Medicare and Covered California

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Executive Director

This special regional educational effort is supported by funding provided by the California HealthCare Foundation and The California Wellness Foundation.
California Health Advocates provides quality Medicare and related healthcare coverage information, education and policy advocacy.

www.cahealthadvocates.org

- **Policy** – Conduct public policy research to support recommendations for improving rights and protections for Medicare beneficiaries and their families

- **Training** – Provide timely and high-quality information on Medicare through our website, fact sheets, workshops and webinars

- **Advocacy** – Bring the experiences of Medicare beneficiaries to the public, and especially legislators and their staff at federal and state levels, through media and educational campaigns
Our Projects

- **Senior Medicare Patrol, 1-855-613-7080**
  - Empowering Seniors to Prevent Fraud

- **Counseling Tools**
  - Fact sheets
  - Comparison charts

- **California Medicare Coalition**
  - Provides a forum for all who serve Medicare beneficiaries to get updates on Medicare and to improve education and outreach
Overview

- What is Medicare?
- What is the Marketplace? Covered California?
- Are Medicare beneficiaries eligible to buy plans through the Marketplace?
- How does one transition from a Marketplace plan to Medicare?
- What are tax credits, premium assistance and cost-sharing subsidy?
- What is MAGI Medi-Cal? Can Medicare beneficiaries have MAGI Medi-Cal?
Learning objectives

- Explain Medicare relative to Covered California (CovCA)
- Identify situations when a person eligible for Medicare may buy a qualified health plan (QHP)
- Recognize issues associated with transitioning from QHP to Medicare
Covered CA

How does it affect Medicare beneficiaries?

Scenario A

- Bob was 63 when he bought a qualified health plan (QHP) through Covered CA in Nov 2013, coverage was effective Jan 2014 and he renewed for 2015.

- He will turn 65 in Jul 2015 and become eligible for Medicare.

- Should he enroll in Medicare?

- Can he keep his QHP?

Ref: Medicare and the Health Insurance Marketplace (CMS Prod. No. 11694, revised Sep 2014)
What is Medicare?

- Federal health care insurance program (Social Security Act Title XVIII).
- For people
  - 65 years and older
  - younger than 65 years old with disability
  - younger than 65 with end stage renal disease (ESRD).
- No income or asset requirements to be eligible.
  - Compare Medicaid (or Medi-Cal)
What is Medicare? (cont.)

- Centers for Medicare and Medicaid Services (CMS) – federal agency that administers Medicare
- Social Security Administration (SSA) – federal agency that handles enrollment of Medicare Part A and Part B and the Extra Help (Low Income Subsidy) program
What is Covered CA?

- Affordable Care Act established health benefits exchanges or marketplaces
  - Learn about health insurance
  - Compare qualified health plans (QHP) and enroll
  - Find out about premium assistance and cost-sharing subsidies
- State or Federal exchange
  - Covered CA operated by state
Marketplace’s Target Audience

- People who are uninsured or underinsured, e.g. do NOT have:
  - Medicare or Medicaid
  - VA or TriCare
  - Employer-based health coverage
- Pre-existing condition – not a barrier
- Income – relevant if applying for assistance

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**Individual mandate** requires individuals to have **minimum essential coverage (MEC)** or pay a penalty.

<table>
<thead>
<tr>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Do not have minimum essential coverage (uninsured, underinsured)</td>
</tr>
<tr>
<td>• Do not qualify for an exemption</td>
</tr>
<tr>
<td>• Pay with federal tax return</td>
</tr>
</tbody>
</table>
## Penalty

<table>
<thead>
<tr>
<th>Flat fee or percentage of household income, whichever is greater</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Flat fee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Adult</td>
<td>$95</td>
<td>$325</td>
</tr>
<tr>
<td>• Child</td>
<td>$47.50</td>
<td>$162.50</td>
</tr>
<tr>
<td>• Family maximum</td>
<td>$285</td>
<td>$975</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

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Medicare and MEC

| Medicare Part A satisfies **minimum essential coverage** requirement of ACA |
| Medicare Part B alone does not satisfy **minimum essential coverage** requirement. |
| People who have Medicare, even just Part A, will not be charged the penalty. |
Anti-duplication laws

- Illegal to knowingly sell or issue health insurance policy that duplicates Medicare benefits (*Pre-dates ACA*)
- If someone already has QHP and becomes eligible for Medicare, they can keep QHP
  - Anti-duplication does not apply
Who is entitled to Medicare Part A?

