

# 1 Medicare Basics – RED Light

Presented By  
Rudy Deutschmann  
&  
Josh Youngs

# 2 The A, B, Cs (and Ds) of Medicare

# 3 Original Medicare Program Basics

- **A health insurance program administered by the Centers for Medicare & Medicaid Services (CMS) of the U.S. Department of Health and Human Services (HHS). Began in 1965.**
- **Eligibility requirements:**
  - People 65 years of age and older
  - Qualified individuals under age 65 and on Social Security disability (about 9% of Medicare eligibles)
  - People with End Stage Renal Disease (ESRD) (kidney failure)
- **Medicaid – A Federal and State health service program provided for low income persons (and their dependents).**

# 4 Medicare Program Consists of 4 Basic Parts

- Part A - Hospital insurance
- Part B - Medical insurance
- Part C - Medicare Advantage (MA)
- Part D - Medicare Prescription Drug Plans (PDP)

# 5 Original Medicare Part A (Hospital Insurance)

- **Provides inpatient hospital coverage.**
  - Deductibles and coinsurance apply.
- **Usually No premium.**
  - Most Medicare beneficiaries and / or spouses paid Medicare taxes for 40 quarters (10 years) and therefore do not pay Medicare Part A premiums.
- **Coverage includes:**
  - Inpatient hospital care
    - Semi-private room
    - Physical, occupational, and speech therapy
    - Medical supplies and drugs during stay
  - Skilled nursing facility care
  - Home healthcare
  - Hospice care

# 6 Original Medicare Part B (Medical Insurance)

- Helps cover doctors' services and outpatient care
- Helps cover some preventive services to help maintain health and keep certain illnesses from

getting worse

- Enrollment Periods (ICEP & SEP)

- ICEP- Initial Enrollment Period: The 3 months prior, the birth month, and the 3 months following when an individual attains age 65 (7 Month Window)
- SEP- Special Enrollment Period: Qualifying events, circumstances, etc. that enable enrollment for special circumstances

## 7 Original Medicare Part B (Medical Insurance)

- Most Medicare beneficiaries have the monthly Part B premium of \$96.40 (2009), and projected to be \$104.20 (2010) deducted from their Social Security payment, unless otherwise paid by Medicaid or other source. Higher income individuals are subject to higher Part B premiums.
- Deductibles and coinsurance apply.
- Typically Medicare pays 80% of the Medicare allowable amount for these services and more:
  - Doctors' services
  - Outpatient hospital care
  - Outpatient physical therapy and speech pathology
  - Diagnostic x-ray and laboratory tests
  - Durable medical equipment and prosthetic devices
  - Preventive care – when medically necessary (mammography, pap smears, pelvic exams, prostate and colorectal screening)

## 8 Drugs Covered Under Medicare Part B

- Injectable or IV Drugs
  - Given by a doctor and usually not self administered
- Immunosuppressive drugs for a person who received a Medicare covered transplant
- Drugs that must be administered by Medicare-covered durable medical equipment (DME), e.g., nebulizer or infusion pump when administered in the home setting
- Some oral anticancer agents
- Some oral anti-emetic drugs used within 48 hours of chemotherapy
- Erythropoietin (EPO) for anemia in people with chronic renal failure who are undergoing dialysis
- Parenteral nutrition (tube feeding) for permanent dysfunction of digestive tract
- Certain Vaccines including: Pneumococcal pneumonia, influenza, Hepatitis B (intermediate to high risk groups)

## 9 Your Client With Medicare Part A and Part B only

## 10 Medicare Advantage Parts C and D Medicare Advantage and Prescription Drug Plans (PPO, HMO, MSA, PFFS, SNP, PDP)

## 11 Medicare Advantage and Prescription Drug Plans

- The Medicare Modernization Act of 2003 set forth a number of major changes to the Medicare program, including:
  - Creation of the new Medicare Part D drug benefit starting in 2006
  - Creation of Health Savings Accounts (HSAs)
  - Renamed Medicare+Choice to Medicare Advantage program.

## 12 Medicare Part C Medicare Advantage (MA)

- Enrollees remain in the Federal Medicare program and continue to pay the Medicare Part B premium, unless Part B premium is paid by Medicaid or other government programs.

- **Includes:**
  - PFFS: Private-Fee-for-Service
  - HMO: Health Maintenance Organization
  - PPO: Preferred Provider Organization
  - SNP: Special Needs Plan
  - PSO: Provider Service Organization
  - MSA: Medical Savings Account

13  What are Medicare Part C

Medicare Advantage Plans (MA) ?

