



# Introduction to Medicare

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Welcome to the Introduction to Medicare course.

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While all information in this document is believed to be correct at the time of writing, this Computer Based Training (CBT) is for educational purposes only and does not constitute official Centers for Medicare & Medicaid Services (CMS) instructions. All affected entities are responsible for following the applicable laws and regulations and the instructions found on the CMS Web site at the following link: <http://www.cms.gov/>.

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## Course Overview

- Background/History
- Medicare vs. Medicaid
- Entitlement
  - Age
  - Disability
  - ESRD
- Parts of Medicare
  - Part A (Hospital Insurance)
  - Part B (Medical Insurance)
  - Part C (Medicare Advantage Plans)
  - Part D (Prescription Drug Coverage)

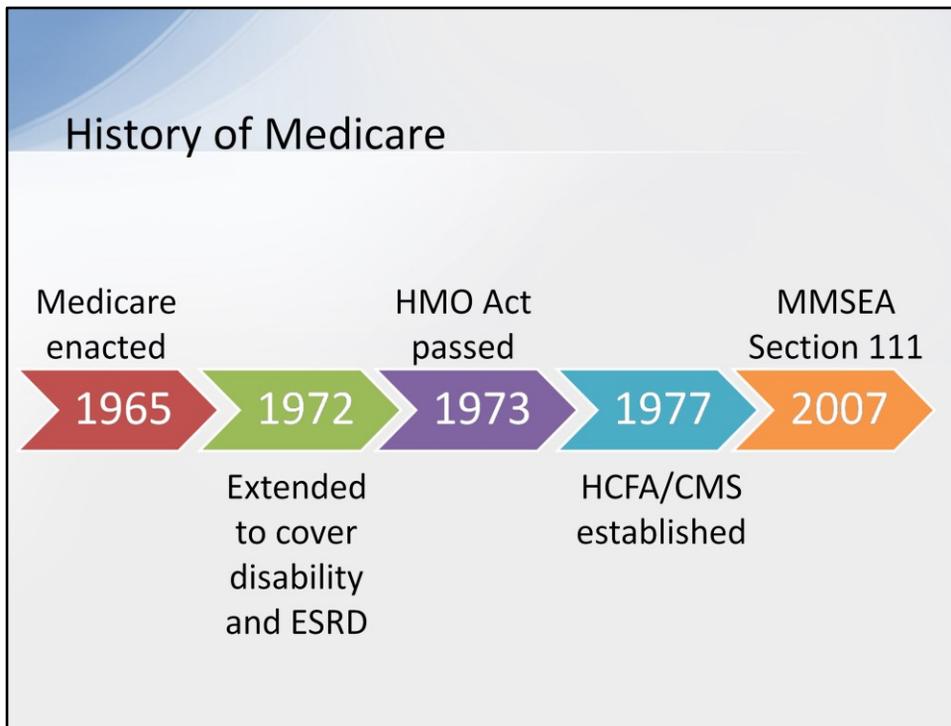


The Introduction to Medicare course provides background and history on Medicare, a comparison of Medicare and Medicaid, an explanation of entitlement, including age, disability and End Stage Renal Disease (ESRD), and concludes with the parts of Medicare.

## Medicare Background

- Broad program of health insurance
  - Hospital
  - Medical
  - Other health costs
- Available to individuals that are:
  - Age 65 and older
  - Disabled
  - ESRD
- 45 million people enrolled
- Managed by CMS

Medicare is a broad program of health insurance designed to assist the nation's elderly to meet hospital, medical, and other health costs. Medicare is available to most individuals 65 years of age and older. Medicare has also been extended to persons under age 65 who are receiving disability benefits from Social Security or the Railroad Retirement Board and those having End Stage Renal Disease (ESRD). There are approximately 45 million people enrolled in Medicare. The Centers for Medicare & Medicaid Services (CMS) is a federal agency within the United States Department of Health and Human Services that manages Medicare.



