

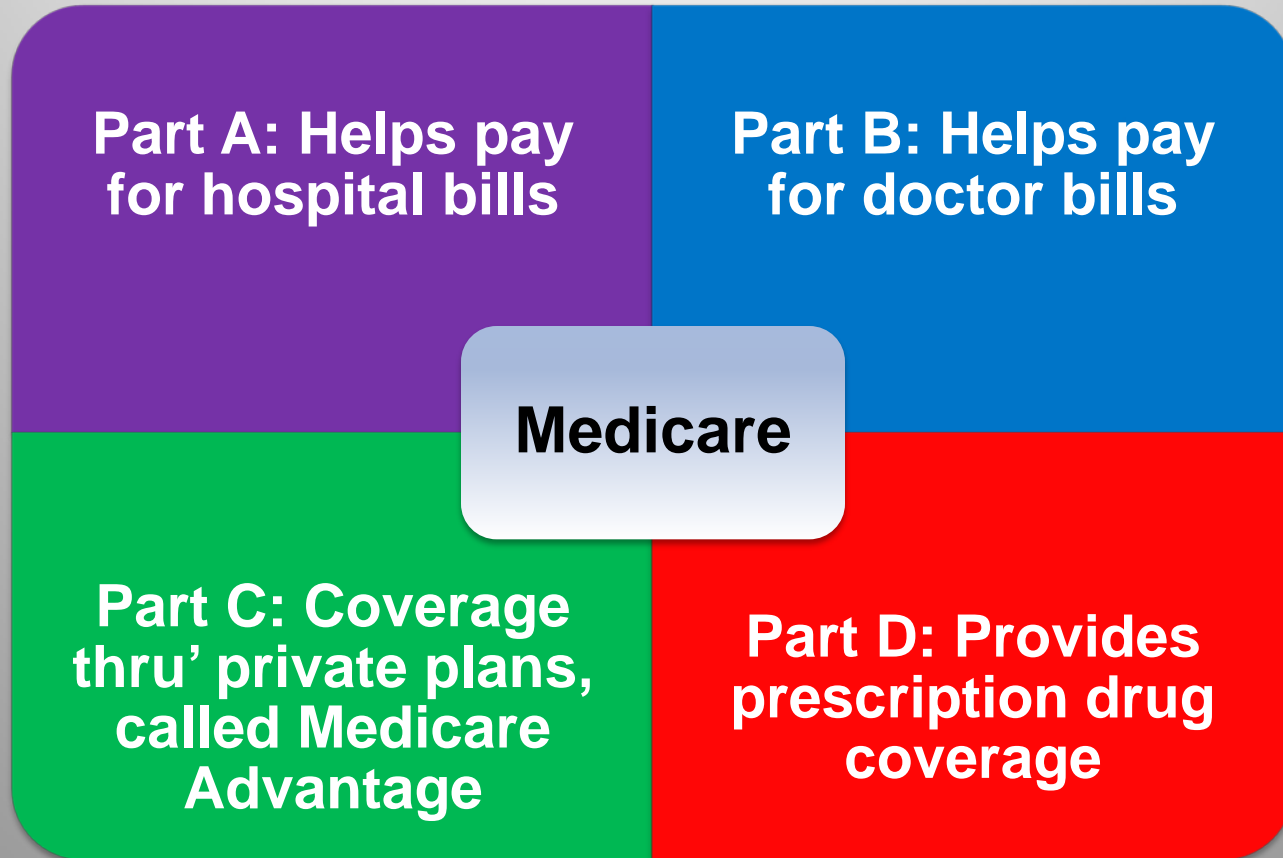
An Introduction to Medicare Parts A, B and D