- Private Companies contract with CMS (Medicare) to offer Medicare Advantage Plans.
- These plans are part of the Medicare Program and are sometimes called “Part C” or “MA plans.”
- It is **not** the same as the Original Medicare plan that is offered by the Federal Government.
- It is **not** a Medicare Supplement, Medigap, Medicare Select policy, or stand-alone Prescription Drug Plan.
- They must be “at least equal to” Parts A & B

14  Medicare Advantage Plan Options

- **MA plan options available to beneficiaries may include:**
  - MA plan offering only medical benefits;
  - MA plan that combines medical benefits and Part D prescription drug benefits (MA-PD plan); or
  - MA plan (PFFS or MSAs only) in combination with a stand-alone Part D prescription drug plan (PDP).

15  What does an Agent need to do to sell Medicare Advantage and/or Medicare Prescription Drug Plans?

- ✓ Must have an Insurance license in the State of sale
- ✓ Must contract with the MA and/or PDP plan
- ✓ **Must test and become certified by each company they represent.**
- ✓ **Must be State appointed**

16  CMS MA & PDP Plan

Marketing Requirements:

Agent Training

17  Who is Eligible to Enroll in MA or Part D Plans?

- **An individual is eligible to enroll in an MA plan only if the individual is enrolled in Medicare benefits under Part A and Part B.**
  - Generally beneficiaries are not eligible if they have end-stage renal disease when first attempting to enrolling in a Medicare Advantage Plan.
- **An individual is eligible to enroll in a Part D plan only if the individual is entitled to Medicare benefits under Part A OR enrolled in Part B.**
- **The Medicare beneficiary must reside in the service area of the plan.**

18  Election Periods

19  “Pre-Selling Period”

- Provided an appointment is properly arranged and the agent is properly certified, in accordance with all CMS

regulations, agents are permitted to meet with Medicare beneficiaries during the Medicare Advantage and Medicare Prescription Drug Plan "pre-selling period", October 1, 2009 - November 14, 2009.

- During the "pre-selling period" it is critically important that agents NOT accept any 2010 enrollment applications prior to November 15, 2009. Agents must also advise Medicare beneficiaries who complete enrollment forms for MAs or PDPs, to not send the 2010 enrollment form until November 15, 2009.

## 20 When Can a Medicare Beneficiary Join, Switch, or Drop a Medicare Advantage Plan?

- A Medicare beneficiary can join, switch or drop a Medicare Advantage plan at these times:
  - When the Medicare beneficiary first becomes eligible for Medicare (3 months before turning 65 to 3 months after their turning 65 birth month)
  - Medicare eligibility is due to disability: a Medicare beneficiary can join 3 months before to 3 months after 25th month of disability
  - AEP Between November 15-December 31 each year. Coverage will begin on January 1 of the following year.

## 21 "OEP" Election Period-"Like to like"

## 22 When Can a Medicare Beneficiary Join, Switch, or Drop a M. A. Plan?

- OEP Is between January 1 – March 31 of each year. However, the Medicare beneficiary may not join or switch to a plan with prescription drug coverage during this time unless the Medicare beneficiary already has Medicare prescription drug coverage. The beneficiary may not drop a plan with prescription drug coverage or join, switch or drop a Medicare Medical Savings account Plan during this period.
- In most cases, the Medicare beneficiary must stay enrolled for that calendar year starting the date coverage begins. In certain situations, the beneficiary may be able to join, switch or drop Medicare Advantage plans at other times. Some situations include, the Medicare beneficiary:
  - moves out of service area
  - has Medicaid
  - qualifies for extra help (LIS)
  - lives in an institution.

## 23 Medicare Advantage Plan – Premiums

- Beneficiaries must continue to pay their Part B premiums (unless otherwise paid by Medicaid or other government program) to remain eligible to join a Medicare Advantage plan.
- Generally, Medicare beneficiaries pay a monthly premium for a MA plan in addition to their monthly Part B premium; although some MA plans offer "zero plan premium" options.
- If the MA plan includes a Part D benefit, low-income beneficiaries may be eligible for extra help from Medicare that covers all or part of the part D portion of the plan premium.
  - Beneficiaries should be encouraged to apply for extra help by contacting the Social Security Administration (SSA) at 1-800-772-1213 or applying online at [www.ssa.gov/prescriptionhelp](http://www.ssa.gov/prescriptionhelp)

