



Basics of Medicare & Medi-Cal

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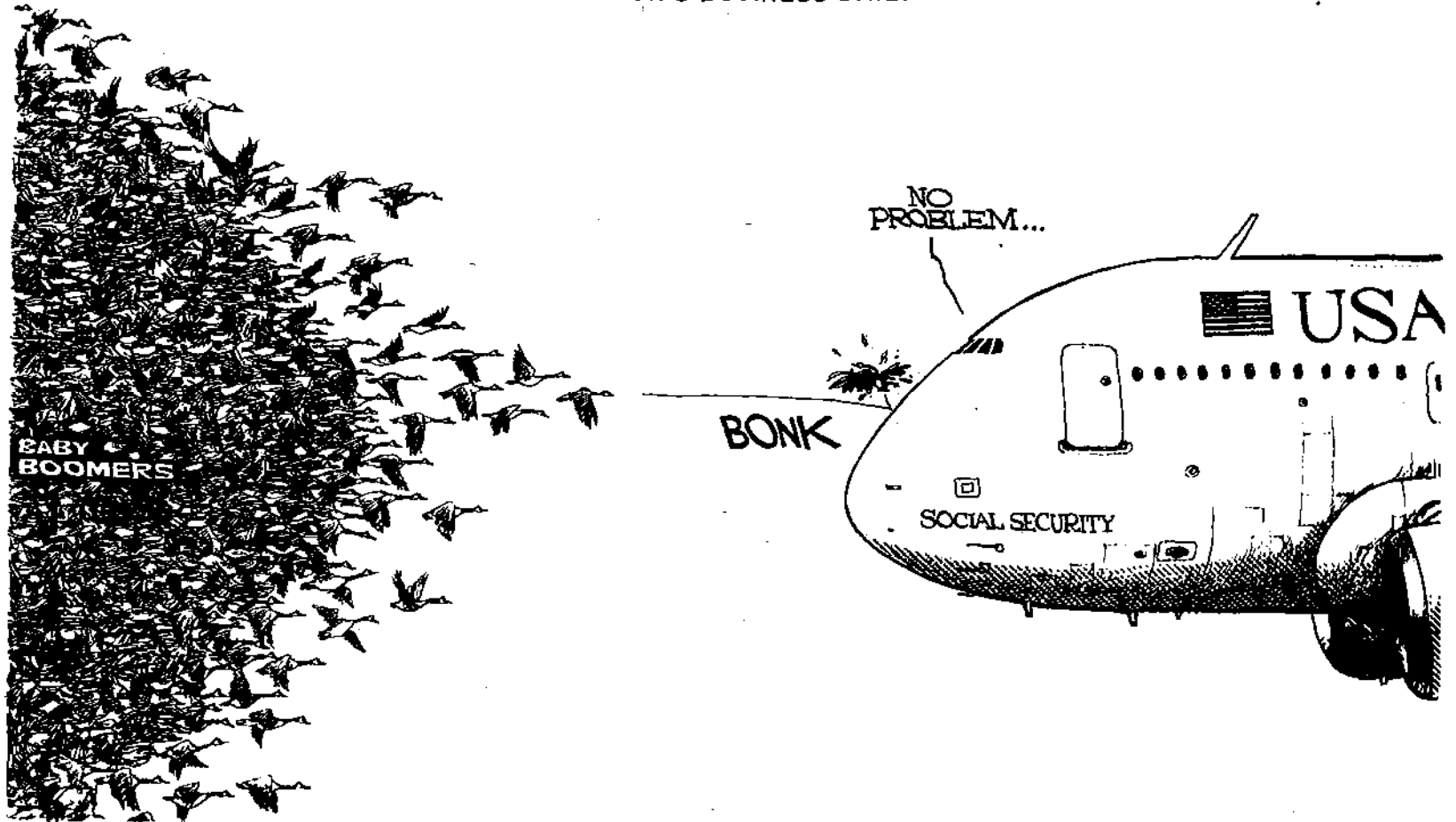
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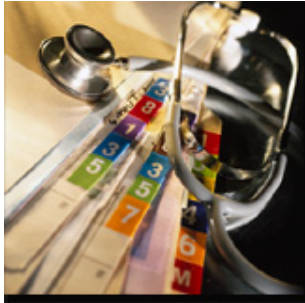
RAMIREZ INVESTOR'S BUSINESS DAILY
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MICHAEL RAMIREZ
INVESTOR'S BUSINESS DAILY



