



## North Dakota Insurance Department

600 E. Boulevard Ave., Bismarck, ND 58505  
Phone: (701) 328-2440 Fax: (701) 328-4880

Dear friends:

As North Dakota Insurance Commissioner, it's my job to do everything possible to protect insurance consumers. In an effort to do just that, I am sending you this packet to provide you with information about important, though sometimes confusing, health insurance issues.

This packet is designed to provide you with information about your health insurance needs as you approach Medicare eligibility. You will find helpful tips concerning Medicare, Medicare supplement insurance and long-term care insurance. I hope this information will be useful as you make decisions about these products.

If you are interested in buying a Medicare supplement insurance policy, you can directly compare how much the companies will charge you for identical plans. These comparisons are available on our website at <http://www.nd.gov/ndins/shic/MedicareSupplement/PremiumComparison/>. You may also call any of the listed insurance companies or any licensed agent for more information and premium rates.

Finally, I want to make you aware of the State Health Insurance Counseling (SHIC) program, a valuable service available to Medicare beneficiaries. If you have any Medicare-related questions or problems, we have trained volunteers in many communities across the state ready to assist you—confidentially and free of charge. Call SHIC at 1.888.575.6611 to find a counselor in your area.

If you have questions or need assistance on any of these topics, please call us toll-free at 1.888.575.6611.

Sincerely,

Adam Hamm  
Insurance Commissioner

Do you have questions about Medicare?

- Inside, you will find information about:
- Medicare and Medicare Part D
  - Medicare supplement insurance
  - Long-term care insurance

# Understanding Medicare

## What is Medicare?

Medicare is a national, tax-supported health insurance program for people 65 and over and for some persons with disabilities. If you or your spouse have worked full time for 10 or more years over a lifetime, you are probably eligible to receive Medicare Part A (hospital insurance) free of charge. Medicare Part B (medical insurance) is available at a monthly rate set annually by the U.S. Congress, based on beneficiary income.

If you have a lower income and limited assets you may qualify to receive Part B free also. To find out, call or visit your county social service office and submit an application for the Medicare Savings Program (MSP).

## How does Medicare work?

Medicare is actually two separate types of insurance—hospital and medical. It is not intended to cover all your medical expenses. Hospital insurance (Part A of Medicare) covers medical treatment and surgical procedures performed in a hospital. It also helps cover hospice, home health and limited skilled nursing care.

Medical insurance (Part B of Medicare) covers part of the cost of doctor bills, outpatient care, medical equipment, lab and diagnostic tests.

## How do I get Medicare?

Most people need to actively enroll in Medicare by either calling the local Social Security office or enrolling on [www.socialsecurity.gov](http://www.socialsecurity.gov). This can be done up to three months before a 65th birthday month. Some people are automatically enrolled, including early retirees receiving Social Security and those with Social Security disability or Railroad Retirement benefits. These people will receive their Medicare card in the mail about three months before turning 65.

Medicare coverage will begin on the first day of your birth month unless your birthday falls on the first day of the month. Then Medicare starts the first day of the month before your birth month.

If you miss the initial enrollment period around your 65th birthday month, there are opportunities to enroll each year between Jan. 1 and Mar. 31. Your coverage will begin July 1 and a 10 percent late enrollment pen-

alty will likely apply. This penalty will be permanent. See the Initial Enrollment Period chart on page 7.

## What if I am still working?

If you are older than 65 and still working or your spouse is working and you are covered by an employer group health plan (EGHP) or a Health Savings Account (HSA), your decision as to when to apply for Medicare Part B may be dependent on the size of your company. Enrolling in Medicare Part B may trigger your open enrollment for Medicare supplement insurance at a time when you do not need supplemental coverage. The penalty for late enrollment in Part B does not apply if you are covered by an EGHP because of your or your spouse's current employment. You may want to ask your personnel office or insurance company how signing up for Medicare will affect you.

If you do work after age 65, you may apply for Medicare Part B at any time prior to retirement, but you must apply no later than eight months after your formal retirement in order to avoid paying a premium penalty. Even if your employer offers a retirement health plan, you will want to sign up for Medicare Part A and probably for Medicare Part B when you retire. Most retirement plans assume you are covered under Medicare and will not pay for services that Medicare would have covered.

