

# Structure of Medicare

**Sarah Lock**

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# Introduction

- Medicare is going to be 47 years old on July 30
- Seniors depend on Medicare to assist them with the ever-rising costs of health care
- Many are on fixed incomes, and without Medicare would be forced to choose between health care or heat or food

# ABC's of Medicare

## ➤ **Parts A and B**

- Traditional or Original Medicare (Fee-For-Service)
- 48 million enroll in Part A -- **HOSPITAL**
- 44 million enroll in Part B (voluntary) -- **DOCTORS**

## ➤ **Part C (Parts A & B combined)**

- Medicare Advantage (Private Plans)
- 12 million enroll

## ➤ **Part D**

- Prescription Drug Benefit
- 35 million enroll (voluntary)

# Benefits: What's Covered

## ➤ Part A

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



## ➤ Part B

- Physician services (including physician-administered prescription drugs)
- Laboratory and diagnostic services
- Outpatient hospital services
- Durable medical equipment
- Rehab Therapy
- Mental Health

## •Part C

- All A&B benefits through private health plans
- Most plans include Part D benefits
- May offer extra coverage such as vision, hearing or dental

## •Part D

- Prescription drugs

# Benefits: What's NOT Covered

In traditional Fee-For-Service, critical services such as:

- Hearing, including hearing aids
- Dental, including dentures
- Vision
- Long-term care
- Transportation

\*\* Some Medicare Advantage plans cover some of these benefits

# Beneficiary Premiums

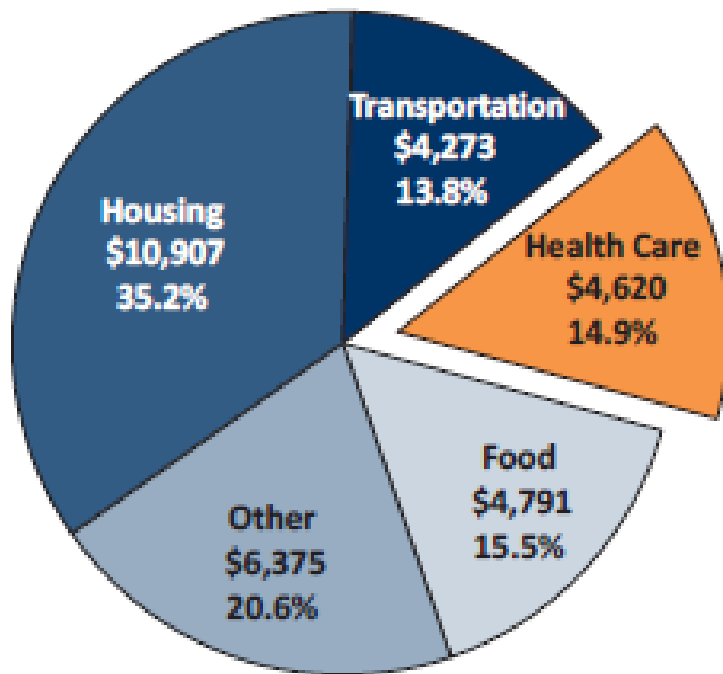
Individual Modified Adjusted Gross Income (MAGI)	Part B Monthly Premium	Part D Monthly Premium (Starts with Standard Plan Rate and Adds--)
\$85,000 or less	\$99.90 (Standard Plan Rate)	Standard Plan Rate
\$85,001-\$107,000	+ \$40.00= \$139.90	+ \$11.60
\$107,001-\$160,000	+\$99.90=\$199.80	+ \$29.90
\$160,001-\$214,000	+\$159.80=\$259.70	+ \$48.10
Over \$214,000	+\$219.80=\$319.70	+ \$66.40

# Supplemental Coverage

- Medicare is not the generous program many think it is
- The basic cost-sharing structure for benefits is 80% paid by Medicare, 20% paid by beneficiary
- Types of supplemental:
  - Employer sponsored plans
  - Medigap
  - Medicaid

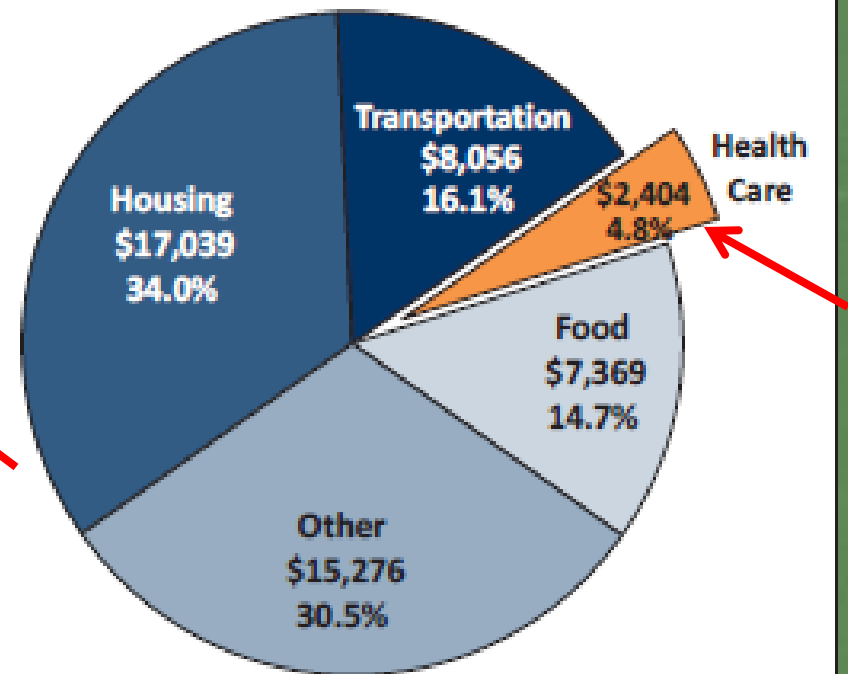
# Distribution of Average Household Spending by Medicare and Non-Medicare Households, 2009

## Medicare Household Spending



Average Household Spending =  
\$30,966

## Non-Medicare Household Spending



Average Household Spending =  
\$50,143



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