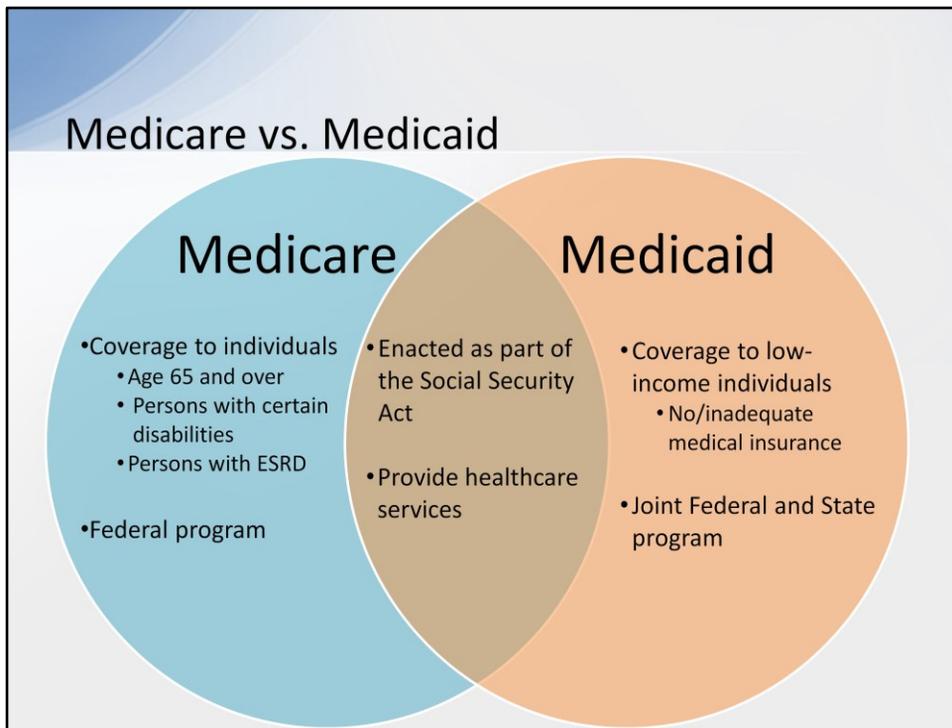
In 1965, Medicare was enacted as Health Insurance for the Aged (under Title XVIII) of the Social Security Act. Medicare extended health coverage to almost all individuals aged 65 or older (i.e., those receiving retirement benefits from Social Security or the Railroad Retirement Board).

Medicare eligibility was extended to individuals under age 65 with long-term disabilities and to individuals with ESRD in 1972.

In 1973, the HMO Act provided for start-up grants and loans for the development of health maintenance organizations (HMOs).

The Health Care Financing Administration (HCFA), now known as the Centers for Medicare & Medicaid Services, was established to administer the Medicare and Medicaid programs in 1977.

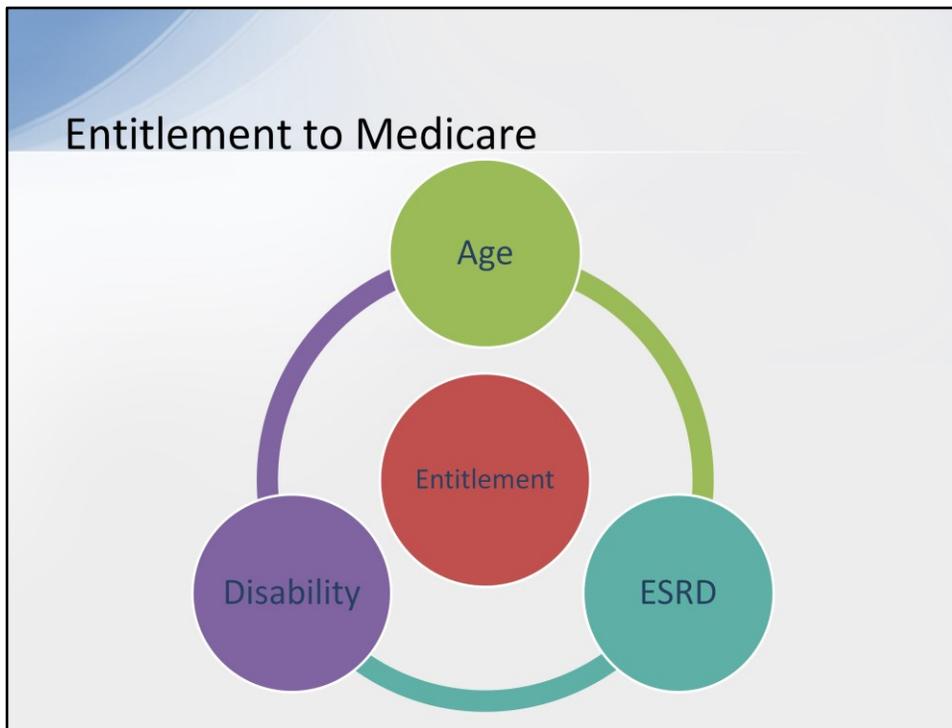
Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) adds new mandatory reporting requirements for group health plan (GHP) arrangements and for Liability Insurance (including Self-Insurance), No-Fault Insurance, and Workers' Compensation.