## 24 How do Medicare Advantage Plans Work?

## 25 Medicare Part D

### Prescription Drug Plans

- Optional prescription drug coverage administered by private companies contracted by Medicare.
- Available to those entitled to Medicare Part A and/or enrolled in Part B.
- Stand-alone Prescription Drug Plan (PDP):
  - Designed to add coverage for prescriptions to the Original Medicare plan, with or without a Medigap plan.
  - Medicare beneficiaries enrolled in Medicare Cost Plans, PFFS plans, or PACE plans, that do not offer a Part D component.
- Medicare Advantage-Prescription Drug Plan (MAPD):
  - A prescription drug plan combined with a Medicare Advantage plan.

## 26 Medicare Part D Prescription Drug Plans

- Helps cover the cost of prescription drugs
- May help lower prescription drug costs and help protect against higher costs in the future
- Usually has a “Gap in Coverage” or “Doughnut Hole”
- Premium Penalty for delayed enrollment without some form of credible coverage
  - 1%/Month after they were eligible

27  **Excluded Drugs under Medicare Part D**

- Non-prescription drugs (AKA Over-the-counter drugs)
- Barbiturates and Benzodiazepines
- Drug Efficacy Study Implementation (DESI) drugs
- Drugs used for the following indications:
  - Anorexia
  - Weight loss or Weight gain
  - Promote fertility
  - Cosmetic or hair growth purposes
  - Cough or cold symptoms
  - Prescription vitamins and minerals (EXCEPT prenatal vitamins and fluoride preparations)
  - Sexual or erectile dysfunction

28  **The Right Time**

**When are people with Medicare, eligible to sign up for prescription drug coverage?**

- Three months before the month they turn 65, during the month they turn 65, and three months after - called the Initial Enrollment Period (IEP)
- Three months before to Three months after their 25th month of Social Security Disability Payments - if they have Medicare due to a disability
- If they don't sign up when they are first eligible, they may pay a late enrollment penalty
- November 15, 2009 to December 31, 2009 - called the Annual Enrollment Period (AEP)
- Normally **not** in the period January 1, 2010 to March 31, 2010 – called the Open Enrollment Period (OEP)

29  **Part D Late Enrollment Penalty**

- **Medicare beneficiaries who were eligible for a PDP and did not enroll in a PDP or MAPD by May 15, 2006 (or when first eligible for Medicare) may have to pay a 1% penalty (LEP- Late Enrollment Penalty) per month for each month that the Medicare beneficiary is not enrolled in a PDP or MAPD.**

The member will be billed by the Plan for the correct Part D premium.  
Some exceptions apply (LIS, Duals, VA)

30  **When Can a Medicare Beneficiary Join, Switch, or Drop a Medicare Drug Plan?**

- A Medicare beneficiary can join, switch or drop a Medicare drug plan at these times:
  - When the Medicare beneficiary first becomes eligible for Medicare
  - Between November 15-December 31 each year. Coverage will begin on January 1 of the following year.
- In most cases, the Medicare beneficiary must stay enrolled for that calendar year starting the date coverage begins. In certain situations, the beneficiary may be able to join, switch or drop Medicare drug plans during a special enrollment period (moving out of service area, loss of other creditable prescription drug coverage, living in an institution, or qualifying for “extra help”).

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- **In 2000, the average Medicare beneficiary spent \$1,539 on prescription**

**drugs. In 2010, that cost is expected to rise to \$3,751.**

\*National Institute for Health Care Management. Fast Facts Medicare and Prescription Drugs, October 2001.

### 32 Value of Selling Part D to People with Medicare

- Due to significant changes to Part D plans every year, provides an opportunity to provide existing clients an annual book of business review:
  - Review changes to Formularies
  - Discuss Co-pays and Deductibles
  - Provide overview of pharmacy programs
- Provides for a “door-opener” with new clients
- Great source for referrals
- Great business builder for new agents with rapid prospecting opportunities

### 33 Lock-in Provision

- Members are “locked-in” to the MA and PDP plans and may not elect another plan until the next Annual Election Period.
- **Exceptions: Special Enrollment Periods (SEP)**
  - SEP eligibility may only be determined by CMS
  - Involuntary loss, reduction or non-notification of creditable coverage
  - Member still in their “trial period” – **for MA; not Part D (subject to restrictions – first time in MA within 12 months and left MedSupp**
  - Member moving in or out of a nursing facility or long-term care hospital
  - Dual eligible (beneficiary has both Medicare & Medicaid)
  - Medicare beneficiaries receiving “extra help” (also known as Low-income subsidy) may change plans with Medicare prescription drug coverage.

