$326,000	
Single	Above \$163,000	\$70.00
Married couple	Above \$326,000	

Medicare will send you a quarterly bill for your Part D premium.

*Modified adjusted gross income as reported on your 2018 IRS tax return. **Note:** The above dollar amounts are for 2020 and may change in 2021.

Enrolling in Medicare Parts C and D

- **Initial Enrollment Period (IEP):** The 7-month period that starts 3 months before your 65th birthday
- **Special Enrollment Period (SEP):** Triggered by certain events, such as loss of employment or retirement, an SEP gives you two months make a plan change
- **Annual Open Enrollment Period:** Period held by employers when you can disenroll from your current plan and switch to a different Medicare plan.

Medicare's Extra Help Program: Low-Income Subsidy (LIS)

For Medicare beneficiaries with limited income and resources

Provides extra help with Part D premiums and outpatient drug copays

- Degree of help depends on income and resources

Additional facts about Extra Help:

- Apply at Social Security or state Medicaid office or online
- Administered by your plan, for CMS
- You must be enrolled in a Part D plan to get help

Enrolling in a UC Medicare Plan

Enrolling in a UC Medicare Plan – UC Mandate

All retirees age 65 or older who are eligible for Medicare Part A premium-free or those receiving Social Security disability benefits for two years or more **must**:

- Enroll in and maintain Medicare Part B coverage by paying premiums to Social Security
- If determined by Medicare, pay Part D IRMMA (Income-Related Medicare Monthly Premium Adjustment) to Medicare
- Assign benefits to Medicare – there are separate forms for HMO and PPO plans

Why?

- Medicare enrollment allows UC to offer all retirees reduced plan premiums and in some cases, a Part B reimbursement
- Helps to make retiree insurance a sustainable program

Enrolling in a UC Medicare Plan – Consequences of Non-Compliance

- UC will impose a substantial non-refundable offset penalty of **\$419.60/month** on retirees who do not comply (or family does not comply)
- After 3 months of offset, retiree and/or family will be de-enrolled from medical coverage
- Retirees/family may be able to re-enroll when in compliance with UC Policy (restrictions apply)

Enrolling in a UC Medicare Plan - Cost

- The monthly costs for medical coverage on the following pages apply to retirees eligible for the full UC/employer contribution toward the premium for each plan; and is based on all family members enrolled in Medicare
- *If you are subject to graduated eligibility and, therefore, not eligible for the maximum UC / employer contribution, your costs may be higher than those listed below*
- Your plan cost appears as a deduction on your UCRP benefit direct deposit statement

Enrolling in a UC Medicare Plan – Cost*

Medicare Plan		Self Medicare	Self + Adult or Self + Child(ren)	Self + Adult + Child(ren)
United Healthcare UC Choice	Your Premium	\$0.00	\$0.00	\$0.00
	Medicare Part B Reimbursement	\$115.37	\$230.74	\$346.11
Kaiser Permanente Senior Advantage	Your Premium	\$0.00	\$0.00	\$0.00
	Medicare Part B Reimbursement	\$58.03	\$116.06	\$174.09

*2020 costs based on all family members enrolled in Medicare

Enrolling in a UC Medicare Plan – Cost*

Medicare Plan		Self Medicare	Self + Adult or Self + Child(ren)	Self + Adult + Child(ren)
UC High Option Supplement to Medicare	Your Premium	\$236.02	\$472.04	\$708.06
	Medicare Part B Reimbursement	\$0.00	\$0.00	\$0.00
UC Medicare PPO	Your Premium	\$113.11	\$226.22	\$339.33
	Medicare Part B Reimbursement	\$0.00	\$0.00	\$0.00
UC Medicare PPO without Prescription Drugs	Your Premium	\$0.00	\$0.00	\$0.00
	Medicare Part B Reimbursement	\$132.18	\$264.36	\$396.54

*2020 costs based on all family members enrolled in Medicare

Enrolling in a UC Medicare Plan - Scenarios

1. Employee **continues to work** and employee or family member(s) is/are turning 65
2. Employee is retiring, and employee or family member(s) is/are 65+
3. Employee is retired; employee or family member(s) is/are turning 65
4. Employee is 65 and retired, and then returns to work

Employee - Scenario 1

Employee Continuing to Work after 65

1. Enroll in Medicare Part A if it is premium-free*
2. Defer Medicare Part B
3. Continue in your UC employee health plan
4. For an enrolled spouse, follow steps 1-3 (above)
5. For an enrolled domestic partner, call Social Security for options

*If enrolled in the Health Savings Plan, Medicare enrollment (even Part A only) will disqualify you from participation

Employee Age 65 at time of enrollment in a UC Medicare Plan – Scenario 2

To be eligible for Health & Welfare as a Retiree:

- 120 Days – Must retire within 120 calendar days from Date of Separation to continue insurance
- Monthly Pension – Will receive a monthly benefit at retirement (No insurance if lump sum cashout)
- Enrolled/Eligible for Insurance – Must be enrolled in (or eligible for) medical, dental, vision, legal and/or AD&D immediately prior to termination of UC employment
- Satisfy any additional service credit and/or age requirements depending on when you were hired at UC

Employee Age 65 at time of Retirement in a UC Medicare Plan – Scenario 2 cont'd

Beginning 60 days prior to your retirement date:

1. Complete the Request for Employment Information form and either make an appointment with Social Security for your Medicare enrollment or enroll online
2. Fill out UC's Medicare assignment form for your current health plan
 - For Anthem and United Healthcare – submit the entire form to RASC (Retirement Administration Service Center)
 - For Kaiser Permanente – submit original to your health plan and send a copy to RASC

Always keep a copy for yourself!

Retiree turns age 65 after Retirement - Enrolling in a UC Medicare Plan – Scenario 3

Beginning 90 days prior to the month of your 65th birthday:

1. Go to Social Security or enroll online in Medicare Parts A and B before your 65th birthday
 2. Fill out UC's Medicare assignment form for your current health plan, mailed to you by UC in your "Medicare Age-In Packet"
- If you do not receive a Medicare Age-In Packet, contact RASC at 1-800-888-8267

Retiree returns to UC Employment in a UC Medicare Plan – Scenario 4

43.75% (or less) time appointments within a 12-month period

- Your pension check, enrollment in Medicare (if applicable) and retiree benefits continue
- If you qualify for employee medical benefits, you will have to suspend your retiree medical benefits and either enroll in employee medical with Medicare as secondary **or** opt out of employee medical and have Original Medicare (Parts A and B) only

Over 43.75% or qualifies for benefits under 1,000/750 hour rule

- You are eligible for UCRP and for employee benefit plans. You must suspend your pension check, elect to enroll in employee coverage, and accrue additional service credit towards additional retirement income. If you maintain Medicare, it will be secondary to UC employee medical coverage.

Medicare Enrollment Scenarios



Subscriber (retiree): Mary

65, retired

Has Medicare Parts A and B

Enrolls in Medicare with their current UC health carrier



Dependent: Bob

63, retired

Not yet eligible for Medicare Parts A and B

Stays in the commercial plan for UC members

Once Bob turns 65 and gets his Medicare Parts A and B, he can enroll in the Medicare Plan the subscriber is in

Medicare Enrollment Scenarios



Subscriber: Frank

60, retired

Does not have Medicare Parts A and B

Stays in UC commercial coverage



Dependent: Sue

65, retired

Has Medicare Parts A and B

Enrolls in Medicare with their current UC health carrier

Questions????

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