People often confuse Medicare with Medicaid. They are two entirely different programs. Medicare and Medicaid were both enacted as part of the Social Security Act and both programs provide healthcare services.

Medicare provides health insurance coverage to individuals who are age 65 and over, under age 65 with certain disabilities, and individuals of all ages with ESRD. Medicaid provides medical benefits to groups of low-income people, some who may have no medical insurance or inadequate medical insurance.

Medicare is strictly a federal program. Although the federal government establishes general guidelines for Medicaid, the Medicaid program (which involves a combination of state and federal funds) is administered by the states.



Medicare Part A, also referred to as hospital insurance, as well as Medicare Part B or supplementary medical insurance are available to three groups of "insured individuals"- the aged, the disabled, and those with ESRD. Following is an explanation of how an individual becomes "insured," as well as an explanation of the eligibility requirements for each group.

## Medicare Eligibility – Age

Generally, an individual age 65 or older will be entitled to Medicare if

- Worked at least 10 years in Medicare-covered employment (paid applicable FICA tax) or
- Spouse worked at least 10 years in Medicare-covered employment

Typically, Medicare is effective the 1<sup>st</sup> day of the month in which the person turns age 65

An individual, age 65 or older will generally be entitled to Medicare if he or she has worked at least 10 years in Medicare-covered employment, i.e., paid the applicable FICA tax. A person age 65 or older may also be eligible for Medicare if his or her spouse worked at least 10 years in Medicare-covered employment.

Typically, Medicare coverage begins on the first day of the month in which the individual attains age 65. The date of Medicare entitlement is, however, dependent on the month of enrollment.

## Medicare Eligibility – Disability

Have a medical condition that meets Social Security's definition of disability and the medical condition is expected to last at least 12 months

Receives disability benefits from Social Security or the Railroad Retirement Board for at least 24 months

- (Exception: The 24-month waiting period is waived for individuals with Amyotrophic Lateral Sclerosis (ALS), also called Lou Gehrig's disease. These individuals are eligible for Medicare the first month of disability benefit entitlement.)

In order for an individual to become eligible for Medicare due to disability, the individual must have a medical condition that meets Social Security's definition of disability and the medical condition is expected to last at least 12 months. The individual must also receive disability benefits from Social Security or the Railroad Retirement Board for at least 24 months. The 24-month waiting period is waived for individuals that suffer from Amyotrophic Lateral Sclerosis (ALS), also called Lou Gehrig's disease. These individuals are eligible for Medicare the first month of disability benefit entitlement.

## Medicare Entitlement – Disability

### Example

Date of  
disability  
onset is  
June 15, 2008

Social Security  
disability  
payment  
begins  
December  
2008

Medicare  
entitlement  
begins  
December 1,  
2010

If a person became disabled on June 15, 2008, Social Security disability benefits would first become payable in December 2008. Disability benefits commence the sixth full month after the date the disability begins. After a person has been entitled to disability benefits for 24 months, he or she is entitled to Medicare. In this example, Medicare entitlement begins December 1, 2010.