### 34 Involuntary Disenrollment

- The Plan must process a dis-enrollment if the Medicare Advantage / PDP member:
  - Moves outside service area for more than six months
  - Loses entitlement to either Part A or Part B
  - Dies (Age-out)
  - Plan contracted is terminated or discontinues operation
- Plans can disenroll a member if:
  - Member provides fraudulent information or facilitates fraudulent use of membership card

### 35 Scope of Appointment

- Medicare Advantage Plans, PFFS, HMO, PDP and SNP (Special Needs Plans)
  - You MUST have a scope of appointment letter and stick to the cope of appointment topics
    - If the client requests information on additional products not listed on the original scope of appointment letter, then a 2<sup>nd</sup> must be filled out and signed
  - If you initiate the conversation of a new product type, a new scope of appointment letter is needed and you MUST schedule an additional appointment at least 48 hours later.
- Medicare Supplement, Dental and other Ancillary products do NOT need a scope of appointment

### 36 Agent Disclosure Requirements

- **At pre-arranged appointments following scope of appointment requirements; and prior to the enrollment process, agents must disclose to beneficiaries:**
  - Their name
  - The fact the agent will receive a commission from the sale
  - The Company (or Companies) the agent represents
  - The type of products the agent is presenting

### 37 Colorado Commission Disclosure

- As a producer in Colorado, you are required to inform your clients and potential clients that you are reimbursed a commission for the sale of a product to them by the insurance company. You must notify the client, and then keep proof of such notification dependent on the type of notification you choose-
  - Email- You may email a copy of a commission disclosure form to your applicant and keep a copy of the sent email as your proof of

disclosure

- Postal Mail- You may send a copy of the commission disclosure form to your applicant via postal mail and certified for delivery. You will need to save the certified delivery confirmation as proof of disclosure
- You may chose to have the client sign a commission disclosure statement at the time of the appointment, keeping this form in the clients file.

38  **Commission "Splitting"/"Sharing"**

- Are you allowed to refer a client to another agent, or pay another agent for a referral to in any way split the commission for said sale on any type Medicare Product?



# Medicare Basics –

## RED Light

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**Senior Health Advisors  
at Brokers Assistance, Inc.**

A close-up photograph of several wooden alphabet blocks. The block with the letter 'A' is in the foreground, slightly out of focus. Below it, the block with the letter 'B' is in focus. To the right, a yellow block with the letter 'C' is visible. The background is a warm, orange glow. The text 'The A, B, Cs (and Ds) of Medicare' is overlaid in white, bold font.

**The A, B, Cs  
(and Ds)  
of Medicare**

# Original Medicare Program Basics

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# Medicare Program Consists of 4 Basic Parts

- Part A - Hospital insurance
- Part B - Medical insurance
- Part C - Medicare Advantage (MA)
- Part D - Medicare Prescription Drug Plans (PDP)

# Original Medicare Part A (Hospital Insurance)

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# Drugs Covered Under Medicare Part B

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- Erythropoietin (EPO) for anemia in people with chronic renal failure who are undergoing dialysis
- Parenteral nutrition (tube feeding) for permanent dysfunction of digestive tract
- Certain Vaccines including: Pneumococcal pneumonia, influenza, Hepatitis B (intermediate to high risk groups)

# Your Client With Medicare Part A and Part B only

Would have:

- 2009 Hospital Deductible of \$1068

- 2010 Hospital Deductible of

Basic Hospital charges paid for the next 60 days

- 2009 Outpatient Deductible of \$135

- 2010 Outpatient Deductible of \$146

Outpatient paid at 80% of Medicare Eligible charges

Your Client can remain at this level of coverage or:

1. Add a Medicare supplement

2. Add a Medicare supplement and add a stand alone PDP

3. Add a PDP only

4. Move to a Medicare Advantage plan (with or without a PDP).



# Medicare Advantage

## Parts C and D

Medicare Advantage

and

Prescription Drug Plans

(PPO, HMO, MSA, PFFS, SNP, PDP)

# Medicare Advantage and Prescription Drug Plans

- **The Medicare Modernization Act of 2003 set forth a number of major changes to the Medicare program, including:**
  - Creation of the new Medicare Part D drug benefit starting in 2006
  - Creation of Health Savings Accounts (HSAs)
  - Renamed Medicare+Choice to Medicare Advantage program.

