

Medicare Minute Teaching Materials – April 2015
How to Save on Your Health Care

1) What are Medicare Savings Programs? Medicare Savings Programs (MSPs), also known as Medicare Buy-In programs or Medicare Premium Payment Programs, assist you with paying your Medicare Parts A and B premiums, deductibles, and coinsurances. Call your State Health Insurance Assistance Program (SHIP) for exact rules on how to apply for a MSP in your state (for contact information, see the last page of this document). Many states allow you to submit your application online, through the mail, or through community health centers or other organizations.

Medicare Savings Programs	
Qualified Medicare Beneficiary (QMB):	Pays for Medicare Part A (up to \$407/month) and B (\$104.90/month) premiums, deductibles, and coinsurances or copays. If you have QMB, you will have no coinsurance or copay for Medicare-covered services received from doctors who participate in Medicare or Medicaid or are in your Medicare Advantage Plan’s network.
Specified Low-income Medicare Beneficiary (SLMB):	<ul style="list-style-type: none"> *Pays for monthly Part B premiums. *You can have SLMB and Medicaid *3-month retroactive coverage prior to application date
Qualifying Individual (QI) Program	<ul style="list-style-type: none"> *Pays for monthly Part B premiums *You <u>cannot</u> have both QI and Medicaid *3-month retroactive coverage prior to application date

2) How do I apply for a Medicare Savings Program? Some states still require that you schedule an appointment and go in person to a Medicaid office to apply. Otherwise, you may be able to apply online. Contact your State Health Insurance Assistance Program (SHIP) to discuss your eligibility for a MSP and to get help with the enrollment process. Note that your current income is used to determine eligibility for MSPs. The sources of income that are considered include:

MSP Income Sources		
Unemployment income	Unearned Income	Earned income
Income from rental property	Self-employment income	Wages
Social Security benefits	Pensions	Railroad Retirement benefits
Tips	Veterans benefits	Workers’ compensation

The list of the exact documents that you will need to have for your application varies by state. Some states do not require that you submit documentation of your income or assets. Your local SHIP program can tell you what documents your state requires. Once you submit a completed application, processing it can take up to 45 days. After the application is processed and your eligibility is determined, your benefits can take up to 1-3 months to go into effect. It is important to remember that you must renew your Medicare Savings Program status at least once every year. This is called recertification. You will lose benefits if you do not recertify. You should contact your local Medicaid agency to learn when you need to complete the recertification process and verify what documents are needed.

3) What is Extra Help and how do I apply for it? Extra Help, also sometimes referred to as the Low Income Subsidy (LIS), is a federal program that helps pay for Medicare prescription drug coverage (Part D) costs. Note: if you are enrolled in Medicaid, Supplemental Security Income (SSI), or a MSP, you automatically qualify for Extra Help. You do not have to apply for this extra assistance.

If your monthly income is below \$1,471 for singles (\$1,991 for couples) and your assets are below specified limits, you may be eligible for Extra Help. Contact your State Health Insurance Assistance Program (SHIP) to determine whether or not you qualify for Extra Help and for help enrolling. Even if your income or assets are above the limit you may still qualify for Extra Help because certain types of income and assets may not be counted. Depending upon your situation, you may qualify for full or partial Extra Help. With full Extra Help, you should pay no Part D premium (as long as you enroll in certain plans), pay no deductible, and have low copays. If you have partial Extra Help, in 2015 you will pay a share of your plan's premium, a \$66 deductible, and reduced copays. For full Extra Help to entirely cover your Part D premium, you must choose a plan that offers basic coverage and has a premium at or below the Extra Help benchmark premium amount for your state. If you do not choose a plan, you will be automatically enrolled in one, in most cases.

4) What counts as an asset for the MSPs and Extra Help? Countable assets are resources such as savings and checking accounts, stocks, bonds, mutual funds, retirement accounts, and real estate. Each state has different eligibility requirements for their Medicare Savings Programs. Some states have no asset test for MSP eligibility. Call your SHIP for more information about the MSP asset limit in your state. Note that in all states, the following resources will never be counted as assets:

- Your primary house
- Your car
- Household goods and wedding/engagement rings
- Burial spaces
- Burial funds up to \$1,500 per person
- Life insurance with a cash value of less than \$1,500

5) If I applied to Extra Help this year, will I still have to reapply next year? If you applied for Extra Help, Social Security may send you a letter in August or September with a form outlining the financial and personal information you provided when you applied and asking if any of it has changed. The letter is titled, Social Security Administration Review of Your Eligibility for Extra Help. If you and your spouse applied for Extra Help on the same application, you will receive only one letter. Not everyone who applied for Extra Help will receive a letter, but if you do you must complete the form enclosed with the letter and send it back to Social Security within 30 days.

