CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Medicare and the Federal Employees Health Benefit (FEHB)

Educational Seminar for Federal Employees and Retirees

2020

Session Topics

Lesson 1: Medicare Program Basics

Lesson 2: Enrolling in Medicare

Lesson 3: Should I Enroll in Medicare?

Lesson 4: Coordination of Benefits

Lesson 5: Medicare and Other Resources

Medicare & Medicaid—The Beginning

- Medicare and Medicaid enacted in 1965
- Implemented in 1966
- Enrollment in millions

Program	1966	2017
Medicare	2020	67.7
Medicaid	2020	75

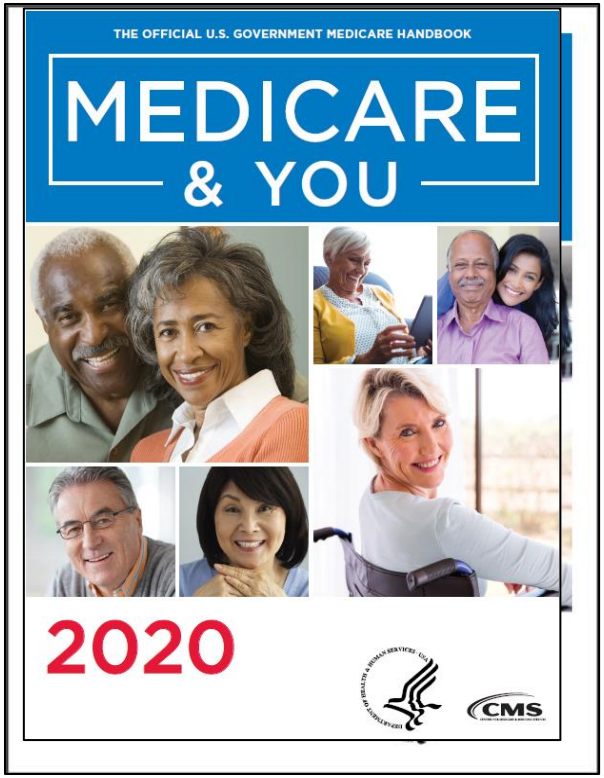
President Johnson signs Medicare into law. President and Mrs. Truman receive the first Medicare cards.

Lesson 1—Medicare Basics

- What is Medicare?
- What Agencies are Responsible for Medicare?
- What are the Parts of Medicare?
  - What is the Coverage and Cost of Part A?
  - What is the Coverage and Cost of Part B?

What Is Medicare?

- Health insurance for people
  - 65 and older
  - Under 65 with certain disabilities
    - ALS (Amyotrophic Lateral Sclerosis, also called Lou Gehrig's disease) without waiting period
  - Any age with End-Stage Renal Disease (ESRD)



CMS Product No. 10050

NOTE: To get Medicare you must be a United States (U.S.) citizen or lawfully present in the U.S.

What Agencies are Responsible for Medicare?

They Handle Enrollment, Premiums, and Replacement Medicare Cards

Social Security Administration (SSA) enrolls most people in Medicare

Railroad Retirement Board (RRB) enrolls railroad retirees in Medicare

Federal retirees' premiums are handled by the **Office of Personnel Management**

We Handle the Rest

Centers for Medicare & Medicaid Services (CMS) administers the Medicare Program

What are the Parts of Medicare?

Part A (Hospital Insurance) helps cover:

- Inpatient care in hospitals
- In patient care in a skilled nursing facility care
- Hospice care
- Home health care
- Inpatient care in a religious nonmedical health care institution

Part B (Medical Insurance) helps cover:

- Services from doctors and other health care providers
- Outpatient care
- Home health care
- Durable medical equipment
- Many preventive services

Part D (Prescription drug coverage) helps cover:

- Cost of prescription drugs

Part D plans are run by private insurance companies that follow rules set by Medicare.