# Medicare Part C Medicare Advantage (MA)

- **Enrollees remain in the Federal Medicare program and continue to pay the Medicare Part B premium, unless Part B premium is paid by Medicaid or other government programs.**
- **Includes:**
  - PFFS: Private-Fee-for-Service
  - HMO: Health Maintenance Organization
  - PPO: Preferred Provider Organization
  - SNP: Special Needs Plan
  - PSO: Provider Service Organization
  - MSA: Medical Savings Account

# What are Medicare Part C Medicare Advantage Plans (MA) ?

- Private Companies contract with CMS (Medicare) to offer Medicare Advantage Plans.
- These plans are part of the Medicare Program and are sometimes called "Part C" or "MA plans."
- It is ***not*** the same as the Original Medicare plan that is offered by the Federal Government.
- It is ***not*** a Medicare Supplement, Medigap, Medicare Select policy, or stand-alone Prescription Drug Plan.
- They must be "at least equal to" Parts A & B

# Medicare Advantage Plan Options

- **MA plan options available to beneficiaries may include:**
  - MA plan offering only medical benefits;
  - MA plan that combines medical benefits and Part D prescription drug benefits (MA-PD plan); or
  - MA plan (PFFS or MSAs only) in combination with a stand-alone Part D prescription drug plan (PDP).

# What does an Agent need to do to sell Medicare Advantage and/or Medicare Prescription Drug Plans?

- ✓ Must have an Insurance license in the State of sale
- ✓ Must contract with the MA and/or PDP plan
- ✓ **Must test and become certified by each company they represent.**
- ✓ **Must be State appointed**

# CMS MA & PDP Plan Marketing Requirements: Agent Training

- Agents marketing MA & PDP plans must have a current health insurance license in the state they intend to sell the product in.
- Agents must submit a completed and signed contract (signed electronically, when applicable).
- Agents must agree to a background check.
- Agents must comply with all Federal, State, and Company rules and regulations.
- All employed and contracted representatives marketing MA and PDP plans must pass a written and/or on-line test that demonstrates thorough knowledge of the Medicare program, enrollment rules, marketing regulations and the products they are selling. This is called "becoming certified".

# Who is Eligible to Enroll in MA or Part D Plans?

- **An individual is eligible to enroll in an MA plan only if the individual is enrolled in Medicare benefits under Part A and Part B.**
  - Generally beneficiaries are not eligible if they have end-stage renal disease when first attempting to enrolling in a Medicare Advantage Plan.
- **An individual is eligible to enroll in a Part D plan only if the individual is entitled to Medicare benefits under Part A or enrolled in Part B.**
- **The Medicare beneficiary must reside in the service area of the plan.**

# Election Periods

Coverage Period	When	Effective Date	Box <i>Agent Must Check</i> On the Enrollment Form
Initial Coverage Election Period (ICEP)	3 months before, month of 65th birthday, and 3 months after entitled to Part A and B	1st day of month entitlement to Part A and Part B	ICEP
Annual Election Period (AEP)	November 15th through December 31st	January 1st	AEP
Open Enrollment Period (OEP)	January 1st through March 31st	1st day of month after plan's receipt of completed enrollment form. *	OEP
Special Enrollment Period (SEP)	Beneficiary moves, plan termination, etc.	Determined by CMS; Depends on the situation	SEP

# "Pre-Selling Period"

- Provided an appointment is properly arranged and the agent is properly certified, in accordance with all CMS regulations, agents are permitted to meet with Medicare beneficiaries during the Medicare Advantage and Medicare Prescription Drug Plan "pre-selling period", October 1, 2009 - November 14, 2009.
- During the "pre-selling period" it is critically important that agents NOT accept any 2010 enrollment applications prior to November 15, 2009. Agents must also advise Medicare beneficiaries who complete enrollment forms for MAs or PDPs, to not send the 2010 enrollment form until November 15, 2009.

# When Can a Medicare Beneficiary Join, Switch, or Drop a Medicare Advantage Plan?

- A Medicare beneficiary can join, switch or drop a Medicare Advantage plan at these times:
  - When the Medicare beneficiary first becomes eligible for Medicare (3 months before turning 65 to 3 months after their turning 65 birth month)
  - Medicare eligibility is due to disability: a Medicare beneficiary can join 3 months before to 3 months after 25th month of disability
  - AEP Between November 15-December 31 each year. Coverage will begin on January 1 of the following year.