## Medicare Entitlement – ESRD

Kidney transplant or regular course of dialysis has been prescribed by physician

Eligibility to Medicare is not automatic

Individual must have applied for and have been approved for Medicare benefits by Social Security or the Railroad Retirement Board

To be Medicare eligible, patient must have:

- Worked required amount of time (FICA tax); OR
- Been receiving Social Security or Railroad Retirement Board benefits; OR
- Be the spouse or dependent child of someone who has worked required amount of time or getting benefits from Social Security or the Railroad Retirement Board

Eligibility for Medicare coverage because of End Stage Renal Disease is for patients for whom a regular course of dialysis or a kidney transplant has been prescribed by a physician because they have reached that stage of renal impairment that a kidney transplant or regular course of dialysis is necessary to maintain life. Eligibility to Medicare is not automatic. These individuals must have applied for Medicare benefits and been approved for Medicare coverage by Social Security or the Railroad Retirement Board. To be eligible for Medicare the patient must have:

1. Worked long enough under Social Security or Railroad Retirement;
2. Been receiving or eligible for Social Security or Railroad Retirement Board benefits; or
3. Be the spouse or dependent child of a person who has worked the required amount of time, or who is receiving benefits from Social Security or the Railroad Retirement Board.

## Medicare Entitlement – ESRD

- Medicare coverage begins
  - The first day of the third month after the month in which a course of regular dialysis begins

### Example

Course of regular  
dialysis begins  
July 22, 2008

Medicare  
becomes effective  
October 1, 2008

Usually, Medicare coverage begins the first day of the third month after the month in which a regular course of dialysis begins. For example, if a person begins a regular course of dialysis on July 22, 2008, Medicare coverage would become effective October 1, 2008.

## Medicare Entitlement – ESRD

- Medicare coverage can start as early as the first month of dialysis if:
  1. The person begins self-dialysis training before the fourth month of dialysis
  2. The person expects to finish training and undergo self-dialysis treatments

Example		
Regular dialysis commences July 23, 2008	Self-dialysis starts September 13, 2008	Medicare becomes effective July 1, 2008

Medicare coverage can start as early as the first month of dialysis if the person begins self-dialysis training before the fourth month of dialysis, and the person expects to finish training and undergo self-dialysis treatments. For example, assume a person starts regular dialysis on July 23, 2008. This person completes a course in self-dialysis training in September 2008 and starts undergoing self-dialysis. Medicare coverage would begin July 1, 2008.