- People who have ≥40 Social Security work credits are entitled to Medicare Part A without a premium.
- Medicare Part A benefits are tied to Social Security benefits
  - If collecting benefits, cannot waive premium-free Part A.
Scenario A

- Bob was 63 when he bought a qualified health plan (QHP) through Covered CA in Nov 2013, coverage was effective Jan 2014 and he renewed for 2015.
- He will turn 65 in Jul 2015 and become entitled to Medicare (premium-free Part A).
- Should he enroll in Medicare?
- Can he keep his QHP?

Ref: Medicare and the Health Insurance Marketplace (CMS Prod. No. 11694, revised Sep 2014)
Transition

- Inform Covered CA and QHP he will be eligible for Medicare.
  - Online account at Covered CA website
- Disenroll from QHP
  - May continue to receive bills for QHP premium

See Healthcare.gov at
Enroll in Medicare during Initial Enrollment Period (7-month period)

- Social Security website at http://ssa.gov/
- Social Security 1-800-772-1213 (TTY 1-800-325-0778)
- Social Security local office
Transition

Scenario A1

- Suppose Bob did not enroll in Medicare during Initial Enrollment Period. He has to wait until the General Enrollment Period to enroll.
- He may be charged the Part B late enrollment penalty.
Medicare Enrollment

- General Enrollment Period (IEP)
  - January 1 to March 31
  - Coverage effective July 1

- Late Enrollment Penalty
  - 10% of current Part B premium for each full 12-month period
  - Penalty imposed for as long as beneficiary has Part B.
  - Exception: People who have employer health coverage based on current employment, including SHOP.
QHP + Medicare?

Scenario A2

Suppose Bob enrolled in Medicare and wants to keep his QHP.

- Allowed? Advisable?
- Both are primary – no coordination of benefits
- Instead of QHP, consider Medicare Advantage or Medigap
- Does he need to enroll in a Medicare Part D plan?
  - Rx drug benefit in QHP may not be creditable
Lee enrolled in Medicare at age 65 but did not have enough work credits to get Medicare Part A premium-free. He pays premiums for Parts A and B.

Can he buy a QHP from Covered CA?

Disenroll from Medicare?
Lee’s options:

1. Disenroll from Medicare and buy QHP
   - Contrast premium-free Part A
2. Keep Medicare and buy QHP
   - Coordination of benefits? Advisable?
3. Keep Medicare
   - What if Lee qualifies for premium assistance or cost-sharing subsidies? Does that change his options?
<table>
<thead>
<tr>
<th>Income (FPL)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;400%</td>
<td>Can buy from exchange but no tax credit</td>
</tr>
<tr>
<td>≤400%</td>
<td>Premium assistance only</td>
</tr>
<tr>
<td>≤250%</td>
<td>Premium assistance + cost-sharing reduction/subsidy</td>
</tr>
<tr>
<td>≤138%</td>
<td>MAGI Medi-Cal, childless adults, no asset test</td>
</tr>
<tr>
<td>≤100%</td>
<td>“Traditional” Medi-Cal: income limit + asset test</td>
</tr>
</tbody>
</table>
## Medicare and Marketplace (Covered CA)

<table>
<thead>
<tr>
<th>Premium-free Part A</th>
<th>Premium Part A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition to Medicare</td>
<td></td>
</tr>
<tr>
<td>• Terminate QHP or</td>
<td>• Keep Medicare</td>
</tr>
<tr>
<td>• Can keep QHP</td>
<td>• Disenroll from Medicare and buy QHP</td>
</tr>
<tr>
<td>Not eligible for MAGI Medi-Cal, premium assistance or cost-sharing reduction</td>
<td>• Keep Medicare and can buy QHP</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Not eligible for MAGI Medi-Cal if ≥65 y/o or eligible for Medicare</td>
<td>• Not eligible for <strong>MAGI Medi-Cal</strong> if ≥65 y/o or eligible for Medicare</td>
</tr>
<tr>
<td></td>
<td>• Not eligible for <strong>premium assistance or cost-sharing reductions</strong> if enroll in Part A</td>
</tr>
</tbody>
</table>
QHP + tax credits + Medicare?