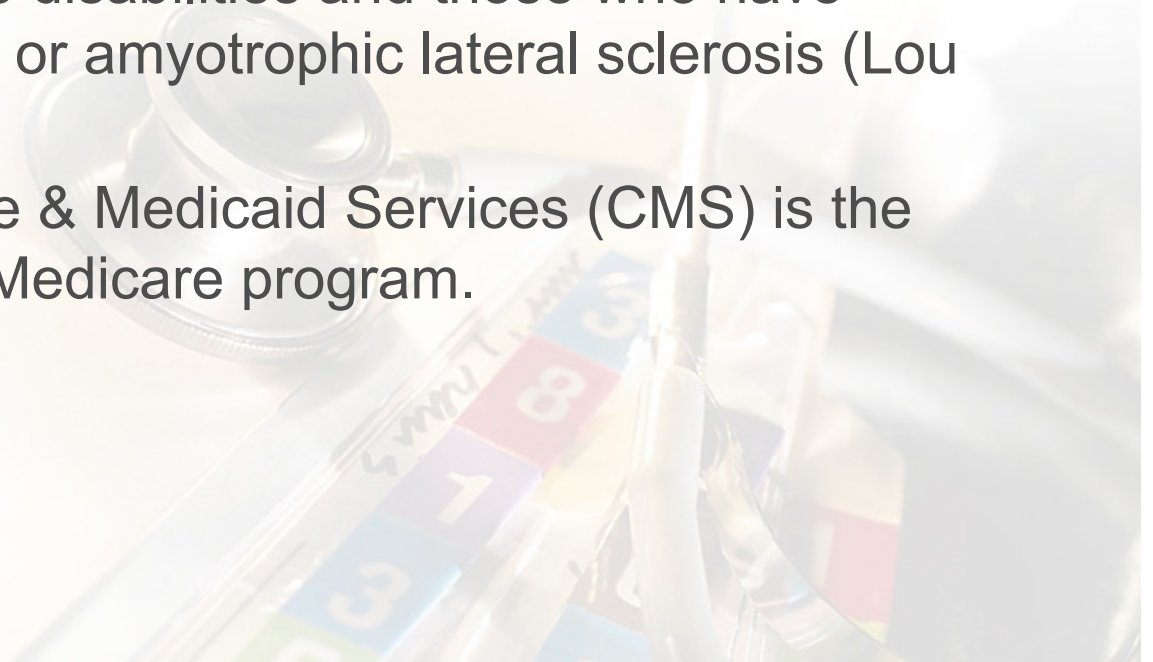
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What is Medicare?

- Medicare is our country's health insurance program for people age 65 or older.
- The program helps with the cost of health care, but it does not cover all medical expenses or the cost of most long-term care.
- Certain people younger than age 65 can qualify for Medicare, too, including those who have disabilities and those who have permanent kidney failure or amyotrophic lateral sclerosis (Lou Gehrig's disease).
- The Centers for Medicare & Medicaid Services (CMS) is the agency in charge of the Medicare program.






Medicare Has Four Parts

- **(Part A) Hospital insurance** that helps pay for inpatient care in a hospital or skilled nursing facility (following a hospital stay), some home health care and hospice care.
- **(Part B) Medical insurance** that helps pay for doctors' services and many other medical services and supplies that are not covered by hospital insurance.
- **(Part C) Medicare Advantage** plans are available in many areas. People with Medicare Parts A and B can choose to receive all of their health care services through one of these provider organizations under Part C.
- **(Part D) Prescription drug coverage** that helps pay for medications doctors prescribe for treatment.



