

How Medicare Works

What is Medicare?

Medicare is the federal health insurance program that provides health benefits to people who are 65 years and older and to younger people with disabilities.

Who is eligible for Medicare?

People who meet the following requirements are eligible for free Medicare Part A, but must purchase Medicare Part B:

- Are age 65 or older and eligible for Social Security or Railroad Retirement Benefits, **or**
- Are age 65 or older and the spouse or former spouse of someone who receives Social Security or Railroad Retirement Benefits, **or**
- Have been receiving Social Security disability (SSDI) benefits for at least two years (24 months), **or**
- Have Amyotrophic Lateral Sclerosis (ALS), also known as Lou Gehrig's Disease, **or**
- Have End Stage Renal Disease (ESRD).

People who do not meet the guidelines listed above are eligible for Medicare if they are:

- Age 65 or older, **and**
- United States citizens or legal residents who have lived in the United States continuously for at least five years.

**For more information,
call the Center for Health Care Rights at (800) 824-0780.**

The Center for Health Care Rights (CHCR) is a California non-profit organization that provides free information and help with Medicare. CHCR is funded by government and private foundation grants. Funding for this flyer is provided by Los Angeles County Area Agency on Aging MIPPA grant.



These individuals can purchase **both** Parts A and B of Medicare or purchase Part B only.

What are the Medicare Part A and Part B premium costs?

Medicare Part A is free if you are eligible for Social Security retirement or disability benefits.

People who are not eligible for Social Security benefits must pay a monthly premium for Part A coverage. The amount of the premium is based on the number of Social Security quarters they have earned. Persons who have 30-39 quarters will pay \$248 per month in 2012. Persons who have fewer than 30 quarters will pay \$451 per month.

In 2012, most Medicare beneficiaries will pay the monthly Medicare Part B of \$99.90.

Higher income Medicare beneficiaries with annual incomes over \$85,000/year (individual) and \$170,000 (married couple) will pay a base premium of \$99.90 per month and an additional income related monthly amount that is based on their income. Higher income beneficiaries that fall in this category will pay an additional income related Part B premium of \$40.00 to \$219.80 per month depending on their income.

When do I apply for Medicare?

■ Initial Enrollment Period

You will generally apply for Medicare during your **initial** enrollment period. This seven month period begins three months before your 65th birthday and continues for three months after.

Persons who are eligible for Social Security disability benefits do not have to apply for Medicare. They are notified that they are eligible for Medicare shortly before completing the 24-month waiting period.

■ **General Enrollment Period**

If you miss your initial enrollment period, you can apply for Medicare during the **general** enrollment period. This period occurs during January through March of each year. The Medicare benefits are effective beginning July 1st of the same year. There may be a premium penalty assessed for late enrollment.

■ **Special Enrollment Period**

Persons eligible for Medicare who are working and covered by an employer group health plan may delay their enrollment in Medicare. They can enroll during a special enrollment period. This is discussed in a later section of this flyer.

Where do I apply for Medicare?

Local Social Security offices are responsible for processing Medicare applications.

What does Medicare cover?

Part A Benefits

Inpatient Hospital Care

- Medicare covers up to 90 days of hospital services each “benefit period” and an additional 60 “lifetime reserve” days that can be used only once.
- A “benefit period” begins when you are admitted to the hospital and ends when you have been out of the hospital or have not received Medicare covered skilled care in a nursing facility for 60 consecutive days.
- In 2012, for days 1-60, you pay a \$1,156 deductible. For days 61-90, you pay a co-payment of \$289 per day. For each “lifetime reserve day” 91-150, you pay a co-payment of \$578 per day.

Skilled Care in a Skilled Nursing Facility

- Medicare provides up to 100 days of daily **skilled** nursing care, after a **three day prior hospitalization** in each benefit period.

- In 2012, Medicare fully covers the first 20 days at no charge to you. For days 21-100, you pay co-payment of \$144.50 per day. There is no Medicare coverage after the 100th day in the same benefit period.

Home Health Care

Medicare covers home health visits if you meet **all** of the following conditions:

- You are considered “homebound,” meaning it takes considerable effort for you to leave your home;
- You require **skilled** nursing services or skilled therapy services on an intermittent or part-time basis;
- The services are provided by a Medicare certified home health agency; **and**
- Your doctor has prepared a plan of care.