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NASI 2015 Medicare Academy:
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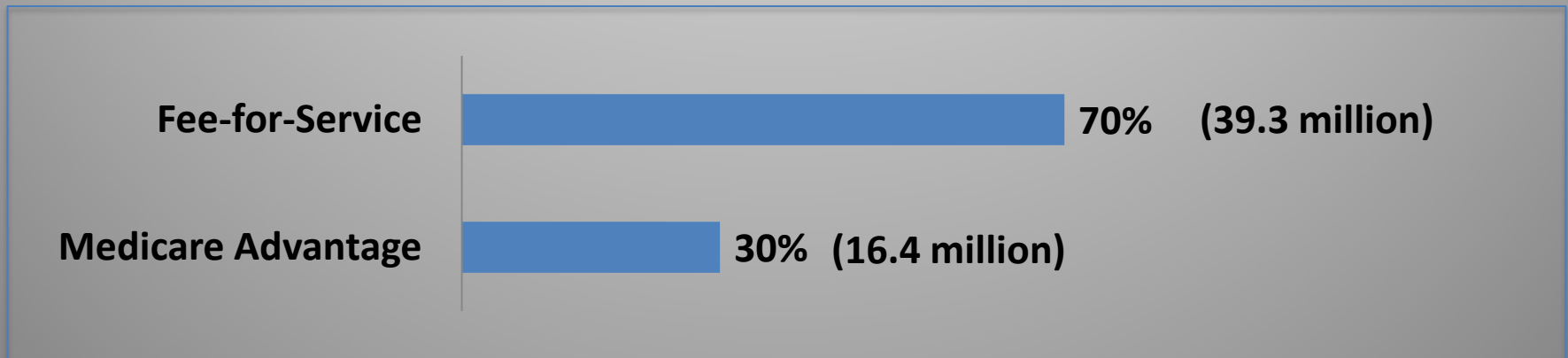


Medicare has many parts



Beneficiaries Choose

- **Fee-for-Service (FFS) / Traditional Medicare**
 - Medicare A (hospital)
 - Medicare B (physician)
- **Private Plans (Medicare Advantage)**



Source: Projected 2015 enrollment from 2014 Medicare Trustees Report

Part A (Hospital Insurance): Eligibility

➤ Part A

- Not just for 65+
- Also, under 65
 - If disabled (on SSDI),
 - with End-Stage Renal Disease
(If meet other requirements)

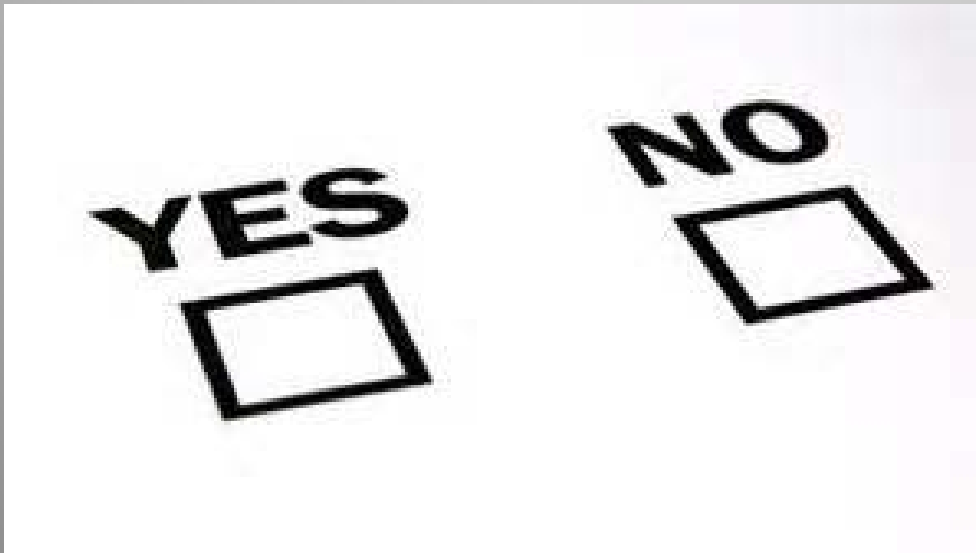


***Young and Old
on Medicare:
20% under 65***

Part B (Medical Insurance): Eligibility

➤ Part B

- Part B is voluntary for anyone who has Part A
- Monthly cost: \$104.90 (for most people)
- 90% of beneficiaries in Part A also enroll in Part B