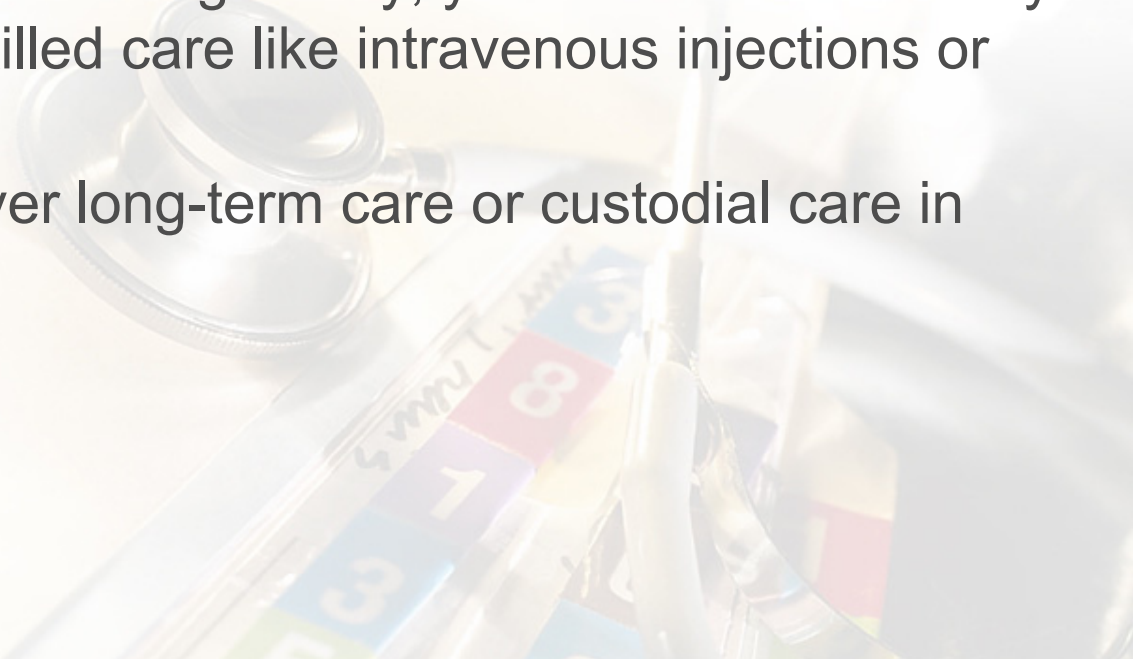
Part A – Covered Services

- **Hospital Stays (Inpatient)**

- Includes semi-private room, meals, general nursing, drugs as part of your inpatient treatment, and other hospital services and supplies.
 - The doctor services you get while you are in a hospital are covered under Part B.
 - Hospital deductible - \$1,068.
 - No Coinsurance for days 1-60 each benefit period.
- 



Part A – Covered Services (cont'd)

- **Skilled Nursing Facility Care**
 - Include semi-private room, meals, skilled nursing and rehabilitative services, other services and supplies (**only after a 3-day minimum inpatient hospital stay for a related illness or injury**) for up to 100 days in a benefit period.
 - To get care in a skilled nursing facility, your doctor must certify that you need daily skilled care like intravenous injections or physical therapy.
 - Medicare **doesn't** cover long-term care or custodial care in this setting.
- 



Part A – Covered Services (cont'd)

- **Home Health Services**

- Limited to medically necessary part-time or intermittent skilled nursing care or physical therapy, speech-language pathology, or a continuing need for occupational therapy.
- Care must be ordered by a doctor and provided by a Medicare-certified home health agency.
- You must be homebound, which means that leaving home takes a lot of effort.
- Part A covers the cost of the first 100 home health visits following a hospital stay.