Social Security will use your answers to decide if you still qualify for Extra Help and how much Extra Help you should receive (for example, if your income had dropped you may be eligible for more assistance). If you need more time to fill out the form, call your local Social Security office and ask for an extension; you may receive an extra 30 days to fill out the form. Any changes to your Extra Help assistance will take effect on January 1. If you do not return the Review of Your Eligibility form, Social Security will assume that you no longer qualify for Extra Help, and your assistance will end on December 31. Once you send in the necessary forms, you will receive a notice telling you whether or not your Extra Help has stayed the same, increased, decreased, or ended.

6) If I was automatically enrolled into Extra Help this year, will I be automatically enrolled next year?

If you get Extra Help automatically because you were already enrolled in Medicaid, a Medicare Savings Program, or were receiving Supplemental Security Income (SSI), and you are still enrolled in Medicaid or a MSP or receiving SSI in the fall, you do not have to do anything. Your state should tell Medicare that you are still enrolled in one of these programs. However, if you are no longer enrolled in Medicaid or a MSP, or receiving SSI at the end of the year, you should apply for Extra Help. Otherwise, your Extra Help ends on December 31. You should receive a letter in the fall telling you that you will lose Extra Help. You should also receive an Extra Help application and postage-paid envelope with your notification letter.

7) If I do not qualify for Extra Help or the MSP, are there other programs that can help me save on my health care? Some states offer a state pharmaceutical assistance program (SPAP) to help residents pay for prescription drugs. Each program works differently. Some states coordinate their drug assistance programs with Medicare's Part D drug benefit. If you do not have Part D but qualify for your state's SPAP, you will have the chance to—and may be required to—enroll in Part D. If a drug is covered by both your SPAP and your Part D plan, the amount you pay for your prescriptions PLUS what the SPAP pays will count toward the out-of-pocket maximum you have to reach before your Medicare drug costs decrease significantly. Your SPAP may also help pay for your Part D premium, deductible, copayments, or coverage gap (Many SPAPs give you coverage during your Part D plan's coverage gap, or doughnut hole). If you are thinking about joining an SPAP, here are some questions to ask to find out if you are eligible, and whether your state's program works with other drug coverage you may have:

- What are the SPAP's income/asset limits?
- How do I enroll? (e.g., documents needed, in-person appointment vs. online application, etc.)
- Do I have to have a certain medical condition to get help?
- Can I get help if I am under 65?
- Can I get help if I have Medicare and Medicaid?
- Can I be enrolled in a Medicare private health plan (Medicare Advantage) with drug coverage or do I have to be in a stand-alone Part D plan (PDP)?
- Will the SPAP automatically enroll me in a Part D plan or do I have to enroll myself?
- Can I qualify if I have drug coverage other than Part D, such as an employer plan?
- Will the SPAP help me when I am in the Part D coverage gap?

8) What are the different Medigaps, and how much do they cost? Before you buy a Medigap policy, understand the benefits offered by each type to find the best one for you. Insurance companies may offer up to 10 different Medigap policies, labeled A, B, C, D, F, G, K, L, M, and N. Each policy is standardized. This means that all policies labeled with the same letter have the same benefits, no matter which company provides them.

