

## MEDICARE 101

Here are some basics for the many of us who still have questions about our Medicare and ASHI policies.

### **What is Medicare?**

Medicare is health insurance for people 65 or older.

The different parts of Medicare help cover specific services:

#### **Medicare Part A (Hospital Insurance)**

Helps cover inpatient care in hospitals.

Helps cover skilled nursing facility, hospice and home health care.

If you have paid Social Security taxes (at least 40 quarters and are entitled to a monthly Social Security benefit) Part A is free. If you have never paid Social Security taxes, you can buy Part A but this is unnecessary for UN retirees enrolled in a New York Headquarters plan as the hospital coverage provided by Aetna, Blue Cross and HIP is much more generous than Part A coverage.

Part A does not cover custodial or long-term care.

Part A does not work outside the USA.

#### **Medicare Part B (Medical Insurance)**

Helps cover doctors' services, hospital outpatient care and home health care.

Helps cover some preventive services to help maintain your health and to keep certain illnesses from getting worse.

This coverage, called Original Medicare, is what you need if you are a retiree enrolled in a New York Headquarters plan.

It also helps cover some of the services of physical and occupational therapists and some home health care, but ONLY if they are deemed to be MEDICALLY NECESSARY. (See the explanation of this term at the end of this paper.)

Part B does not work outside the USA.

#### **Medicare Part C (Health plans run by Medicare-approved private insurance companies)**

These are not appropriate for UN retirees enrolled in a New York Headquarters plan.

#### **Medicare Part D (Medicare Prescription Drug Coverage)**

This is not appropriate for UN retirees enrolled in a New York Headquarters plan. The New York Headquarters plans provide better coverage for prescription drugs than the coverage provided under Part D. The UN in addition receives a rebate from the Medicare Administration for the cost of drugs prescribed under the UN plans.

### **How much does Medicare Part B coverage cost?**

Everybody pays a premium for Medicare Part B. The monthly premium for new enrollees in 2011 is \$115.40. This may be increased if your adjusted gross income is above certain amounts. The Social Security Administration will inform you if this is so.

Persons who receive Social Security benefits have their Medicare premium deducted automatically. Those not in receipt of Social Security benefits are billed (three months in

advance) or may sign up for Medicare Easy Pay and have the premium debited monthly from a bank account.

In addition, participants in Medicare Part B must cover the annual deductible of \$162.00 in 2011 before Medicare starts to pay 80% of the Medicare-approved amount for the procedure performed or service rendered.

Retirees in a New York Headquarters plan will have the remaining 20% covered by the plan in which they are enrolled.

The premiums may go up in 2012.

## **Doctors and Medicare**

There are three categories of doctor or provider in relation to Medicare:

**Doctors or providers who accept assignment**, i.e., accept the Medicare-approved amount for the service they provide as full payment for the covered services. (You may still have to pay the deductible and a co-pay if applicable);

**Doctors or providers who participate in Medicare but do not accept assignment.** They may charge more than the Medicare-approved amount but there is a “limiting charge.” They can only charge up to 15% more than the Medicare-approved amount (in New York State the “limiting charge” is 5%).

**Doctors or providers who “opt out” of Medicare.** They can then not take any patient under Medicare. If you want an “Opt Out” doctor or provider to treat you they will ask you to sign a “private contract” with them. If you do sign such a contract, the doctor or provider can charge you any amount he or she wishes. The “limiting charge” does not apply. Medicare will not reimburse you anything at all. In such cases you claim from your UN plan, which will normally pay 80% of the “reasonable and customary” amount for the service in the zip code in which the doctor works.

For “opt out” doctors or providers you need to send a copy of the “private contract” or get a refusal from Medicare rejection of the claim because the particular doctor or provider has “opted out.”

## **How does Medicare work?**

As a retiree, Medicare Part B is your *primary* insurer and your ASHI coverage acts as secondary payer (i.e., your medical bills are first sent to the Medicare Administrator) unless either you or your spouse is employed and covered under a health insurance plan of the employer.

If Medicare is primary in your case, the medical service provider normally sends the bill directly to the Medicare Administrator (under the “assignment” agreement).

The Medicare Administrator calculates the amount to be paid (normally 80% of the Medicare approved amount for the service), taking into account the Medicare fee limit, your deductible and co-insurance, pays the provider and tells you what you have to pay.

Under the *Medicare Direct* arrangement, the Medicare Administrator electronically informs Aetna or Blue Cross of the balance owing (usually 20%). To sign up for the Medicare Direct facility, provide the Health and Life Insurance Section with photocopies of your Medicare and Aetna or Blue Cross cards.

### **Meaning of the term “medically necessary”**

Medical services or supplies are deemed to be “medically necessary” if they are generally considered to be:

1. Proper and needed for the diagnosis or treatment of your medical condition;
2. Provided for the diagnosis, direct care and treatment of your medical condition;
3. Consistent with the standards of good medical practice in the local area AND are not mainly for the convenience of you and/or your doctor.