

What is Medicare?

Medicare is a federal health insurance program for people 65 and over; people of any age who have gotten Social Security disability benefits for more than two years; people suffering from ALS (also called Lou Gehrig's disease); and some people with kidney disease.

Is Medicare different from Medicaid?

Yes, Medicaid is a program only for people with very low incomes. It has no age limitation. It is possible for a low-income older or disabled person to be eligible for both Medicare and Medicaid.

What does Medicare cover?

What Medicare covers depends on the type of Medicare a person has. Most people have "original" or "traditional" Medicare. That version of Medicare includes hospital insurance, called Part A. Part A also covers hospice care, some therapy and home health care, some durable medical equipment, and very limited skilled nursing facility care, described below.

Traditional Medicare includes optional medical coverage (for doctors and diagnostic testing, some types of medication and therapy, some kinds of durable medical equipment, blood and ambulance services, outpatient care, etc.), called Part B.

Medicare also offers a managed-care program called Medicare+Choice or Medicare Advantage. This coverage is based on an HMO model or works with a group of "preferred providers". Finally, there is another optional Medicare program, called Part D that covers some prescription costs.

What does Medicare coverage cost?

What the coverage costs depends on the program, how old the person is when he or she signs up for coverage, and, to some extent, how much care the person needs.

What is the cost for Medicare Part A?

People 65 and older are eligible for Medicare Part A at no charge if they are eligible for Social Security Retirement benefits or Railroad Retirement benefits. They can be eligible based on either their own lifetime earnings or on the earnings of a spouse. Even

though at age 65 most people are automatically eligible, they still must register with the Social Security Administration for the Part A benefit. Social Security recommends doing so in the period two months before the birth month of the applicant, the birth month, or the period two months after reaching age 65.

Most people who are not eligible for retirement benefits can purchase Part A coverage. For someone who is 65 or older but not automatically eligible, the Part A premium from about \$260 to \$460 per month. There is a temporary penalty or surcharge for late Part A enrollment.

All Part A Medicare beneficiaries not covered by Medicaid must pay a deductible of around \$1,100 for a hospital stay in a “benefit period”, explained below.

Part A usually pays most of a hospital bill, including a semi-private room, medications while in the hospital, meals, regular nursing services, lab tests, x-rays, and medical equipment and supplies. Part A will also pay for intensive care. It will not pay for an optional private room, private duty nurse, or such things as a phone or TV.

If you enter a hospital, you must pay approximately \$1,100 of

charges; Medicare pays the rest for covered services while you are in the hospital for the first 60 days. Hardly anyone stays this long in the hospital. If you stay that long, though, on the 61st through 90th days you will have a daily co-payment of approximately \$275 per day; Medicare then pays the remaining amounts for covered services. If you stay in the hospital longer than 90 days, you begin using your only remaining hospital coverage. These are called lifetime reserve days. You have only 60 lifetime reserve days, and you pay about \$550 per day as a co-payment. Once you have used all 60 lifetime reserve days, Medicare won't pay anything for hospital stays longer than 90 days per benefit period. A benefit period begins when you first enter the hospital. A benefit period ends when you have been out of the hospital, skilled nursing or rehabilitation services for 60 days in a row. If you leave and must go back to the hospital before the 60 days ends, you do not have to pay \$1,100 for the new hospitalization.

Many people believe that Medicare will pay for nursing home care if they need it. Although Part A does pay for some nursing home care following a hospital stay of at least three days, very few people meet the strict requirements. In addition, in

order for Medicare to pay, you must be in a nursing home that is licensed to provide skilled care and is approved by Medicare. You must be getting skilled care, such as physical therapy, at least five days per week.

If you meet all of the requirements, Medicare will cover up to 100 days of skilled care. After the first 20 days, there is a co-payment of about \$137.50 per day.

Medicare does not pay for other kinds of care facilities. Medicare will not pay for the care that people with stable medical conditions need, such as help with dressing, eating, walking, bathing, toileting or taking medications.

Part A can pay for home health visits if you are confined to your home and need occasional skilled medical services. Part A also covers hospice services for people who are terminally ill and who are expected to live six months or less. A doctor must certify that someone is likely to die within that time. If the person lives beyond that time, the doctor merely needs to recertify. The person can continue with hospice services.

What does Medicare Part B cost?

Medicare Part B requires the payment of monthly premiums, and patients are responsible for a co-payment for services they receive. The monthly premium is about \$100. It generally rises a small amount annually.

Medicare Part B premiums may be permanently higher for those who wait until after they are 65 to enroll. The longer they wait, the higher the premium will be. A few people who have other insurance that Medicare accepts as being as good as Medicare and then change to Medicare do not have to pay this higher premium.

What does a Medicare Advantage plan cost?

The Medicare Advantage program combines hospital and medical coverage plans. These plans typically limit the patient to a certain geographic area or certain doctors and hospitals. The plans vary greatly in the scope of their coverage. Some plans even cover some types of prescription medicines.

Medicare Advantage plans have a monthly premium, and generally require co-payments for services and medications. The premiums can range from around \$200 per month to more than \$600 per month.

What does Medicare Part D cost?

The cost of the premiums for the Medicare Part D prescription drug coverage can vary significantly from plan to plan. So do co-payments, even within a single plan, depending on the medication needed. The drug plan premiums may be permanently higher for those who do not apply when first eligible. People who have either Medicare Parts A or B, or Medicare Advantage, are eligible for the plan.

Unlike Parts A and B Medicare, however, all Part D plans are private plans. You cannot sign up for one of them at Social Security. You must apply for them directly from an insurance company.

Insurance companies are constantly sending information about their policies to seniors. How can a person make an intelligent choice?

Choosing among dozens of plans can be confusing and frustrating—and potentially expensive. Medicare has a website, www.Medicare.gov, that gives some comparisons of Part D plans and a description of private

supplemental coverage. Many people do not find the website very helpful.

Fortunately, New Mexico sponsors the Senior Health Insurance Program (SHIP), where highly trained staff and volunteers can help seniors evaluate their medical needs and the type of insurance coverage that is most likely to help them address their needs. You can reach that program at (800) 432-2080, (505) 222-4510, or (505) 263-4780.

Can't low-income people have their prescriptions paid for by Medicaid?

It used to be that low-income people could rely on Medicaid for their prescriptions. Now they must use a Medicare plan. Social Security offers a subsidy that pays all or some of the cost of prescriptions that Medicare won't cover completely, under a program it calls "extra help". Information about "extra help" is available from Social Security. Applications are available from either a Social Security office or online at www.ssa.gov.