# "OEP" Election Period-"Like to like"

## Open Enrollment Period (OEP) — Revised January 5, 2009

January 1, 2009 – March 31, 2009

### What to offer Medicare Beneficiaries during Open Enrollment Period (OEP)

If the medicare beneficiary currently has this:	You may offer the following health plans during OEP:	The medicare beneficiary MAY NOT use OEP to elect the following:
PFFS MAPD PPO MAPD HMO MAPD	<ul style="list-style-type: none"> <li>• PFFS MAPD</li> <li>• PFFS MA, with a stand-alone PDP</li> <li>• Stand-alone PDP if the beneficiary elects to return to Original Medicare</li> <li>• PPO MAPD</li> <li>• HMO MAPD</li> </ul>	<ul style="list-style-type: none"> <li>• PFFS MA only without drug coverage</li> <li>• Original Medicare without drug coverage</li> <li>• PPO MA only without drug coverage</li> <li>• HMO MA only without drug coverage</li> <li>• May change but not drop drug coverage</li> </ul>
PFFS MA (with no prescription drug coverage)	<ul style="list-style-type: none"> <li>• PFFS MA</li> <li>• PPO MA</li> <li>• HMO MA</li> <li>• The Medicare beneficiary may also choose to return to Original Medicare</li> </ul>	<ul style="list-style-type: none"> <li>• PFFS MAPD</li> <li>• Stand-alone PDP</li> <li>• PPO MAPD</li> <li>• HMO MAPD</li> <li>• May not add Medicare prescription drug coverage</li> </ul>
PFFS MA and a stand-alone PDP	<ul style="list-style-type: none"> <li>• PFFS MAPD</li> <li>• PFFS MA, keeping their current stand-alone PDP</li> <li>• PPO MAPD</li> <li>• HMO MAPD</li> <li>• The Medicare beneficiary may also choose to return to Original Medicare, keeping their current stand-alone PDP</li> </ul>	<ul style="list-style-type: none"> <li>• A different stand-alone PDP if beneficiary returns to Original Medicare</li> <li>• May not drop Medicare prescription drug coverage</li> </ul>
Original Medicare and a stand-alone PDP	<ul style="list-style-type: none"> <li>• PFFS MAPD</li> <li>• PFFS MA, keeping their current stand-alone PDP</li> <li>• PPO MAPD</li> <li>• HMO MAPD</li> </ul>	<ul style="list-style-type: none"> <li>• PFFS MA, without a stand-alone PDP</li> <li>• May not drop Medicare prescription drug coverage</li> </ul>
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PPO MA HMO MA	<ul style="list-style-type: none"> <li>• PFFS MA</li> <li>• PPO MA</li> <li>• HMO MA</li> <li>• The Medicare beneficiary may also choose to return to Original Medicare</li> </ul>	<ul style="list-style-type: none"> <li>• PFFS MAPD</li> <li>• PPO MAPD</li> <li>• HMO MAPD</li> <li>• Stand-alone PDP if the beneficiary elects to return to Original Medicare</li> <li>• May not add Medicare prescription drug coverage</li> </ul>

PFFS-PPO-HMO OEP

*For licensed insurance agents only. Not intended for distribution to the insurance buying public.*

- **The Open Enrollment Period runs from January 1 – March 31.**
- During this time Medicare beneficiaries can elect to make one change to a like plan. Exception! Medicare beneficiaries may not change their stand-alone PDP coverage at this time, and may not make any changes to the status of their PDP coverage.

# When Can a Medicare Beneficiary Join, Switch, or Drop a M. A. Plan?

OEP Is between January 1 – March 31 of each year. However, the Medicare beneficiary may not join or switch to a plan with prescription drug coverage during this time unless the Medicare beneficiary already has Medicare prescription drug coverage. The beneficiary may not drop a plan with prescription drug coverage or join, switch or drop a Medicare Medical Savings account Plan during this period.

In most cases, the Medicare beneficiary must stay enrolled for that calendar year starting the date coverage begins. In certain situations, the beneficiary may be able to join, switch or drop Medicare Advantage plans at other times. Some situations include, the Medicare beneficiary:

- moves out of service area
- has Medicaid
- qualifies for extra help (LIS)
- lives in an institution.