Scenario A3

- When Bob bought his QHP he also qualified for premium tax credits.
- He will turn 65 in Jul 2015 and become entitled to Medicare (premium-free Part A).
  - Can he keep his QHP and tax credits instead of enrolling in Medicare?
  - Is he collecting Social Security benefits?

MAGI Medi-Cal
(Medicaid expansion)

Scenario C

- Betty qualifies for MAGI Medi-Cal. She will turn 65 in Aug 2015 and become eligible for Medicare.
- Can she continue with MAGI Medi-Cal?
- Should she enroll in Medicare?
- What assistance may be available with Medicare?
MAGI Medi-Cal → Medicare (Medicaid expansion)

- One category eligible for MAGI Medi-Cal
  - Aged 19-64 years old, no disability
  - Income ≤138% FPL, no asset test
  - Not pregnant
  - Not medically needy (not eligible for Medi-Cal with Share of Cost)

- Not eligible for MAGI Medi-Cal, screened for non-MAGI Medi-Cal programs (ACWDL 14-18)
  - Lower income limits, asset limits
### Assistance Programs

<table>
<thead>
<tr>
<th>Income % FPL</th>
<th>Acronyms</th>
<th>Assets/resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>150%</td>
<td><strong>Medi-Cal SoC, LIS</strong></td>
<td></td>
</tr>
<tr>
<td>138%</td>
<td><strong>Medi-Cal SoC, LIS MAGI Medi-Cal</strong></td>
<td><strong>MAGI Medi-Cal (no asset test)</strong></td>
</tr>
<tr>
<td>135%</td>
<td><strong>QI</strong></td>
<td><strong>LIS (full)</strong></td>
</tr>
<tr>
<td>120%</td>
<td><strong>SLMB</strong></td>
<td><strong>LIS (partial)</strong></td>
</tr>
<tr>
<td>100%</td>
<td><strong>Medi-Cal, QMB</strong></td>
<td><strong>QMB</strong></td>
</tr>
<tr>
<td>$2K</td>
<td>$7K</td>
<td>$8,580</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$13,620</td>
</tr>
</tbody>
</table>

**Acronyms**
- LIS = Low Income Subsidy (Extra Help)
- Medi-Cal SoC = Medical with Share of Cost (Medically Needy)
- SLMB = Specified Low-Income Beneficiary
- QI = Qualifying Individual
- QMB = Qualified Medicare Beneficiary
Medi-Cal, Extra Help

- Medi-Cal
  - Dept. of Health Care Services (DHCS), county Medi-Cal offices at http://www.dhcs.ca.gov/services/medi-cal/Pages/CountyOffices.aspx

- Extra Help aka Low Income Subsidy (LIS)
  - Social Security Administration at http://ssa.gov/, phone 1-800-772-1213 (TTY 1-800-325-0778)
## Tax credit reconciliation

<table>
<thead>
<tr>
<th>Tax penalty</th>
<th>Tax credit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Uninsured</strong> - People who did not have minimum essential coverage and did not qualify for exemption.</td>
<td><strong>People qualified for financial assistance to pay QHP premium.</strong></td>
</tr>
</tbody>
</table>

- **APTC** – advance premium tax credit
  - **PTC** – premium tax credit
    - • Credit received based on **estimated** income
    - • IRS 1095-A
  - Credit should have received based on **actual** income

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Scenario D

- Mimi had a QHP and received APTC. She turned 65 and became eligible for Medicare in June 2014.
- She informed Covered CA and her QHP about her Medicare eligibility.
- She enrolled in Medicare and benefits became effective June 2014.
- How will her tax credit be calculated?
  - Pro-rated through May 2014

Ref. IRS Final Rule at 77 Fed Reg 30379-30388
Scenario D1

- Suppose Mimi did not inform Covered CA or QHP about Medicare eligibility and **did not enroll in Medicare**.
- Can she continue to receive APTC?
  - **Treated as eligible** starting October 1, 2014
- How will her tax credit be calculated?
  - Pro-rated through September 2014

*Ref. IRS Final Rule at 77 Fed Reg 30379-30388*
Resources/References

- Covered CA at http://www.coveredca.com/individuals-and-families/special-circumstances/individuals-on-medicare/
Help with Medicare

Health Insurance Counseling & Advocacy Program (HICAP)

1-800-434-0222

Examples

- Applying for Extra Help or MSP
- Comparing Part D and Medicare Advantage plans
- Appealing discharge from hospital when beneficiary needs more inpatient care
California Health Advocates

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