Part A – Covered Services (cont'd)

- **Hospice Care**

- For people with a terminal illness who are expected to live 6 months or less (as certified by a doctor).
- Coverage may include drugs (for pain relief and symptom management), medical, nursing, social services, and other covered services not usually covered by Medicare (like grief counseling).
- Hospice care is usually given in your home (or other facility like a nursing home) by a Medicare-approved hospice.
- Medicare may pay for covered services for health problems that aren't related to your terminal illness.



Part B (Medical Insurance)

- **What is Part B (Medical Insurance)**
 - Part B helps cover medically-necessary services like doctor's services, outpatient care, and other medical services. Part B also covers some preventative services. You can find out if you have Part B by looking at your Medicare card.
- **How much does Part B cost?**
 - You pay the Part B premium each month. Most people will pay the standard premium amount, which is \$96.40 per month in 2009.
 - Annual deductible for Part B services is \$135.



Part B Covered Services

- **Medically-Necessary Services**
 - Services or supplies that are needed for the diagnosis or treatment of your medical condition and meet accepted standards of medical practice.
- **Ambulance Services**
 - Emergency ground transportation when you need to be transported to a hospital or skilled nursing facility for medically necessary services, and transportation in any other vehicle could endanger your health.
 - You pay 20% of the Medicare-approved amount and the Part B deductible applies.



Part B Covered Services (cont'd)

- **Ambulatory Surgical Centers**
 - Facility fees for approved surgical procedures provided in an ambulatory surgical center (facility where surgical procedures are performed, and the patient is released the same day).
 - You pay 20% of the Medicare-approved amount and the Part B deductible applies.
- **Blood**
 - If the provider has to buy blood for you, you must either pay the provider costs for the first 3 pints of blood you get in a calendar year or have the blood donated.
 - You pay 20% of the Medicare-approved amount for the additional pints of blood you get as an outpatient, and the Part B deductible applies.



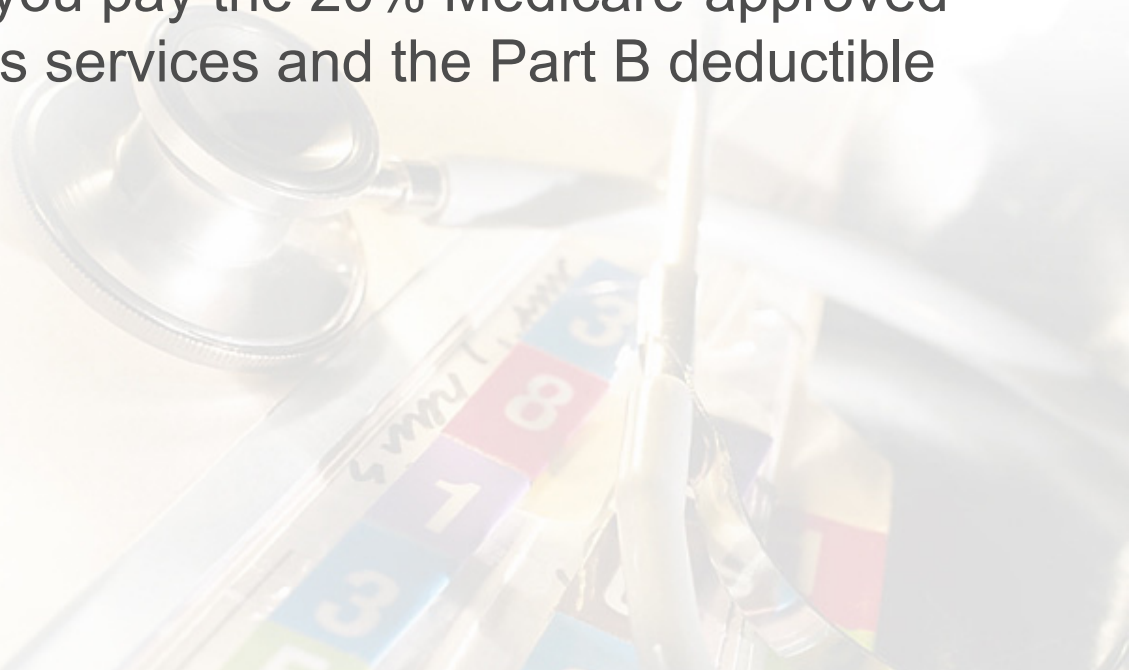
Part B Covered Services (cont'd)