# Medicare Advantage Plan – Premiums

- **Beneficiaries must continue to pay their Part B premiums (unless otherwise paid by Medicaid or other government program) to remain eligible to join a Medicare Advantage plan.**
- **Generally, Medicare beneficiaries pay a monthly premium for a MA plan in addition to their monthly Part B premium; although some MA plans offer “zero plan premium” options.**
- **If the MA plan includes a Part D benefit, low-income beneficiaries may be eligible for extra help from Medicare that covers all or part of the part D portion of the plan premium.**
  - Beneficiaries should be encouraged to apply for extra help by contacting the Social Security Administration (SSA) at 1-800-772-1213 or applying online at [www.ssa.gov/prescriptionhelp](http://www.ssa.gov/prescriptionhelp)

# How do Medicare Advantage Plans Work?

	PFFS	PPO	HMO
Are prescription drugs covered?	<b>Sometimes.</b> If the PFFS Plan doesn't offer drug coverage, members can join a Medicare Prescription Drug Plan to get coverage.	<b>In most cases, yes.</b> If a member wants drug coverage, they must enroll in an PPO Plan that offers prescription drug coverage.	<b>In most cases, yes.</b> If a member wants drug coverage, they must enroll in an HMO Plan that offers prescription drug coverage.
Do members need to choose a primary care doctor/network provider?	<b>No</b>	<b>Yes</b>	<b>Yes.</b> Members generally must see a primary care doctor to get a referral before you see any other health care provider.
Can members get their Healthcare from any doctor or hospital?	<b>In most cases, yes.</b> Members may go to any Medicare approved provider if the provider agrees to accept the plan's terms and conditions of payment before treating the member. Not all providers will accept the plan's payment terms or agree to treat them.	<b>Yes.</b> PPOs have network doctors and hospitals, but a member can also use out-of-network providers for covered services, usually for a higher cost.	<b>No.</b> Members generally must get their care and services from doctors or hospitals in the plan's network (except emergency or urgent care). If the plan has a Point-of-Service option, members can go out-of-network, but it will cost more.
Do members have to see a primary care doctor to get a referral to see a specialist?	<b>No</b>	<b>No</b>	<b>In most cases, yes.</b> Exceptions include yearly screening mammograms and in-network Pap tests and pelvic exams, which don't require a referral.

# Medicare Part D

## Prescription Drug Plans

- Optional prescription drug coverage administered by private companies contracted by Medicare.
- Available to those entitled to Medicare Part A and/or enrolled in Part B.
- Stand-alone Prescription Drug Plan (PDP):
  - Designed to add coverage for prescriptions to the Original Medicare plan, with or without a Medigap plan.
  - Medicare beneficiaries enrolled in Medicare Cost Plans, PFFS plans, or PACE plans, that do not offer a Part D component.
- Medicare Advantage-Prescription Drug Plan (MAPD):
  - A prescription drug plan combined with a Medicare Advantage plan.

# Medicare Part D

## Prescription Drug Plans

- Helps cover the cost of prescription drugs
- May help lower prescription drug costs and help protect against higher costs in the future
- Usually has a “Gap in Coverage” or “Doughnut Hole”
- Premium Penalty for delayed enrollment without some form of credible coverage
  - 1%/Month after they were eligible

# Excluded Drugs under Medicare Part D

- Non-prescription drugs (AKA Over-the-counter drugs)
- Barbiturates and Benzodiazepines
- Drug Efficacy Study Implementation (DESI) drugs
- Drugs used for the following indications:
  - Anorexia
  - Weight loss or Weight gain
  - Promote fertility
  - Cosmetic or hair growth purposes
  - Cough or cold symptoms
  - Prescription vitamins and minerals (EXCEPT prenatal vitamins and fluoride preparations)
  - Sexual or erectile dysfunction



# The Right Time

When are people with Medicare, eligible to sign up for prescription drug coverage?

- Three months before the month they turn 65, during the month they turn 65, and three months after - called the Initial Enrollment Period (IEP)
- Three months before to Three months after their 25th month of Social Security Disability Payments - if they have Medicare due to a disability
- If they don't sign up when they are first eligible, they may pay a late enrollment penalty
- November 15, 2009 to December 31, 2009 - called the Annual Enrollment Period (AEP)
- Normally **not** in the period January 1, 2010 to March 31, 2010 – called the Open Enrollment Period (OEP)

# Part D Late Enrollment Penalty

- Medicare beneficiaries who were eligible for a PDP and did not enroll in a PDP or MAPD by May 15, 2006 (or when first eligible for Medicare) may have to pay a 1% penalty (LEP- Late Enrollment Penalty) per month for each month that the Medicare beneficiary is not enrolled in a PDP or MAPD.