Original Medicare Coverage
Part A—Hospital Insurance

Part A–Hospital Insurance helps cover medically necessary:

- ✓ Inpatient hospital care
  - Semi-private room, meals, general nursing, other hospital services and supplies, as well as care in inpatient rehabilitation facilities and inpatient mental health care in a psychiatric hospital (lifetime 190-day limit)
- ✓ Inpatient Skilled Nursing Facility (SNF) care
  - After a related 3-day inpatient hospital stay
    - If you meet all the criteria
- ✓ Blood (inpatient)
- ✓ Certain inpatient non-religious, nonmedical health care in approved religious nonmedical institutions (RNHCIs)
- ✓ Home health care
- ✓ Hospice care

☒ **What's not covered?**

- Private-duty nursing
- Private room (unless medically necessary)
- Television and phone in your room (if there's a separate charge for these items)
- Personal care items, like razors or slipper socks

Part A—What You Pay in 2020

- **Premium**—No premium for most people
- **Deductible**—$1,408 for inpatient hospital stays (days 1-60)

Part A
Hospital Insurance

  - For inpatient hospital stays longer than 60 days
    - $352 per day for days 61-90
    - $704 per each day beyond 90
      - "lifetime reserve days" (up to 60 in your lifetime)
    - All costs after 150 days
- **Out-of-pocket maximum**—None in Original Medicare

NOTE: Part B pays for most of your doctor services when you are an inpatient.

Are You an Inpatient or an Outpatient?

- Your hospital status affects how much you pay out-of-pocket, what is covered by Part A and/or Part B, and whether Medicare will cover subsequent SNF care.
- Medicare Outpatient Observation Notice (MOON) – provided when in observation status longer than 24 hours, but before 36th hour

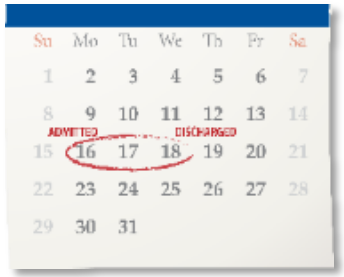
Inpatient – When you're formally admitted to the hospital with a doctor's order. The day before you're discharged is your last inpatient day.

Outpatient – When the doctor hasn't written an order to admit you, even if you spend the night.

Skilled Nursing Facility (SNF) Care

Required Conditions for Coverage

- Require daily skilled services (not just long-term or custodial care)
- Hospital **inpatient** 3 consecutive days or longer (not including day of discharge)
- Admitted to SNF within specific time frame (generally 30 days after leaving hospital)
  - If longer than 30 days need new 3-day qualifying stay
- SNF care must be for a hospital-treated condition or a condition that arose while receiving care in the SNF for hospital-treated condition
- Must be a Medicare-participating SNF



Covered Services

- ✓ Semi-private room
- ✓ Meals
- ✓ Skilled nursing care
- ✓ Physical, occupational, and speech-language therapy if needed to meet your health goal
- ✓ Medical social services
- ✓ Medications, medical supplies/equipment
- ✓ Ambulance transportation (limited)
  - To nearest supplier of needed services not available at the SNF if other transportation endangers health
- ✓ Dietary counseling

Paying for Skilled Nursing Facility (SNF) Care

Part A
Hospital Insurance

For Each Benefit Period in 2020	You Pay
Days 1-20	$0
Days 21-100	$176.00 per day
All days after 100	All costs

Benefit Periods in Original Medicare

- Measures use of inpatient hospital and SNF services
  - Begins the day you first get inpatient care in hospital or SNF
  - Ends when not in hospital/SNF 60 days in a row
- Pay Part A deductible for each benefit period
- No limit to number of benefit periods you can have

Benefit periods can span across calendar years.

Ends 60 days in a row here…

Home

Not here…

Hospital or SNF

Home Health Care Coverage

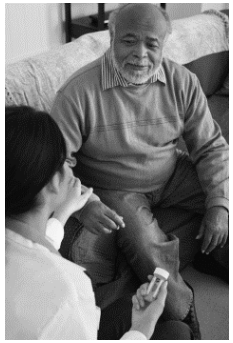
✓ **Medicare Pays For**:

- ✓ Intermittent skilled nursing care
- ✓ Physical therapy
- ✓ Speech-language pathology services
- ✓ Continued occupational services, and more

☒ **Medicare doesn't pay for**

- 24-hour-a-day care at home
- Meals delivered to your home
- Homemaker services
- Personal care

Usually, a home health care agency coordinates the services your doctor orders for you.