- **Doctor services**
 - Services that are medically necessary (includes outpatient and some doctor services you get when you are a hospital inpatient) or covered preventative services.
 - Doesn't cover routine physicals except for the one-time "Welcome to Medicare" physical exam
 - You pay 20% of the Medicare-approved amount, and the Part B deductible applies.
- **Durable Medical Equipment (like walkers)**
 - Items such as oxygen equipment and supplies, wheelchairs, walkers, and hospital beds ordered by your doctor for use in the home. Some items must first be rented.
 - You pay 20% of the Medicare-approved amount, and the Part B deductible applies.
 - You must get your covered equipment or supplies from a retailer enrolled in Medicare.



Part B Covered Services (cont'd)

- **Emergency Room Services**

- When you believe your health is in serious danger. You may have a bad injury, a sudden illness, or an illness that quickly gets much worse.
 - You pay a specified copayment for the hospital emergency department visit, and you pay the 20% Medicare-approved amount for the doctor's services and the Part B deductible applies.
- 




Part B Covered Services (cont'd)

- **Home Health Services**

- Limited to medically-necessary part-time or intermittent skilled nursing care or physical therapy, or speech-language pathology, or a continuing need for occupational therapy.
- Must be ordered by a doctor or provided by a Medicare-certified home health agency.
- Home health services may also include medical social services, part-time or intermittent home health aide services, durable medical equipment and medical supplies for use at home.
- You just be homebound, which means leaving home takes a lot of effort.
- No cost to you for home health services.



What's Not Covered by Part A and Part B?

- Chiropractic services
 - Custodial care
 - Deductibles, coinsurance, or copayments
 - Dental care and dentures
 - Eye exams (routine)
 - Hearing aids and exams for the purpose of fitting a hearing aid
 - Long-term care
 - Prescription drugs
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Typical Medicare Coverage Example

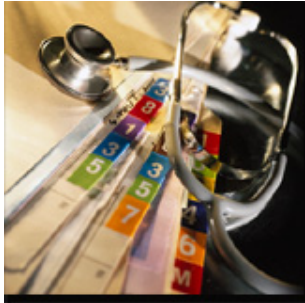
Mary Smith

Age 75

Medicare A & B Coverage

Fall at home – fractured hip

- **Ambulance transportation to local hospital**
 - Part B Coverage
 - You pay 20% of cost + deductible
- **Acute Hospital Stay for 3 Midnights**
 - Part A Coverage
 - Hospital deductible - \$1,068 – You pay
- **Physician Services while in acute hospital**
 - Part B Coverage
 - You pay 20% of cost




Typical Medicare Coverage Example (cont'd)

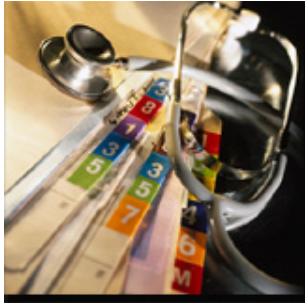
- **Transferred to local Skilled Nursing Facility for Rehabilitation**
 - Part A Coverage
 - Days 1-20 paid 100% by Medicare
 - Days 21-100: Medicare pays 80% and you pay 20%
 - You pay co-insurance - \$133.50/day
- **Transferred back home with Home Health Care for 2 weeks of physical therapy follow up visits**
 - Part A Coverage
 - No charge
 - Up to 100 visits