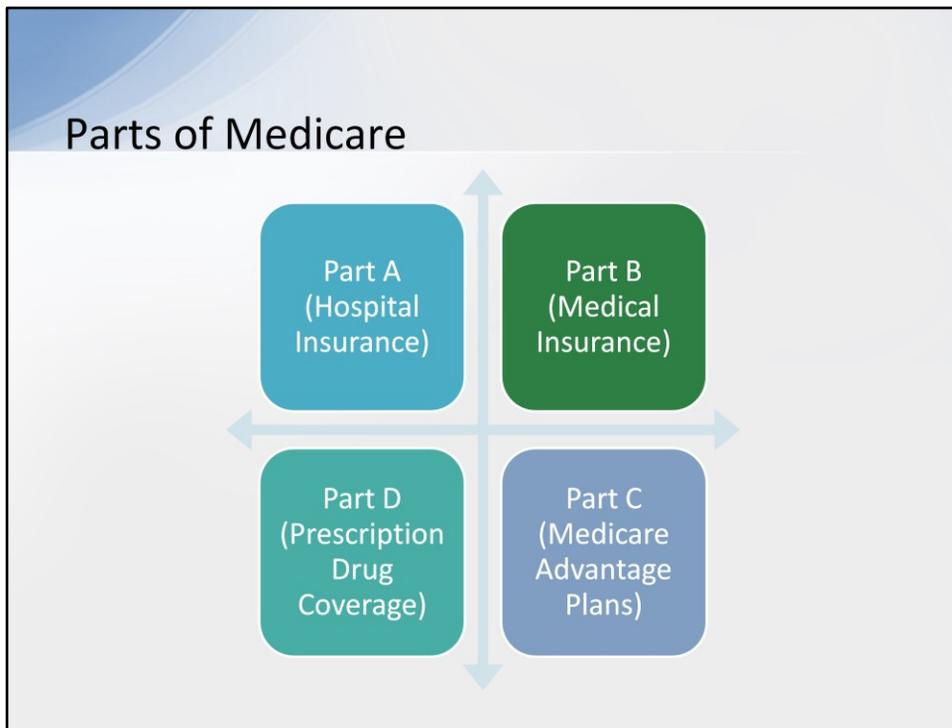
## Medicare Entitlement – ESRD

- Medicare coverage can begin the month a patient is admitted to a Medicare-approved hospital for a kidney transplant if the transplant takes place in the same month or within the two months following dialysis

### Example

Regular dialysis commences November 22, 2008	Admitted to hospital December 2, 2008	Transplant occurs December 3, 2008	Medicare becomes effective December 1, 2008
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Medicare coverage can also start earlier in circumstances where a patient is admitted to a Medicare-approved hospital for a kidney transplant, and the transplant takes place within the same month or the following two months. For example, if a patient commences dialysis on November 22, 2008, and then is admitted to the hospital for a transplant that occurs December 3, 2008, Medicare would become effective December 1, 2008. Medicare can begin earlier based on a kidney transplant even if a person was not on dialysis prior to the transplant.



Original Medicare consists of Medicare Part A (hospital insurance) and Medicare Part B (medical insurance). Medicare Part D (prescription drug coverage) can also be added to Original Medicare when a beneficiary enrolls in a Medicare prescription drug program.

Rather than having coverage provided by original Medicare, some people opt to have their Medicare coverage through a Medicare health plan like a Health Maintenance Organization (HMO) or a Preferred Provider Organization (PPO). These plans are called Medicare Advantage plans, or Medicare Part C, and are offered by private companies. These plans may also include prescription drug coverage and other benefits that are not offered under Original Medicare.

## Medicare Part A-Coverage



### Inpatient care in hospital/skilled nursing facility

- Semi-private room
- Meals
- Skilled nursing
- Rehabilitative services
- Other services/supplies



### Home Health Care

- Medically necessary part-time/intermittent skilled nursing care
- Physical therapy
- Speech-language pathology
- Continuing occupational therapy



### Hospice

- For those with terminal illness

Medicare Part A covers inpatient care received in a hospital or skilled nursing facility. This includes a semi-private room, meals, skilled nursing and rehabilitative services, and other services and supplies needed. Home health care services are covered by Medicare Part A. Covered home health care services include medically necessary part-time or intermittent skilled nursing care, physical therapy, speech-language pathology, and continuing occupational therapy. Hospice care benefits are available under Medicare Part A for people with a terminal illness who are expected to live six months or less.

All Medicare eligible individuals are automatically enrolled in Part A.