***Must
sign up***

A&B Benefits: What's Covered

➤ Part A (hospital services)

- Inpatient hospital
- Post-hospital skilled nursing facility (SNF)
- Limited home health care (mostly post-hospital)
- Hospice care

➤ Part B (physician services)

- Physician services
- Prescription drugs – if physician-administered
- Laboratory and diagnostic services
- Outpatient hospital services
- Durable medical equipment
- Limited home health care (not covered under Part A)
- Blood products, Rehab Therapy, Ambulance, Mental Health

***Different parts
cover different
services***

Beneficiary Cost-Sharing

- Beneficiaries pay a share of cost for Medicare A and B (cost-sharing)
 - includes deductibles, coinsurance, and copayments on most services.

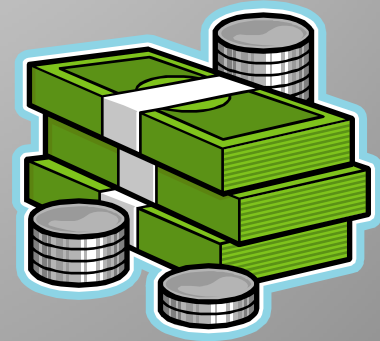
***No limit on out-of-pocket expenses
(no catastrophic cap)***



Part A Cost Sharing

- Hospital Inpatient
 - Deductible: \$1,260 per “Spell of Illness”
 - Days 1-60, \$0
 - Days 61-90, \$315 daily coinsurance per benefit period
 - Days 91+ = 60 “lifetime reserve days”, \$630 daily coinsurance
- Post-Hospital SNF Care
 - Days 21-100: \$152 per day
- No cost-sharing for:
 - Home health
 - Hospice care