Part C – Medicare Advantage Plans

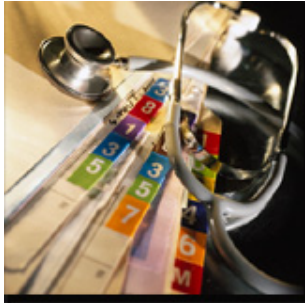
- Medicare Advantage Plans are health plan options (like an HMO or PPO).
 - You must have Parts A & B.
 - Out-of-pocket costs vary.
 - May offer extras – vision, hearing, dental.
 - Medicare pays a set amount to provider to “manage” your care.
 - You lose some choices to select physicians, specialists, hospital.
- 



Part D – Medicare Drug Coverage

- You must have Part A and/or Part B.
- Enrollment periods: November 15th – December 31st each year.
- Many plans to choose from.
- Various options for co-pays, coverage and limits.
- Formularies and approved drugs drive the plan/costs.







Medigap Policies (Medical Supplement Insurance)

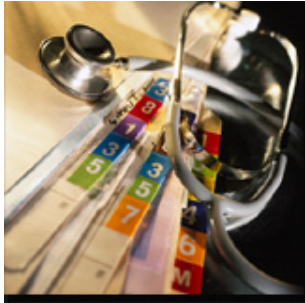
- Original Medicare pays for many, but not all, health care services and supplies.
- A Medigap policy, sold by private insurance companies, can help pay for some of the health care costs (“gaps”) that Original Medicare doesn’t cover like copayments, coinsurance, and deductibles.





What You Need to Know Before You Buy a Medigap Policy

- Generally, you must have Parts A and B to buy a Medigap policy.
 - You pay a monthly premium for your Medigap policy to the private insurer, **and** you pay your monthly Part B premium.
 - A Medigap policy only covers one person. If you and your spouse both want Medigap coverage, you must buy separate Medigap policies.
 - It's important to compare Medigap policies since the costs can vary and may go up as you get older.
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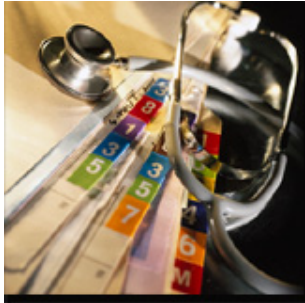
2009 Medicare Rate Increase

- **Medicare Part A**

- Hospital Deductible \$1,068 (up from \$1,024)
- Coinsurance per day:
 - Days 61- 90 \$267 (up from \$256)
 - Days 91 – 150 \$534 (up from \$512)
- 60 lifetime reserve days Medicare pays **100%**
- SNF Coinsurance: \$133.50 per day for days 21-100

- **Medicare Part B**

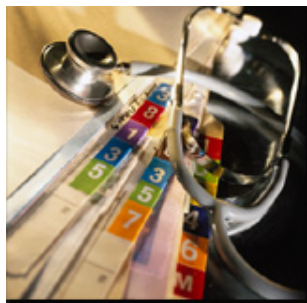
- Premium per month \$96.40
- Deductible per year \$135



Medi-Cal Basics

- **Qualifying Factors**

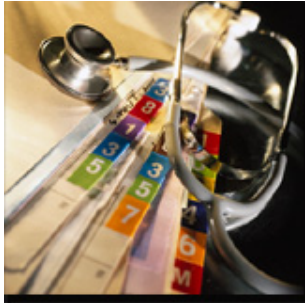
- \$2,000 or less in cash reserve
 - Savings, checking, etc. for Medi-Cal applicant
- Community Spouse Resource Allowance (CSRA) for 2009
 - The spouse at home can keep the first \$109,650 in assets (up from \$104,400 in 2008) and may be able to keep more if his/her income is below the **Minimum Monthly Maintenance Needs Allowance (MMMNA)**.
 - For 2009 the MMMNA amount is \$2,739.



