



CALIFORNIA HEALTH ADVOCATES

Medicare and Covered California

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Our Focus

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



Individual mandate

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

Penalty

- Do not have minimum essential coverage (uninsured, underinsured)
- Do not qualify for an exemption
- Pay with federal tax return



Penalty

Flat fee or percentage of household income,
whichever is greater

	2014	2015
Flat fee		
• Adult	\$95	\$325
• Child	\$47.50	\$162.50
• Family maximum	\$285	\$975
Percentage	1%	2%



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



Medicare Part A

- 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**.



QHP → Medicare

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

<https://www.healthcare.gov/medicare/changing-from-marketplace-to-medicare/>



Transition *(cont.)*

- 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



Premium Part A

Scenario B

- 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?



Premium Part A *(cont.)*

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?*

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MAGI Medi-Cal (Medicaid expansion)
 Premium Tax Credit (PTC)
 Cost Sharing Reduction (CSR)

Income (FPL)	>400%	Can buy from exchange but no tax credit
	≤400%	Premium assistance only
	≤250%	Premium assistance + cost-sharing reduction/subsidy
	≤138%	MAGI Medi-Cal, childless adults, no asset test
	≤100%	“Traditional” Medi-Cal: income limit + asset test



Medicare and Marketplace (Covered CA)

Premium-free Part A	Premium Part A
<p>Transition to Medicare</p> <ul style="list-style-type: none"> ▪ Terminate QHP or ▪ Can keep QHP 	<ul style="list-style-type: none"> • Keep Medicare • Disenroll from Medicare and buy QHP • Keep Medicare and can buy QHP
<p>Not eligible for MAGI Medi-Cal, premium assistance or cost-sharing reduction</p>	<ul style="list-style-type: none"> ▪ Not eligible for MAGI Medi-Cal if ≥ 65 y/o or eligible for Medicare ▪ Not eligible for premium assistance or cost-sharing reductions if enroll in Part A



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?

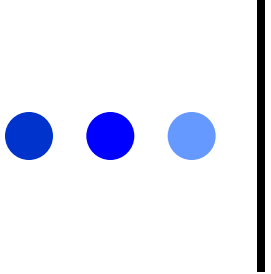
See IRS Pub. 5152 “Report changes to the Marketplace as they happen” at <http://www.irs.gov/pub/irs-pdf/p5152.pdf>



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 $\leq 138\%$ 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

Income % FPL	150%	Medi-Cal SoC, LIS	LIS (partial)	
	138%	Medi-Cal SoC, LIS MAGI Medi-Cal	MAGI Medi-Cal (no asset test)	
	135%	QI	LIS (full)	LIS (partial)
	120%	SLMB		
	100%	Medi-Cal, QMB	QMB	
		\$2K	\$7K	\$8,580
	Assets/resources			
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/med-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

Tax penalty	Tax credit	
Uninsured - People who did not have minimum essential coverage and did not qualify for exemption.	People qualified for financial assistance to pay QHP premium.	
	APTC – advance premium tax credit	PTC – premium tax credit
	<ul style="list-style-type: none">• Credit received based on estimated income• IRS 1095-A	<ul style="list-style-type: none">• Credit should have received based on actual income

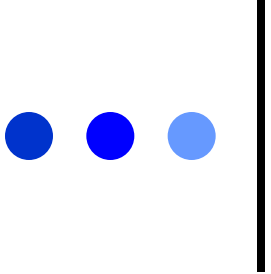


QHP+APTC → Medicare

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



QHP+APTC → Medicare-eligible but did not enroll

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

- FAQs about Medicare & Covered CA at <http://cahealthadvocates.org/news/reform/2013/faq-about-medicare-and-covered-california.html>
- Medicare & the Health Insurance Marketplace at <http://www.medicare.gov/Pubs/pdf/11694.pdf> (CMS Prod. No. 11694)
- Covered CA at <http://www.coveredca.com/individuals-and-families/special-circumstances/individuals-on-medicare/>
- Healthcare.gov at <https://www.healthcare.gov/medicare/medicare-and-the-marketplace/>
- IRS at <http://www.irs.gov/Affordable-Care-Act/Individuals-and-Families>



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



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