The member will be billed by the Plan for the correct Part D premium.

Some exceptions apply (LIS, Duals, VA)



# When Can a Medicare Beneficiary Join, Switch, or Drop a Medicare Drug Plan?

- A Medicare beneficiary can join, switch or drop a Medicare drug plan at these times:
  - When the Medicare beneficiary first becomes eligible for Medicare
  - Between November 15-December 31 each year. Coverage will begin on January 1 of the following year.
- In most cases, the Medicare beneficiary must stay enrolled for that calendar year starting the date coverage begins. In certain situations, the beneficiary may be able to join, switch or drop Medicare drug plans during a special enrollment period (moving out of service area, loss of other creditable prescription drug coverage, living in an institution, or qualifying for “extra help”).

- **In 2000, the average Medicare beneficiary spent \$1,539 on prescription drugs. In 2010, that cost is expected to rise to \$3,751.**

*\*National Institute for Health Care Management. Fast Facts Medicare and Prescription Drugs, October 2001.*

# Value of Selling Part D to People with Medicare



- Due to significant changes to Part D plans every year, provides an opportunity to provide existing clients an annual book of business review:
  - Review changes to Formularies
  - Discuss Co-pays and Deductibles
  - Provide overview of pharmacy programs
- Provides for a “door-opener” with new clients
- Great source for referrals
- Great business builder for new agents with rapid prospecting opportunities



# Lock-in Provision

- Members are “locked-in” to the MA and PDP plans and may not elect another plan until the next Annual Election Period.
- Exceptions: Special Enrollment Periods (SEP)
  - SEP eligibility may only be determined by CMS
  - Involuntary loss, reduction or non-notification of creditable coverage
  - Member still in their “trial period” – **for MA; not Part D (subject to restrictions – first time in MA within 12 months and left MedSupp**
  - Member moving in or out of a nursing facility or long-term care hospital
  - Dual eligible (beneficiary has both Medicare & Medicaid)
  - Medicare beneficiaries receiving “extra help” (also known as Low-income subsidy) may change plans with Medicare prescription drug coverage.

# Involuntary Disenrollment

- The Plan must process a dis-enrollment if the Medicare Advantage / PDP member:
  - Moves outside service area for more than six months
  - Loses entitlement to either Part A or Part B
  - Dies (Age-out)
  - Plan contracted is terminated or discontinues operation
- Plans can disenroll a member if:
  - Member provides fraudulent information or facilitates fraudulent use of membership card

# Scope of Appointment

- Medicare Advantage Plans, PFFS, HMO, PDP and SNP (Special Needs Plans)
  - You MUST have a scope of appointment letter and stick to the scope of appointment topics
    - If the client requests information on additional products not listed on the original scope of appointment letter, then a 2<sup>nd</sup> must be filled out and signed
  - If you initiate the conversation of a new product type, a new scope of appointment letter is needed and you MUST schedule an additional appointment at least 48 hours later.
- Medicare Supplement, Dental and other Ancillary products do NOT need a scope of appointment

# Agent Disclosure Requirements

- **At pre-arranged appointments following scope of appointment requirements; and prior to the enrollment process, agents must disclose to beneficiaries:**
  - Their name
  - The fact the agent will receive a commission from the sale
  - The Company (or Companies) the agent represents
  - The type of products the agent is presenting

# Colorado Commission Disclosure

- As a producer in Colorado, you are required to inform your clients and potential clients that you are reimbursed a commission for the sale of a product to them by the insurance company. You must notify the client, and then keep proof of such notification dependent on the type of notification you choose-
  - Email- You may email a copy of a commission disclosure form to your applicant and keep a copy of the sent email as your proof of disclosure
  - Postal Mail- You may send a copy of the commission disclosure form to your applicant via postal mail and certified for delivery. You will need to save the certified delivery confirmation as proof of disclosure
  - You may chose to have the client sign a commission disclosure statement at the time of the appointment, keeping this form in the clients file.

# Commission "Splitting"/"Sharing"

- Are you allowed to refer a client to another agent, or pay another agent for a referral to in any way split the commission for said sale on any type Medicare Product?

Medicare Supplement – YES!

Medicare Advantage (Parts C & D) – NO!