Medi-Cal Resource Limits for Long Term Care

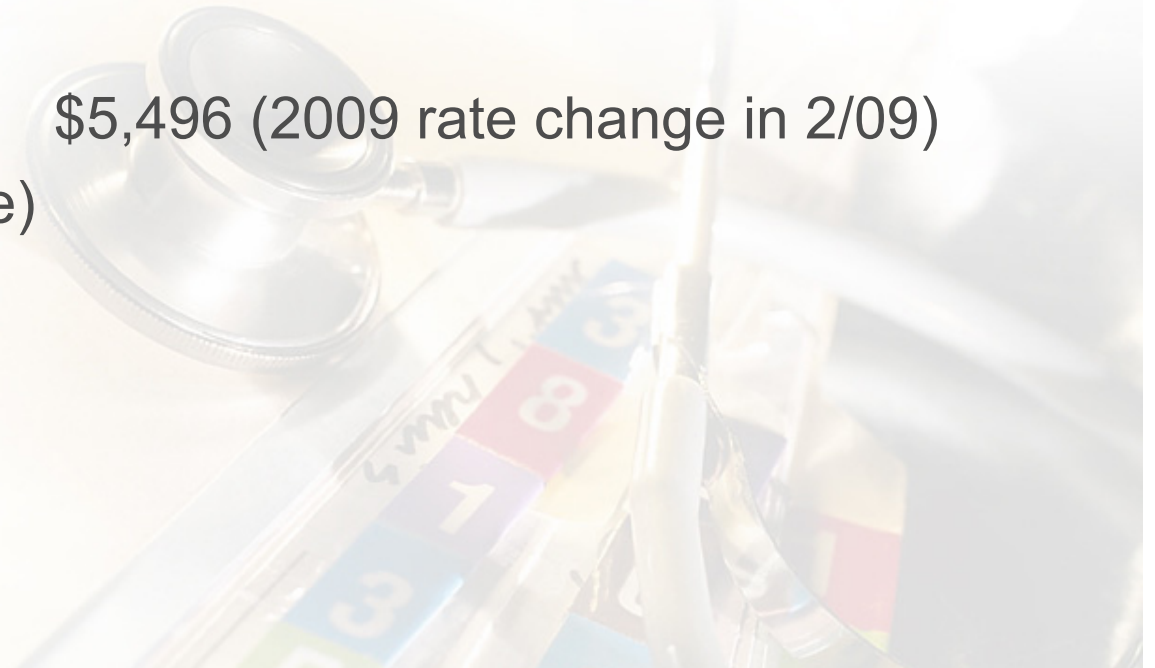
- The home: totally excluded, if it is the principal residence. The applicant must state an “intent to return to the home.”
- Household goods and personal effects: totally exempt.
- One car is generally exempt if used for the benefit of the applicant/beneficiary or if needed for medical reasons.
- Burial plots: totally excluded, includes headstone, etc.

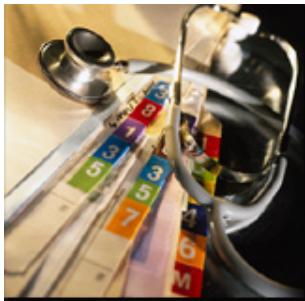




2009 Medi-Cal Rate Increase

- **CSRA** \$109,560 (up from \$104,400)
(Community Spouse Resource Allowance)
- **MMMNA** \$2,739 (up from \$2,610)
(Minimum Monthly Maintenance Needs Allowance)
- **APPR** \$5,496 (2009 rate change in 2/09)
(Annual Private Pay Rate)





Medi-Cal Planning Resources

- Tony Blevin
FSD – Financial Security Designs
16776 Bernardo Center Drive #203
San Diego, CA 92128
(858) 673-8448 or (800) 286-7121
FSDMedical@aol.com
- R. Scott Stewart
The Eldercare Law Firm
3941 Mason Street, #4
San Diego, CA 92110
(800) 332-3644
- Amos Johnson
Pro-Elite Senior Services
Asset Preservation
815 3rd Ave, Suite 303,
Chula Vista, CA 91911
(619) 420-2460 Office
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