5 Required Conditions for Home Health Care Coverage

1. Must be homebound
2. Must need skilled care on part-time or intermittent basis
3. Must be under the care of a doctor
   - Receiving services under a plan of care
4. Have face-to-face encounter with doctor
   - Prior to start of care or within 30 days
5. Home health agency must be Medicare-approved

Hospice Care

What Is Hospice Care?

- Interdisciplinary team provides services for those with a life expectancy of 6 months or less, and their family
- Sign election statement choosing hospice care instead of routine Medicare-covered benefits to treat your terminal illness
- Focus is on comfort and pain relief, not cure
- Doctor must certify each "election period"
  - Two 90-day periods
  - Then unlimited 60-day periods
  - Face-to-face encounter
- Hospice provider must be Medicare approved

Covered Hospice Services

- ✓ Physician and nursing services
- ✓ Physical, occupational, and speech-language therapy
- ✓ Medical equipment and supplies
- ✓ Drugs for symptom control and pain relief
- ✓ Short-term hospital inpatient care for pain and symptom management
- ✓ Respite care in a Medicare-certified facility
  - Up to 5 days each time, no limit to number of times
- ✓ Hospice aide and homemaker services
- ✓ Social worker services
- ✓ Grief, dietary, and other counseling

Original Medicare: What is the Cost and Coverage of Part B?

Part B
Medical Insurance

Part B—Medical Insurance helps cover medically necessary

- ✓ Doctors' services
- ✓ Outpatient medical and surgical services and supplies
- ✓ Clinical lab tests
- ✓ Durable medical equipment (may need to use certain suppliers)
- ✓ Diabetic testing supplies
- ✓ Preventive services (like flu shots and a yearly wellness visit)
- ✓ Home health care

Part B—What You Pay in 2020

Part B
Medical Insurance

- **Monthly Premium**–Standard premium is $144.60 (may have to pay a higher amount depending on your income)
- **Yearly deductible**–$198
- **Coinsurance**–20% coinsurance for most covered services, like doctor's services and some preventive services, if provider accepts assignment
  - $0 for some preventive services
  - 20% coinsurance for outpatient mental health services, and copayments for hospital outpatient services

Paying the Part B Premium

Part B
Medical Insurance

- Deducted monthly from
  - Social Security benefit payments
  - Railroad retirement benefit payments
  - Federal retirement benefit payments
- If not deducted
  - Billed every 3 months
  - Medicare Easy Pay allows people to have their Medicare premium payments automatically deducted from a savings or checking account each month
  - Contact Social Security, the RRB, or the Office of Personnel Management about premiums

Lesson 2—Enrolling in Medicare

- Automatic enrollment
- Medicare enrollment periods
- Coverage Choices

How and When Can You Enroll in Medicare?

Medicare enrollment rules and decisions vary depending on:

If you get

- Social Security Disability Insurance
- Social Security retirement benefits, or
- Railroad Retirement benefits
- **If you don't enroll on time….**

- **Could be higher (late enrollment Premium**
- **Coverage might be affected, like having a gap in coverage or a waiting period for a pre-existing condition (Medigap).**

Your age

Your other coverage, like from an employer

If you have End-Stage Renal Disease

Part A LEP lasts 2Xs the number of years you could have had Part A but didn't
Part B and **Part D** LEPs last your lifetime **penalties)**

Automatic Enrollment—Part A and Part B

- **Automatic enrollment for those receiving**
  - Social Security benefits
  - RRB benefits
- Initial Enrollment Period (IEP) Package
  - Mailed 3 months before
    - 65, or
    - 25th month of disability benefits
  - Includes your Medicare card
    - If you don't want Part B, complete the back of the card and mail it back
- **If you're not automatically enrolled in Part A and Part B (like, not getting Social Security or RRB benefits)**
  - You need to enroll with Social Security
    - Visit socialsecurity.gov, or
    - Call 1-800-772-1213 (TTY: 1-800-325-0778), or
    - Make an appointment to visit your local office

If not Automatically Enrolled, When Can I Enroll in Part B?