## Medicare Part B - Coverage



### Doctors' Services



### Outpatient Care



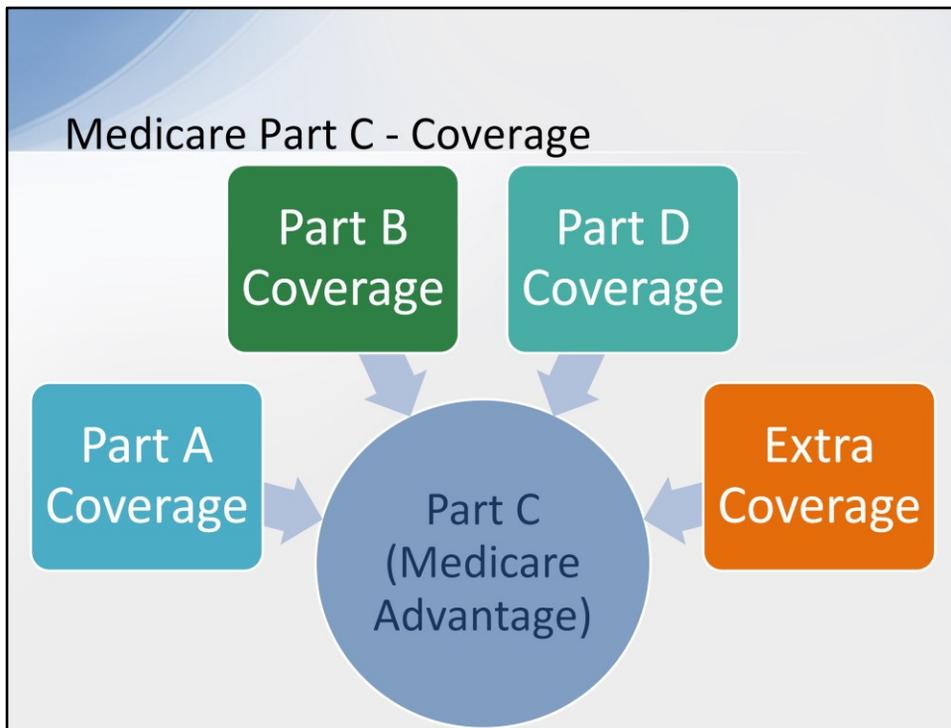
### Other Medical Supplies and Items

#### Examples:

- Ambulance
- Lab services
- Diabetic supplies
- Durable medical equipment
- Emergency room services
- Flu shots
- Screening mammograms
- Outpatient mental health services
- Tests
- Certain transplants

Medicare Part B (medical insurance) helps cover doctors' services and outpatient care. It also covers some other medical services that Part A doesn't cover, such as the services of physical and occupational therapists. Home health care is provided under Medicare Part B for individuals who are not covered under Medicare Part A. Part B helps pay for these covered services and supplies when they are medically necessary. Beneficiaries must elect to enroll in Part B and if enrollment does not occur when the beneficiary is first eligible, a late enrollment penalty may have to be paid.

Examples of services covered under Medicare Part B include ambulance, lab services, diabetic supplies, doctor services, durable medical equipment, emergency room services, flu shots, screening mammograms, outpatient mental health services, tests, and certain transplants.



Medicare Part C or Medicare Advantage plans provide an alternative to coverage under Original Medicare. Medicare Advantage is a health plan option similar to that of an HMO or PPO. Medicare Advantage plans provide all items or services that would have otherwise been provided by Medicare Part A and Part B. This means each Medicare Advantage plan must cover at least all of the services Original Medicare covers. Many Medicare Advantage plans include prescription drug coverage, and some plans may offer extra coverage, such as vision, hearing, dental, and/or health and wellness programs. Medicare Advantage Plans are run by private companies. Each plan can charge different out-of-pocket costs and have different rules for how a person gets services (like whether a referral is needed to see a specialist or if the person has to go to only doctors, facilities, or suppliers that belong to the plan). Usually, the Medicare Advantage member pays an extra monthly premium to the Medicare Advantage plan, in addition to the regular Part B premium.

Medicare eligible individuals may join a Medicare Advantage plan if the individual has Medicare Parts A and B; lives in the service area of the particular plan; and have not been medically determined to have ESRD prior to enrollment.

## Medicare Part D - Coverage

### Prescription Drug Coverage



- Pays for brand name/generic drugs
- Beneficiaries choose and join plan
- Run by commercial/private companies
- Must meet government standards

Medicare prescription drug coverage, which began January 1, 2006, helps to pay for brand name and generic drugs. Medicare beneficiaries must choose and join a drug plan to receive the coverage. The drug plans are run by commercial insurance companies and other private companies. All drug plans must offer coverage that meets or exceeds the standard drug plan benefits as defined by the government.

## Key Concepts

- General Medicare information
- Timeline of Medicare milestones
- Similarities and differences between Medicare and Medicaid
- Ways to become entitled to Medicare
- Types of benefits covered by parts of Medicare

This course has covered general information about Medicare, a timeline of important milestones in Medicare history, the similarities and differences between Medicare and Medicaid, ways to become entitled to Medicare based on age, disability, and ESRD, and the types of benefits covered by Medicare Parts A, B, C, and D.



You have completed the Introduction to Medicare course. Information in this course can be referenced by using the CMS web site found at the following link:

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