

Daily Union Article

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Title: Medicare 2018

As a member of the SHICK (Senior Health Insurance Counselors of Kansas) team, I frequently get updates from CMS and Medicare on a wide variety of topics. With the beginning of a new year, I have been fielding several questions about changes in costs and coverage. This article offers some of the information I have been sharing.

Original Medicare: The legislation that brought Medicare into existence passed in 1965 and was implemented beginning in 1966. It originally offered both Part A and Part B – both of which still exist today. It is a health insurance program for people who: 1) are age 65 or older or 2) are under age 65 with certain disabilities, or 3) have End-Stage Renal Disease (regardless of age.)

Part A requires no premium for most people because the beneficiary or their spouse already paid for it through their payroll taxes while working. Part A is the hospital insurance side of the program. It helps cover inpatient care in hospitals, including critical access hospitals, and skilled nursing facilities (NOT custodial or long-term care.) It also helps cover hospice care and some home health care. Beneficiaries must meet certain conditions to get these benefits.

Part A has an annual inpatient hospital deductible that beneficiaries pay when admitted to the hospital. This cost has increased by \$24 for 2018 to \$1,340. The Part A deductible covers the beneficiary's share of costs for the first 60 days of Medicare-covered inpatient hospital care in a benefit period. The co-pay per day for in-hospital care also increased from \$329 in 2017 to \$335 in 2018 for the 61st through 90th day of hospitalization.

Part B requires a premium by most people. The 2018 premium did not change from 2017 and remains a monthly cost of \$134 for most beneficiaries. The Centers for Medicare and Medicaid Services (CMS) clarifies why this premium statement does not hold the same meaning for every beneficiary: "However, a statutory "hold harmless" provision applies each year to about 70 percent of enrollees. For these enrollees, any increase in Part B premiums must be lower than the increase in their Social Security benefits. After several years of no or very small increases, Social Security benefits will increase by 2.0 percent in 2018 due to the Cost of Living adjustment. Therefore, some beneficiaries who were held harmless against Part B premiums increases in prior years will have a premium increase in 2018."

Part B of Medicare also comes with a deductible which also remains the same from 2017 at \$183 annually. Beginning in 2007, Medicare beneficiaries with higher incomes have paid high Medicare Part B monthly premiums. Those beneficiaries whose individual tax return income was reported **above** \$85,000 or a joint tax return **above** \$170,000 will have a minimum increase of \$53.50 per monthly. The higher the tax return income, the higher the increase in premium is. The highest income bracket will have an income-related monthly adjustment of \$294.60 making their monthly premium \$428.60.

Part D is the Prescription piece of Medicare. Although it is completely voluntary, I encourage Beneficiaries to get coverage. Some people are fortunate to not have medical needs that warrant prescription medications and feel that being in a Part D plan is a waste of money. However, enrolling in the cheapest plan is a proactive decision because we never know what life will present to us as we age.

The least expensive plan for 2018 has a premium of \$20.40 per month and an annual deductible of \$405. This gets Medicare Beneficiaries in the system and protects them from any unexpected medication costs that may come with illness or disease in their future. It also gives them a chance to change plans during open enrollment without penalty. The cost of medications can be a significant expense for seniors who are on a set and limited budget. I worked with a client this past fall who was on a great plan for 2017. However, the plan was no longer going to cover an inhaler they needed beginning in 2018. The cost of the inhaler is over \$700 each month for 2018. In addition to their other medication co-pays, this would significantly impair their ability to pay other monthly expenses. By looking at all the Part D plans, we were able to find a plan that was going to save the beneficiary over \$1,400 per month in medication costs. That is a total savings of over \$16,800 for the year. The Plan they changed to had a premium that would cost them a little over \$3.00 per month and had no deductible to meet.

If you don't sign up for Part D when you are first eligible, or if you drop out of a Part D plan and then get it after you are first eligible, you may have to pay a late enrollment penalty for as long as you have Part D. The amount of this penalty is based on how long you didn't have creditable prescription drug coverage. Every month you could have been on a Part D prescription plan is part of the calculation for the penalty you will be assessed. The penalty will be added to each monthly payment you make for the rest of the time you are on a prescription plan.

Working through all the Medicare different Parts (i.e. A, B, & D), terminology, rules, and deadlines is a challenge to say the least. Don't be afraid to ask questions and seek answers. For more information about becoming a Medicare beneficiary and navigating

the system once you are established on Medicare, call me at the Geary County K-State Research and Extension office at 785-238-4161. Until next time, keep living resourcefully!