Enrollment Period	When
Initial Enrollment Period (IEP)	7-month period surrounding your birthday month
General Enrollment Period (GEP)	January 1–March 31 each year. Effective July 1 ***(10% penalty for every 12-month period eligible but didn't enroll)***
Special Enrollment Period (SEP)	8-month period beginning the month after you retire or lose employer-based coverage, whichever comes first

Your Medicare Options

When you first enroll in Medicare and during certain times of the year, you can choose how you get your Medicare coverage.

There are 2 main ways to get Medicare:

Original Medicare

Medicare Advantage (Part C)

Your Medicare Options—Original Medicare

- Includes Medicare Part A (Hospital Insurance) and Part B (Medical Insurance)
- If you want drug coverage, you'll need to join a separate Part D plan
- You can also need to buy supplemental coverage to help pay your out-of-pocket costs (like your deductible and 20% coinsurance)
  - Examples: Coverage from a former employer or union, or Medicare Supplement Insurance (Medigap) policies

☑ **Part A**

☑ **Part B**

You can add:

☐ **Part D**

You can also add:

☐ **Supplemental coverage**

Your Medicare Options—Medicare Advantage (Part C)

- An “all in one” alternative to Original Medicare.
- “Bundled” plans include Parts A, B, and usually Part D.
- You can’t buy or use supplemental coverage if you’re in a Medicare Advantage Plan. Some plans may have lower out-of-pocket costs than Original Medicare.
- Some plans offer extra benefits that Original Medicare doesn’t cover—like vision, hearing, or dental.

☑ **Part A**

☑ **Part B**

Most plans include:

☑ **Part D**

Some plans also include:

☐ **Lower out-of-pocket costs**

☐ **Extra benefits**

Lesson 3—Should I Enroll in Medicare?

- Medicare Part A or Part B, or both?
- Medicare Advantage and FEHB
- Medicare Part D and FEHB drug coverage
- Medicare, FEHB, and TRICARE/TRICARE for Life

Who Should Consider Enrolling in Medicare Part A?

- Anyone working or retired and age 65 or above
- Premium free for most people
- Automatic enrollment if receiving Social Security or Railroad retirement benefits
  - Starts the first day of the month you turn 65

Who Should Consider Delaying Enrollment in Medicare Part A?

- Consider delaying Part A if enrolled in a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA) and would like to keep it
  - You can't contribute to your HSA once your Medicare coverage begins
  - If you don't stop HSA contributions at least **six months** before Medicare enrollment, you may incur a tax penalty
  - If you'd like to continue contributing to your HSA, you shouldn't apply for Medicare, Social Security, or Railroad Retirement Board (RRB) benefits
    - If ineligible for an HSA can convert to Health Reimbursement Arrangement (HRA)

Who Should Consider Enrolling in Medicare Part B?

- **If you're retired and have FEHB**
  - Medicare Part B may be a good choice
  - Medicare Part B and FEHB plans may combine to provide almost complete coverage
  - FEHB plans continue to pay primary for benefits like prescription drugs
- **Consider Part B as it**
  - Pays for costs involved with seeing providers outside of the FEHB plan's network
  - Is required for Medicare Advantage and TRICARE For Life

Who May Want to Delay Enrolling in Medicare Part B?

- If you're 65, still working, and have FEHB
  - It may be to your advantage to delay Part B (this includes spouse covered under FEHB)
    - FEHB remains primary payer
    - Spouse age 65 remains covered under FEHB as primary payer
  - Apply for Part B upon retirement (enroll during 8-month Special Enrollment Period, penalty waived)
    - Get Form CMS-L564 (Request for Employment Information) and employing office completes it
    - Available at CMS.gov/Medicare/CMS-Forms/CMS-Forms/CMS-Forms-Items/CMS009718.html