For example, Medigap policy A offered by company 1 provides exactly the same benefits as Medigap policy A offered by company 2. Be aware that companies are not required to offer all 10 standardized Medigaps. Some standardized policies may not be offered in your state. Also, Minnesota, Massachusetts, and Wisconsin have different ways of standardizing Medigap policies. When choosing a Medigap, ask what factors the Medigap insurance company uses to set your premium. Pay particular attention to how the company uses age when setting premiums. Depending on where you live, premiums may be:

- **No-age-rated**, also known as community-rated. This means that the premiums are the same regardless of your age. These are generally the least expensive over your lifetime.
- **Issue-age-rated**. The premium will always be based on the age you were when you first bought the policy, so the younger you are when you buy it, the cheaper the premiums will be. Your premiums will still increase over time because of inflation but not because of your age.
- **Attained-age-rated**. The premiums are based on your age when you bought the policy, but will increase as you get older. You will pay a different price at age 65 than you do at age 70. The premiums may be the lowest when you first buy them, but are generally the most expensive over your lifetime.

9) When is the best time to enroll in a Medigap? First, you can only purchase a Medigap if you have Original Medicare, not if you are enrolled in a Medicare Advantage Plan. In addition, under federal law you only have the right to buy a Medigap policy if you are 65 and buy your policy during a protected enrollment period. The protected enrollment times are during your:

- **Open Enrollment:** You have a six-month open enrollment period that begins the month you turn 65 and enroll in Medicare Part B. During your open enrollment period, Medigap companies must sell you a policy at the best available rate regardless of your health status, and cannot deny you coverage. During this protected period, Medigap policies must shorten any pre-existing condition waiting period by the number of months you had prior creditable coverage. Most forms of health coverage count as creditable as long there was no break in coverage of more than 63 days.
- **Guaranteed Issue:** If you miss your open enrollment period, you can also buy a Medigap when you have a guaranteed issue right. When you have a guaranteed issue right, companies must sell you a policy at the best available rate, regardless of your health status, and cannot deny you coverage.

If you miss your enrollment window to buy a Medigap, your costs may go up, your options may be limited, or you may not be able to buy a Medigap at all. Note that during the times when you have the right to buy a Medigap policy, an insurance company cannot deny you Medigap coverage or charge you more for a policy because of past or present health conditions, but there may be a waiting period for coverage because of preexisting conditions. Check the rules in your state before you buy a Medigap. Many states follow the federal rules, but some states allow people to enroll in Medigaps outside of the federally protected periods. For example, states like New York and Connecticut allow you to buy a policy throughout the year, rather than at select times. Likewise, these two states and many others require insurers to offer their products to people with Medicare under age 65, not just to people age 65 or older. Contact your SHIP to ask about your right to purchase a Medigap policy in your state.

10) Do Medigap policies cover prior medical conditions? Medigap policies can refuse to cover your prior medical conditions for the first six months. A prior or pre-existing condition is a condition or illness you were diagnosed with or were treated for before your new health care coverage began. The wait time for

coverage to start is called a pre-existing condition waiting period. You can avoid waiting periods if you buy your policy while you have a guaranteed issue right. If you buy your policy when you have a guaranteed issue right, insurers can never refuse to cover prior medical conditions coverage for any period of time. You can also avoid or shorten a pre-existing condition waiting period if you buy your policy during your Open Enrollment Period (please see question 9).

11) Additional resources, besides SHIP

- Choosing a Medigap Policy: Please use the following link to the CMS booklet on “Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare” as a resource:
<https://www.medicare.gov/Pubs/pdf/02110.pdf>
- <http://www.socialsecurity.gov/medicare/prescriptionhelp/>

Case study

Brenda has diabetes and was recently diagnosed with hypertension. Her doctor has given her a prescription to help regulate her blood pressure. Brenda can already barely afford the cost of her insulin copayments even though she has Medicare prescription coverage. Brenda is single, has a monthly income under \$1,471, and is concerned that she cannot afford to pay for her new medication at this time. What should Brenda do?

- Brenda should then contact her SHIP, and ask to be screened for all available programs that could help her save on her health care
 - If Brenda doesn't know how to find her SHIP, she can go to www.shiptacenter.org or call 877-839-2675 for assistance
- A SHIP counselor will then inform Brenda that she qualifies for Extra Help, a federal program that helps pay for Medicare prescription drug coverage (Part D) costs
- The SHIP counselor will also screen Brenda for other state specific programs that can offer additional assistance
- The SHIP counselor will inform Brenda of the documents (if any) needed, and shall assist her with processing her application(s)

Local SHIP Contact Information

SHIP toll-free:

SHIP email:

SHIP website:

To find a state SHIP: call 877-839-2675 or visit www.shiptacenter.org

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