***Could have
multiple spells
in a year***

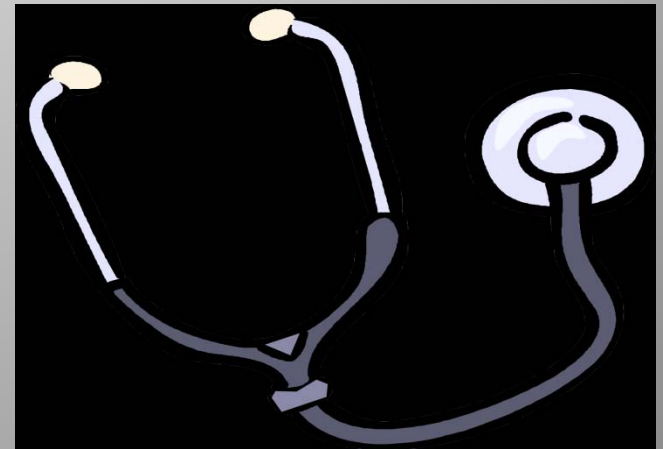


Part B Cost Sharing

- Deductible: \$ 147 per year
- Coinsurance: 20% of Medicare approved amount

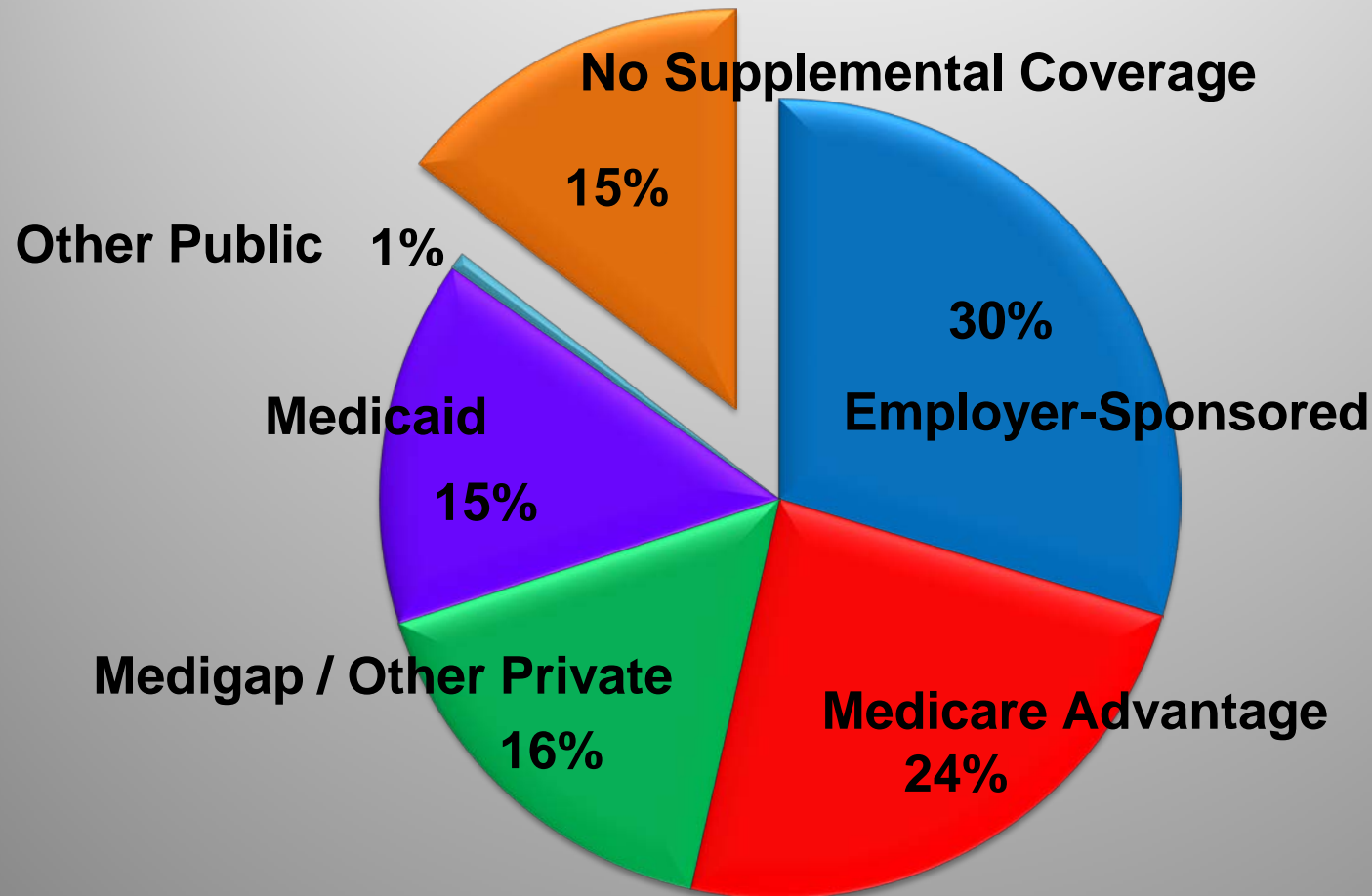
Some exceptions:

- Some prevention/screening exempt from cost-sharing
- Clinical lab services: \$0
- Mental health
- Hospital outpatient



Supplemental Coverage

The vast majority have supplemental coverage that helps with Part A and Part B costs.



Medicare Part D (Prescription Drug Benefit)

Pays for **outpatient prescription medicines**

Eligibility: Entitled to Part A and enrolled in Part B.

