

# MEDICARE

*made simple*

## WHAT YOU NEED TO KNOW

Winter 2021

### Welcome!

This is the first edition of *Medicare Made Simple*, a quarterly newsletter which will discuss everything Medicare. The Harford County Office on Aging State Health Insurance Program (SHIP) will provide you with information to educate you about Medicare so you can make informed decisions regarding your healthcare, break down any confusion and make the process simple and easier to navigate.

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### Income Related Charges for Higher Income Medicare Beneficiaries

**What is IRMAA?** - Medicare IRMAA (Income Related Monthly Adjustment Amount) is an income related surcharge added to your Medicare Part B and Part D premiums based on your income. The Social Security Administration uses your tax information from two years and prior to determine if you owe an IRMAA in addition to your standard monthly premium. For 2021, the Social Security Administration will use 2019 tax information. IRMAA decisions can be appealed if there is an error in your tax information or if you've experienced a life-changing event that reduced your income.



The IRMAA can affect both the Medicare Part B and Part D premiums. If the Social Security Administration determines that an IRMAA applies to your premiums, you'll receive a predetermination notice in the mail to inform you about your specific IRMAA. It will also include information such as: how the IRMAA was calculated, what to do if the information used to calculate the IRMAA was incorrect and what to do if you had a life changing event that caused a reduction in your income. Twenty days after receiving the predetermination letter, you will receive an initial determination notice in the mail that will include information about the IRMAA, when it goes into effect and steps you can take to appeal it. Each year, the SSA reevaluates whether an IRMAA should apply to your Medicare premiums. Depending on your income, an IRMAA can be added, updated or removed. Click below to see if you have an IRMAA added to your Part B or Part D premiums:

[Part B IRMAA](#)

[Part D IRMAA](#)

## Coverage Phases for Medicare Part D

Ever wondered why the cost of your medications change throughout the year? Ever gone to the pharmacy to pick up a medication and ended up paying more or less than what you anticipated? There are several different phases associated with Part D prescription coverage. Let's talk about them.

### Yearly Deductible Phase

This is the amount you must pay each year for your prescriptions before your Medicare drug plan pays its share. Deductibles vary between Medicare drug plans. No Medicare drug plan may have a deductible more than \$445 in 2021 (\$435 in 2020). Some Medicare drug plans don't have a deductible. Typically when a Part D plan does not have yearly deductible, the monthly premium will be higher. Many times when you are in the yearly deductible phase, you will pay a higher cost for your medication, depending what it is.

Interesting note: The yearly deductible only applies to medications that are on Tier 3 or above. What this means is that if you take only medications that are Tier 1 and Tier 2 medications,, you will not have to pay the yearly deductible. To find out what tier(s) your medication(s) falls on, contact your Part D plan directly.

### Coverage Gap

Most Medicare drug plans have a coverage gap (also called the "donut hole"). This means there's a temporary limit on what the drug plan will cover for drugs. Not everyone will enter the coverage gap, which begins after you and your drug plan have spent a certain amount for covered drugs. Once you and your plan have spent \$4,130 in 2021, you're in the coverage gap. The amount may change each year. Also, people with Medicare who get **Extra Help** paying Part D costs won't enter the coverage gap.

Once you reach the coverage gap, you'll pay no more than 25% of the cost for your plan's covered brand-name and generic prescription drugs, regardless if you buy them at a pharmacy or through the mail. Some plans may offer you even lower costs in the coverage gap. The discount will come off the price your plan has set with the pharmacy for that specific drug. Although you'll pay no more than 25% of the price for the brand-name drug, almost the full price of the drug will count as **out-of-pocket costs** to help you get out of the coverage gap. What you pay and what the manufacturer pays (95% of the cost of the drug) will count toward your out-out-pocket spending. The coverage for generic drugs works differently from the discount for brand-name drugs. For generic drugs, only the amount you pay will count toward getting you out of the coverage gap.

[Click for more information on Coverage Gap](#)

### Catastrophic Coverage

In 2021, once you've spent \$6,550, you're out of the coverage gap (Medicare prescription drug coverage), and will automatically get "catastrophic coverage." It assures you only pay a small **coinsurance** amount or **copayment** for covered drugs for the rest of the year.

There are ways to save money on your prescription costs throughout the year. Watch this video to learn how:

[Watch Video: Medicare - What You Need to Know](#)

## General Enrollment

When you become eligible for Medicare, you get a specific Initial Enrollment Period unique to you. This Initial Enrollment Period is a 7 month period around your 65<sup>th</sup> birthday. During your Initial Enrollment Period you can enroll in Medicare Part A and Part B, a Medicare Prescription Drug Plan (Part D) and/or sign up for a Medicare Advantage Plan.

If you aren't automatically enrolled in Part A and Part B and you miss signing up during the Initial Enrollment Period, you will have to wait to enroll during the Medicare General Enrollment Period, January 1 to March 31 every year. Two important things to note about enrolling during the Medicare General Enrollment Period:

1. Coverage signed up for during this time will not begin until July 1.
2. If you sign up for Medicare during the General Enrollment Period instead of during your Initial Enrollment Period, you may face late enrollment penalties.
3. Medicare enrollment is processed through the Social Security Administration. To enroll in Medicare Part A and/or Part B you will need use the appropriate documents provided by the Social Security Administration (usually found on their website). You can also enroll over the phone or by making an appointment.

It is important to understand the enrollment periods associated with Medicare so you don't end up with a gap in coverage or paying more for your Medicare premiums. To learn more about Medicare and its enrollment periods, visit [Medicare.gov](http://Medicare.gov).

## Quick Links & References

### Extra Help or Low Income Subsidy (LIS)

Extra Help or the Low Income Subsidy is a program an income and asset-dependent program administered by the Social Security Administration to assist Medicare beneficiaries with the cost of their Part D prescription insurance and their medications. The program will pay for the monthly premium for the Part D prescription insurance, the yearly deductible, and keep medication costs below \$8.50 depending on the tier of the medication. There are different percentages of Extra Help; what percentage a beneficiary has will determine how much is covered. To learn more about Extra Help and to see if you are qualified visit:

[Extra Help with Medicare Prescription Drug Plan Costs](#)

### Senior Medicare Patrol Consumer Fraud Alert - COVID-19 Vaccine

It is important to stay alert and protect yourself from fraud. Click the link below to learn more about fraud related to the COVID 19 vaccine:

[Click to Learn More](#)

### Medicare Compare Tool

Medicare has launched a new tool called Care Compare. This tool allows you to compare providers, hospitals, long-term care facilities and more in your area. This will allow you to gather insight and comparison when making decisions about your healthcare.

[Click to Compare Care Near You](#)



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