

Medicare, Medicare Advantage and Medicare Rx

Original Medicare Parts A and B will experience changes for 2010. The Part A hospital deductible increases to \$1100, the Part B deductible increases to \$155 and the Part B premium increases to \$110.50 for new Medicare members. Existing members will remain at \$96.40 as they will not get a COLA increase in 2010. Assuming they do get a COLA in 2011, they would then be subject to the new premium. Members with higher incomes will pay more based on their income level.

Medicare Advantage

Medicare Part C, also known as Medicare Advantage, is an option that allows Medicare members to choose to get their Medicare benefits through a private insurance company. There are several reasons why a member may choose this option including physician networks, integrated prescription benefits, additional benefits not offered through original Medicare, and lower premiums than buying a Medicare supplement and stand alone Part D plan. Members can enroll in these plans during the Annual Enrollment Period (AEP), the Open Enrollment Period (OEP), their Initial Enrollment Period (ICEP) and during Special Enrollment Periods (SEP). Medicare Advantage Plans can be offered as a Health Maintenance Organization (HMO), a Preferred Provider Organization (PPO), a Private Fee for Service Plan (PFFS), or a Medical Savings Account (MSA).

Medicare Part D – PDP

Medicare Part D is a voluntary program available for those eligible or enrolled in Part A or Part B. It is offered through private insurance companies either as a standalone plan or integrated into a Medicare Advantage plan. Part D can purchase during AEP, ICEP or an SEP. There is a penalty for not buying Part D or 1% per month unless there is qualified prior coverage.

What is the Part D late enrollment penalty?

- A financial penalty that the beneficiary may have to pay if they did not enroll in a plan offering Medicare Part D drug coverage when they first became eligible for prescription drug coverage or experienced a continuous period of 63 days or more when they did not keep prescription drug coverage.
- The amount of the penalty depends on how long the beneficiary waited before they enrolled in drug coverage after they became eligible or how many months after 63 days they went without drug coverage.
- The penalty is added to monthly premium. (Members who choose to pay their premium every three months will have the penalty added to their three-month premium.)
- When the beneficiary first enrolls in a Part D Plan they will receive a letter from that plan notifying them of the amount of the penalty.

Medicare Enrollment Periods

The **Annual Enrollment Period (AEP)** runs from November 15th to December 31st every year. The Medicare member can make any changes to their Medicare Part D or Medicare Advantage plan during this period. They can also enroll or dis-enroll at this time.

The **Open Enrollment Period (OEP)** is January 1st to March 31st every year. Members can make one like change during this time period. The like change is based on the status of their Part D coverage. This was eliminated for 2011 and beyond

The **Initial Enrollment Period (ICEP)** is the seven month period surrounding the members initial entitlement to Medicare. It run three months prior, the eligibility month and the three months after either their 65th birthday or 25th month on Social Security Disability.

The **Special Enrollment Period (SEP)** is designed to handle special circumstances not covered above. These include involuntary loss of coverage, moving out of the service area and after age 65 retirements.

This is just a brief summary of Medicare and the options available. For more information please contact:

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