Provided through Medicare-approved **private insurance plans.**

- Plan availability: Varies by state
- Drugs covered: Formularies vary by plan
- Pharmacies: Networks vary by plan



Part D: Choice of Coverage

PDP - Stand-alone drug plans that work with traditional Medicare (Part A and B), or

MA-PD - Medicare Advantage Plan (Part C) that offers prescription drug coverage

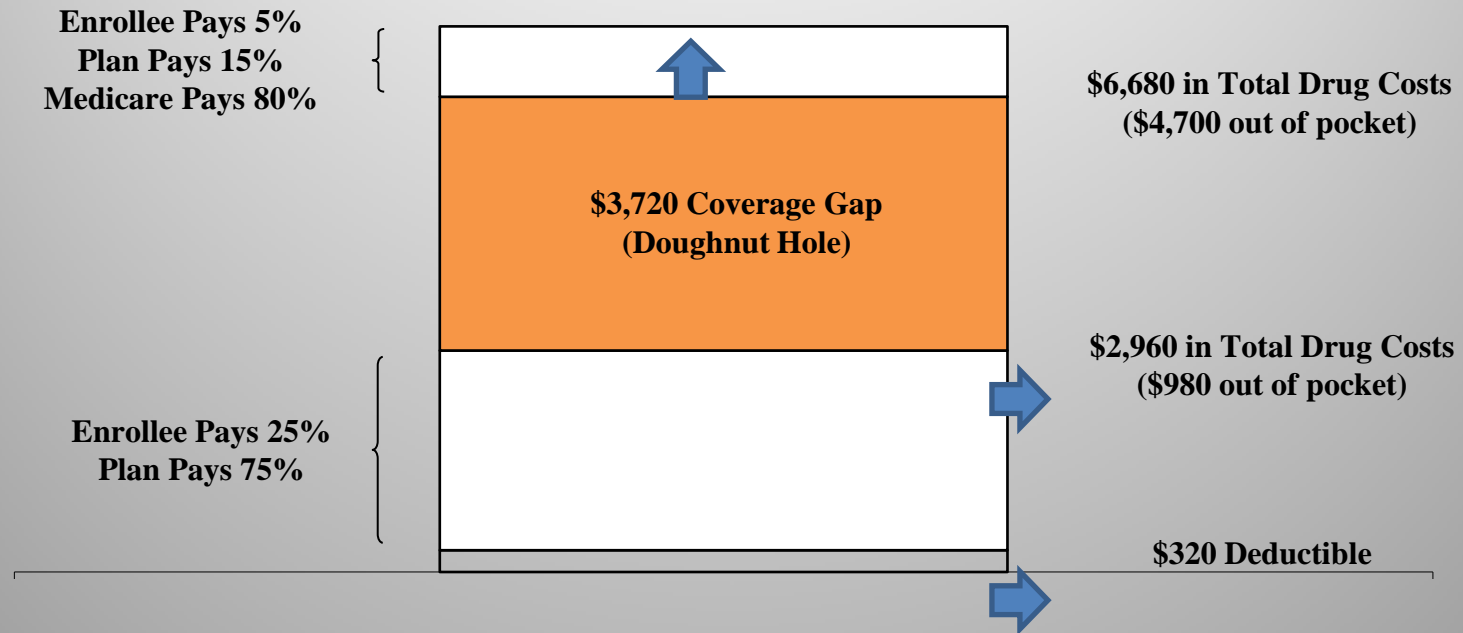


Medicare Part D: Costs

- **Monthly Premium: May vary by plan** (average is \$38.83/month)
- **Cost-sharing: May vary by plan**
- Subsidies for enrollees with limited income/assets (LIS)