Veterans may be eligible for special medical programs. However, eligibility and benefits are very restrictive and are subject to change. The Department of Veterans Affairs advises veterans to apply for both Parts A and B of Medicare to ensure adequate medical coverage.

## What about costs Medicare does not cover?

Medicare pays for only a portion of hospital and medical bills. Beneficiaries will pay a share of their bills.

Medicare Parts A and B both have deductible and coinsurance requirements. Private insurance is available to cover all or some of these out-of-pocket costs. These insurance plans are called Medicare supplements (also called Med sup or Medigap plans).

Medigap benefits	A	B	C	D	F*	G	K	L	M	N
<b>Age 65</b>										
Basic benefits	X	X	X	X	X	X	X****	X****	X	X****
Part A: Inpatient hospital deductible		X	X	X	X	X	50%	75%	50%	X
Part A: Skilled-nursing facility co-insurance			X	X	X	X	50%	75%	X	X
Part B: Deductible			X		X					
Foreign travel emergency**			80%	80%	80%	80%			80%	80%
Part B: Excess charges					100%	100%				
2015 out-of-pocket limit							\$4,940***	\$2,470***		

Basic benefits include:

- Part A daily hospital inpatient co-insurance charges
- All hospital costs after the Medicare benefit is used up
- Part B co-insurance charges (except N: \$20 copay per office visit, \$50 copay per emergency room visit)
- Part B co-insurance charges for palliative drugs during respite care and respite care charges
- First three pints of blood

\*Medigap Plan F also offers a high-deductible option. You must pay for Medicare-covered costs up to the high-deductible amount (\$2,000 in 2010) before your Medigap policy pays anything.

\*\*You must also pay a separate deductible for foreign travel emergency (\$250 per year).

\*\*\*After you meet your out-of-pocket yearly limit and your yearly Part B deductible, the plan pays 100% of covered services for the rest of the calendar year.

\*\*\*\*Must cover at least part of the basic benefit.

Initial Enrollment Period - no penalty if enrolled during the shaded months									
3 months before 65th birthday month	2 months before 65th birthday month	1 month before 65th birthday month	Age 65 month	1 month after 65th birthday month	2 months after 65th birthday month	3 months after 65th birthday month	4 months after 65th birthday month	5 months after 65th birthday month	6 months after 65th birthday month
E	E	E	C						
			E	C					
				E		C			
					E			C	
						E			C
E = Enrollment Month      C = Coverage begins month									

## State Health Insurance Counseling (SHIC) Program

The North Dakota State Health Insurance Counseling (SHIC) program provides local, volunteer, peer counselors trained in senior health insurance topics.

SHIC counselors help Medicare beneficiaries, their families or other representatives by providing information and answers to questions related to Medicare, Medicare supplements, prescription drug plans or other health insurance products. SHIC counselors have no connection with any insurance company or product.

SHIC counselors receive extensive initial and ongoing training in Medicare, Medicare supplement and prescription drug plans. Counselors are available for individual appointments through sponsoring organizations to answer questions about Medicare and other health insurance. Counselors receive updated

information regularly and have access to the resources of the North Dakota Insurance Department. They also have information on other local resources if clients have additional needs.

SHIC program staff are available to offer public presentations to groups and organizations. To schedule or to locate the SHIC program sponsor nearest you, contact the North Dakota Insurance Department by calling 1.888.575.6611 or by emailing [ndshic@nd.gov](mailto:ndshic@nd.gov).

Information can also be accessed online at [www.nd.gov/ndins](http://www.nd.gov/ndins) or through mail at:

North Dakota Insurance Department  
600 E. Boulevard Ave.  
Bismarck, ND 58505-0320

Opportunities include working in your home town, helping SHIC staff with enrollment events across the state and presenting basic information to groups. You get to decide.

Call us at 1.888.575.6611 to learn more.

## You could help others

Have you ever thought you might want to help others with Medicare choices? SHIC invites you to consider becoming a volunteer.

Volunteers can assist others in North Dakota with simple or complex questions on Medicare. The SHIC staff provide first-time and annual training to all volunteers to make sure they are kept updated on any changes to Medicare or Medicare Supplement policies.