Medicare Part C—Medicare Advantage (MA) Plans Quick Facts

- Another way to get Medicare coverage
- Also called Medicare Part C
- Health plan options approved by Medicare
- Run by private companies
- May have to use network doctors or hospitals
- Some FEHB plans offer Medicare Advantage Plans
- Can suspend FEHB if enrolled in a Medicare Advantage (MA) Plan
  - You may reenroll in FEHB if you later lose or cancel your MA Plan coverage
  - You must wait until the next FEHB Open Season to reenroll in FEHB, unless you involuntarily lose your MA coverage
    - You may reenroll from 31 days before to 60 days after you lose the Medicare Advantage Plan coverage, and your reenrollment in FEHB will be effective the day after the MA Plan coverage ends

Suspending FEHB to Enroll in Medicare Advantage

- You (or your spouse) can suspend your FEHB coverage to enroll in a Medicare Advantage Plan
  - You won't have to pay your FEHB premium
    - OPM doesn't contribute to your Medicare Advantage Plan premium
  - If you later want to re-enroll in the FEHB program, generally you may do so only at the next Open Season unless you involuntarily lose coverage or move out of the Medicare Advantage Plan's service area
- Contact your retirement office
  - Provide documentation to suspend FEHB coverage to enroll in a Medicare Advantage Plan
- Suspension of FEHB is effective the day before the Medicare Advantage Plan coverage begins

Part D—Medicare Prescription Drug Coverage Quick Facts

- Available to all people with Medicare
- Provided through
  - Medicare Prescription Drug Plans (PDPs)
  - Medicare Advantage Prescription Drug Plans (MA-PDs)
  - Some other Medicare plans
- Higher premium for some who wait to enroll
  - After first eligible without creditable drug coverage
    - FEHB is creditable coverage
  - Additional 1% of the Part D base-beneficiary premium
    - For each month you could have had Part D or creditable coverage but didn't
    - Lifetime penalty

Who Should Consider Enrolling in Medicare Part D?

- Retirees with limited income and resources
  - May consider enrolling in Medicare Part D as they'll get financial assistance
    - Resources must be limited to $14,610 for an individual or $29,160 for a married couple living together
- If individual has FEHB
  - Won't likely benefit from enrolling in Medicare Part D
  - May enroll in Part D later without penalty

What if I Have TRICARE?

- If retired from the military, you must enroll in Part A and Part B to keep TRICARE
- If active-duty member, you don’t need to have Part B to keep TRICARE
- If you have TRICARE, you don't need to join a Medicare Prescription Drug Plan
  - If you do, your Medicare drug plan pays first, and TRICARE pays second

Lesson 4—Coordination of Benefits

- Who pays first?

Medicare & FEHB Primary Payer Chart

Member or spouse has Medicare and FEHB	The Primary Payer is
Has FEHB as an active employee or spouse	FEHB
Has FEHB as a retired annuitant or spouse	Medicare
Is receiving Workers' Compensation	Workers' Compensation for injury-related services, Medicare for other services

Key Points to Remember if you have FEHB

- Medicare Part A not required but is recommended if still working and have FEHB
- Contact your health plan when you turn 65 (for coordination purposes)
- Can delay Medicare Part B (with no penalty) if still employed
- Medigap policy probably not needed
- Medicare Part D probably not needed

Lesson 5—Medicare Resources

- **Centers for Medicare & Medicaid Services (CMS), call 1-800-MEDICARE (1-800-633-4227**)
  - TTY: 1-877-486-2048
- **CMS.gov**
  - CMS publications—CMS.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications.html
- **Medicare.gov**
  - Medicare Publications—Medicare.gov/publications

Benefits Coordination & Recovery Center

Call 1-855-798-2627
TTY: 1-855-797-2627
cms.gov/Medicare/Coordination-of-Benefits-and-Recovery

- **Medicare Secondary Payer Recovery Contractor**
  - Call 1-866-677-7220
  - cms.gov/Medicare/Coordination-of-Benefits-and-Recovery
- **Social Security Administration (SSA)**
  - 1-800-772-1213, TTY: 1-800-325-0778
  - Socialsecurity.gov
- **Federal Employees Health Benefits (FEHB)** at OPM.gov/healthcare-insurance/healthcare/
- **State Health Insurance Assistance Programs (SHIPs)**
  - Funded by federal government
  - Support, counsel, and assist people with Medicare
    - Located in every state
  - shiptacenter.org