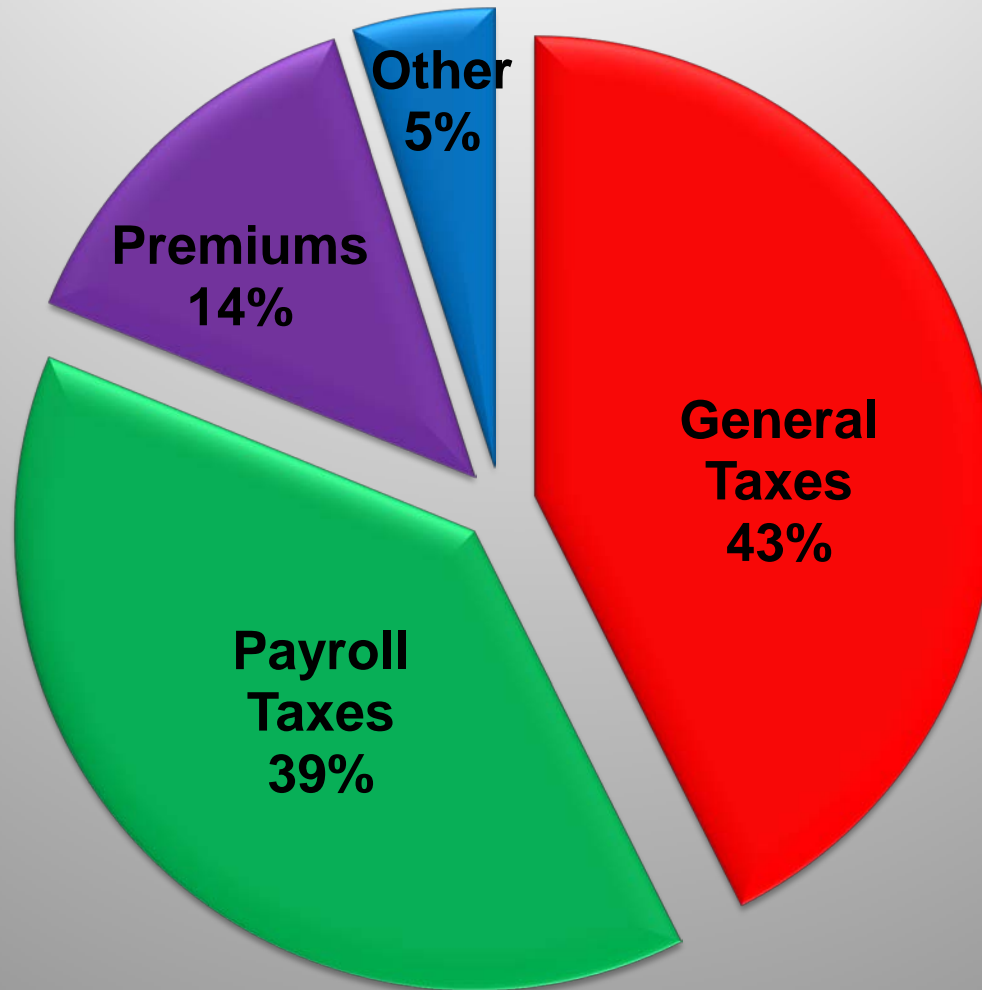


2015 Part D Standard Benefit



- Benefit parameters are adjusted annually based on per capita spending

How is Medicare Funded?



Source: Projected 2014 Financing from 2014 Medicare Trustees' Report, Table V.B5
May not sum to 1 due to rounding

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How Is Part A Funded?

- Primarily through payroll taxes
 - Employees and employers each pay 1.45% of wage earnings: total of 2.9%
 - Self-employed pay 2.9%
 - Starting 2013: High-income workers pay additional 0.9% tax on earnings
- Tax revenue “deposited” to Medicare Hospital Insurance (HI) Trust Fund
- Benefits paid from HI Trust Fund



How are Parts B & D funded?

- Beneficiary premiums and federal general revenues.
- Supplementary Medical Insurance (SMI) Trust Fund
 - Premiums fund about 25% of costs



Higher Premiums for Upper Income Beneficiaries (Parts B & D)

Income Ranges by Tax Filing Status		Monthly Premium	
<u>Individual return</u>	<u>Joint return</u>	<u>Part B premium</u>	<u>D premium</u>
\$85,000 or less	\$170,000 or less	\$104.90	Your plan premium
\$85,001 to \$107,000	\$170,001 to \$214,000	\$146.90	+\$12.10
\$107,001 to \$160,000	\$214,001 to \$320,000	\$209.80	+31.10
\$160,001 to \$214,000	\$320,001 to \$428,000	\$272.70	+\$50.20
\$214,001+	\$428,001+	\$335.70	+\$69.30

Questions?

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