**Are you having problems paying for your Medicare prescriptions or Medicare premiums?**

Call 1.888.575.6611

## Medicare supplement insurance (Medigap)

### Only one Medicare supplement plan is necessary

You should only buy one Medicare supplement (Med sup) plan. No one should try to sell you an additional Med sup plan unless you decide you need to switch policies.

On page 7, a grid illustrates the benefits included in the standardized plans. Comparisons for plans are available by calling 1.888.575.6611. You can also access the information at [www.nd.gov/ndins](http://www.nd.gov/ndins). Click on SHIC in the red bar and then Medicare supplement on the left.

### Open enrollment in Med sup insurance

At age 65, all consumers—including those already receiving Medicare due to disability—have a six-month open enrollment period. For six months beginning when you are both age 65 or older and enrolled in Medicare Part B, companies must sell you any Med sup plan they offer. After this limited open enrollment period, companies can pick and choose whom they will cover.

## Medicare supplement protections (Medigap)

Some situations involving health coverage changes may give you a guaranteed issue right to buy a Medicare supplement policy even when you are not in your Medicare supplement open enrollment period.

These are the most likely situations to occur in North Dakota:

- You have employer group health plan coverage, which supplements or is primary to Medicare and the employer group health plan ends

### Other options

If you have an individual or “bank group” insurance policy, becoming Medicare eligible does not require you to cancel it and purchase a Medicare supplement. Doing so may save premium costs, but it is important to compare benefits before deciding what will work best.

If you are eligible for employer retirement insurance, review the plan carefully to understand what benefits are available and how it works with Medicare. Be aware that employer plans are not standardized and are not subject to the requirements governing standardized Medicare supplement policies.

North Dakota residents are eligible to enroll in approved Medicare Advantage plans. These plans are offered by private insurance companies.

- You are covered by a Medicare supplement plan in another state and move to North Dakota, which is out of the plan’s service area

There may be other circumstances that give you a guaranteed issue right to buy a Medicare supplement plan. If you have questions or would like to request a current Medicare “Choosing a Medigap Policy” book, please call the North Dakota Insurance Department SHIC program at 1.888.575.6611.

## Do you suspect Medicare fraud?

Contact the North Dakota Senior Medicare Patrol:

TTY/D: (701) 858-3580

Toll-free: 1-800-233-1737

Fax: (701) 858-3483

## Other Medicare plans

### Medicare Advantage plans

Joining a Medicare Advantage plan requires careful thought. Medicare is working with private insurance companies to offer you ways to meet your personal health care needs through a variety of products, including Private Fee-For-Service (PFFS), Health Maintenance Organizations (HMO) or Preferred Provider Organizations (PPO). The plans must provide all benefits provided by Medicare and they may provide additional benefits. Members may pay a premium and plans may charge co-payments or coinsurances.

Study your choices and sales materials carefully before you apply. Ensure your physicians and hospital accepts these plans. In most plans, enrollees may be limited in the providers they can receive services from without paying extra. Typically the plans have a “network” of providers that patients can use. Going outside the network may require permission or extra fees. THESE PLANS ARE NOT A SUPPLEMENT. For more information, call the North Dakota Insurance Department at 1.888.575.6611.

Most include Medicare prescription drug coverage (Part D). In addition to your Part B premium, you usually pay one monthly premium for the services included.

## Should I purchase long-term care insurance?

In the past, families often stepped in to help when older family members were no longer able to care for themselves. Today, with older people living longer, families often living long distances apart and more women working outside the home, fewer families are able to provide this care.

A wide range of long-term care services is now available—day care, respite care, home care and nursing care. These services are expensive and often exceed a person’s ability to pay. In North Dakota, for example, the median annual cost for nursing home care is more than \$100,375.

People often mistakenly assume that Medicare will cover their long-term care costs.

**MEDICARE ONLY COVERS LONG-TERM CARE IN VERY LIMITED CIRCUMSTANCES.**

Each Medicare Advantage Plan can charge different out-of-pocket costs and have different rules for how you get services (like whether you need a referral to see a specialist or if you have limited choices for what doctors you can see). These rules can change each year.