Hospice Care

Medicare will pay for an approved hospice program if a doctor certifies that the patient is terminally ill (is expected to have less than six months to live). The patient chooses the hospice benefit over the standard Medicare benefit. The goal of hospice is to provide the patient with palliative care rather than treating the terminal illness.

Part B Benefits - Outpatient Medical Care

- Physician services
- Outpatient therapy services
- Ambulance services
- Diagnostic and laboratory tests
- Mental health services
- Durable medical equipment
- Preventive services

In 2012, you are responsible for a \$140 Medicare Part B annual deductible and Medicare co-payments.

Part D Benefits - Prescription Drug Coverage

- To participate in Medicare Part D, you must enroll in a Medicare drug plan.
- Each Medicare drug plan has its own formulary and cost sharing requirements.
- The annual open enrollment period for Medicare Part D is October 15 to December 7 of each year. If you change your Part D plan, the new plan is effective January 1st of the following year.
- Please see the Center for Health Care Rights' "2012 Medicare Part D Drug Coverage" flyer for more information.

I am working and have health insurance through my employer. Do I need to enroll in Medicare?

- If you are age 65 or older and work for an employer who has 20 or more employees, the employer must offer you the same insurance it offers younger workers. This rule also applies to persons under the age of 65, however, the employer must have 100 or more employees.
 - **If you keep your employer health plan as your primary coverage**, you can delay your enrollment in Medicare Part B until you are no longer covered by the employer plan. You then have an eight month period to enroll in Medicare without a penalty.
 - **If you keep your employer plan and enroll in Medicare**, the employer plan will be your primary coverage and Medicare will be the secondary payer.
 - **If you drop the employer plan and enroll in Medicare**, Medicare will be the primary and only payer. In this case, the employer is **not** permitted to offer you a Medicare supplemental insurance policy.

How do I close gaps in Medicare coverage?

There are health care expenses not covered by Medicare, such as routine vision care, dental services and custodial nursing home care. In addition, Medicare has co-payments and deductibles. Health insurance provided by a former employer may pay for some of these expenses. To close some of these coverage gaps, you may want to consider:

- Joining a Medicare Advantage HMO or PPO, **or**
- Purchasing private Medicare Supplemental Insurance (Medigap), **or**
- Applying for Medi-Cal, a program for low-income Medicare beneficiaries.

Important tips for using Medicare

- Use only medical providers who are Medicare contracted providers.
- All Medicare providers are required to submit claims for their services to Medicare for you.
- Always ask your provider if Medicare covers the service and if he/she will accept “**Medicare assignment.**” When providers accept assignment, you only pay the Part B deductible and the 20% co-payment.
- If your doctor does not accept assignment, you will have to pay your 20% co-payment and 15% above the Medicare approved amount.

If Medicare or your Medicare Advantage HMO has denied payment of a claim or service, you have the right to appeal. Contact the Center for Health Care Rights for help.

**Call the Center for Health Care Rights toll-free at
(800) 824-0780.**

We are here to help you!

2012 MEDICARE BENEFITS

MEDICARE PART A (Hospital Insurance)

	Beneficiary Pays	Medicare Pays
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HOSPITAL, per benefit period

Days 1-60	First \$1,156 deductible	Balance
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Days 61-90	\$289/day	Balance
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Days 91-150 (Lifetime reserve days)	\$578/day	Balance
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Days after all lifetime reserve days are used up	All costs	Nothing
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SKILLED NURSING CARE, per benefit period

Days 1-20	Nothing	All covered costs
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Days 21-100	\$144.50/day	Balance
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Days 100+	All costs	Nothing
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HOME HEALTH CARE

100 home health visits (Additional home benefits are available under Part B)	Nothing	All covered costs
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HOSPICE

When terminally ill (240 days, or longer if authorized)	Small co-payments for drugs & respite care	Balance
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MEDICARE PART B (Medical Insurance) - Monthly Premium \$99.90

Beneficiary Pays

Medicare Pays

a) \$140 annual deductible	Nothing
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b) 20% of Medicare-approved charges	80% of approved charges after deductible is met
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c) Excess charges (up to 115% of the Medicare-approved amount)	Nothing
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d) Charges for non-covered services	Nothing
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