### Medicare Cost Plans

Medicare Cost Plans are another type of Medicare health plan available in certain areas of the country. Here’s what you should know about Medicare Cost Plans:

- It is NOT an Advantage plan and it is NOT a supplement.
- You can join even if you only have Part B.
- If you have Part A and Part B and go to a non-network provider, the services are covered under Original Medicare. You would pay the Part A and Part B coinsurance and deductibles.
- You can join anytime the plan is accepting new members.
- You can leave anytime and return to Original Medicare.
- You can either get your Medicare prescription drug coverage from the plan (if offered), or you can join a Medicare Prescription Drug Plan.

Less than five percent of all nursing home residents in North Dakota qualify for Medicare payment of their bills.

Many North Dakota residents are eligible for Medicaid payment of their long-term care bills. Medicaid is a medical assistance program for people with limited income and assets. Eligibility is determined by the local county social services office.

Private long-term care insurance is an option for people to consider, particularly if they have assets they wish to protect. You should not buy this type of insurance unless you can afford to pay the premiums every year. Remember, long-term care insurance premiums can and often do go up, even after you retire.

Long-term care plans are not standardized like Med sup plans. Therefore, it is very important to shop around and compare benefit options and cost.

## Long-Term Care Partnership Program

The North Dakota Long-Term Care Partnership Program is a collaboration between state government and insurance companies. Under this partnership, applicants who purchase qualifying long-term care insurance policies can access Medicaid coverage while retaining assets they would normally be required to

spend on their long-term care. Individuals must still meet Medicaid eligibility requirements.

North Dakota Long-Term Care Partnership policies also qualify for an annual \$250 North Dakota income tax credit.

## Medicare prescription drug coverage (Part D)

Everyone with Medicare is eligible to join a Medicare Prescription Drug Plan. The Medicare drug program is voluntary. Some people with Medicare will have to pay a monthly premium for the benefit as well as deductibles and co-payments. The premium for the prescription drug coverage is in addition to the premium paid for Medicare Part B. People with limited income and resources may receive help to reduce premiums, deductibles and co-payments. In any case, **most people can expect to save money on their medicine if they enroll.**

### Basic facts about Medicare Part D:

- It is voluntary.
- Medicare prescription drug plans provide insurance coverage for prescription drugs.
- Medicare prescription drug coverage helps pay for prescription brand name and generic drugs.
- Drug plans have flexibility in designing their plans, within the guidelines of the Medicare Modernization Act.
- Anyone on Medicare can enroll in a plan.
- You have three months following your 65th birthday to enroll in a plan. After that you may have to pay a penalty.
- There is a monthly premium to join a plan.
- The patient will pay a share of the cost of prescriptions in addition to the monthly premium. The actual amount will vary depending on the drug plan.
- People with limited incomes may be eligible for extra help that may reduce the premium, deductible and co-payments. Applications to receive extra help are available from the Social Security Administration. Call 1-800-772-1213 or visit [www.socialsecurity.gov](http://www.socialsecurity.gov).
- People wishing to continue using their local pharmacy must choose a plan it will accept.

- People with drug coverage from an employer or union plan will receive notice from the plan indicating if that coverage is at least as good as the Medicare plan. Those with current coverage at least as good as the Medicare plan may want to continue their current coverage.
- Those who do not use a lot of prescription drugs should consider enrolling in a Medicare prescription drug plan as prescriptions may be needed later. A later enrollment may mean a higher premium if the person does not enroll at the first opportunity.

Plans available to you can be found in the back of the booklet “Medicare and You” which is mailed each year to everyone on Medicare. You can also review detailed plan information and do a plan comparison at [www.medicare.gov](http://www.medicare.gov):

- Click on the yellow box that says “Find Health & Drug Plans.”
- Follow the steps and enter your specific information to be able to compare costs, quality and whether the pharmacy you use accepts the plan you might purchase.

For more detailed instructions, go to [www.nd.gov/ndins/shic/MedicarePartD](http://www.nd.gov/ndins/shic/MedicarePartD) and click on “4 easy steps to compare and enroll in a Medicare Part D drug plan” at the bottom of the page.

The Medicare Part D annual enrollment period is Oct. 15–Dec. 7.

More information is available from Medicare, Social Security and other sources, including the North Dakota Insurance Department’s State Health Insurance Counseling Program. Please feel free to call our agency at 1-888-575-6611 if you have questions.