



MEDICARE PART B MATTERS

Enrollment in the voluntary Part B of Medicare takes on new significance in 2006 when the Part D benefit becomes effective. For one thing, Part B provides a route to eligibility for the Part D benefit for those who do not have Medicare Part A. For another, drugs that are covered under Part B are excluded from coverage under Part D, regardless of whether the Part D enrollee is enrolled in Part B. If you are eligible for, but have not enrolled in, Part B, you must do so before March 31, 2005 to have benefits in early 2006.

Here's how the different parts of Medicare interact with respect to eligibility:

Part A – covering generally hospitalization, skilled nursing facility services, some home health and hospice – is available to most beneficiaries premium-free beginning at their 65th birthday or when they have been receiving Social Security disability benefits for 24 months. Those beneficiaries who are not entitled to premium-free Part A, because their employment was not covered by Social Security or Railroad Retirement, can pay a premium (now either \$206 or \$375 per month, depending on how many quarters of Social Security coverage the individual has) to enroll, but they must have Part B to do so. A time-limited penalty is imposed on those enrolling in Part A after their first opportunity to do so. Part A is necessary, but not sufficient, to enroll in Part C (private managed care plans) and sufficient to enroll in Part D (private prescription drug plans). General enrollment for Part A is available January through March of each year, with benefits starting July 1 of that year.

Part B – covering physicians' services, outpatient therapies, durable medical equipment, long-term home health services and other outpatient services – is voluntary and available to beneficiaries at the same time they are eligible for Part A. The monthly premium, \$78.20 per month in 2005, is generally deducted from a beneficiary's Social Security or Railroad Retirement check. A non-time-limited penalty is imposed for late enrollment. Part B is necessary for Part A enrollment for those not entitled to premium-free Part A, is necessary but not sufficient for Part C enrollment, and is sufficient to enroll in Part D. The general enrollment period is the same as for Part A.

Part C (Medicare Advantage) – provided through private managed care plans most commonly organized as health maintenance organizations and required to cover all the services covered under Parts A and B – is voluntary and available at the same time a beneficiary is first entitled to Parts A and B. A beneficiary must have both Parts A and B to be eligible to enroll in Part C. General enrollment is from November 15 through December 31 of each year, with benefits starting January 1 of the following year.

Beginning in 2006, Part C plans can also offer a prescription drug plan under Part D. There is no late enrollment penalty for Part C.

Part D – provided mostly through private plans offering only prescription drug coverage - is voluntary and available at the same time a beneficiary is first entitled to Parts A and B. Part D will be offered for the first time January 1, 2006, with enrollment running from November 15, 2005 through May 15, 2006. In future years, general enrollment will follow that of Part C. A beneficiary must have either Part A or Part B to enroll in Part D. Otherwise coverable Part D drugs that are covered under Part A or Part B will not be covered under Part D, regardless of whether the beneficiary has Part A or Part B coverage. A non-time-limited late enrollment penalty is determined by application of two formulas and assessing as penalty the one that yields the highest amount.

General Enrollment Period. As noted above, January through March each year is the Medicare General Enrollment period for Parts A and B for those who have not enrolled in the program during the seven months surrounding their 65th birthday or during a special enrollment period to which they may be entitled. Beneficiaries enrolling during a general enrollment period are entitled to benefits beginning the July following their enrollment.

Medicare Savings Programs (MSPs). Often people do not enroll in Part B because they cannot afford the monthly premium. For those with incomes below 135% of the federal poverty levels (\$1,048/month in early 2005, but will increase in a month or two) and few resources, Medicare Savings Programs, operated by state Medicaid programs, will pay the premium. In addition, for those with incomes below 100% of poverty levels (now \$776/month), the MSP called Qualified Medicare Beneficiary Program will pay other Medicare cost-sharing and will pay the Part A premium for those without premium-free Part A. (See Weekly Alert of January 6, 2005). Through agreements they have with the federal government, states are absolved from paying any penalties for late enrollment, and so is the beneficiary.

Enroll Now! The general enrollment period for Medicare Parts A and B ends March 31 for 2005. Enroll now to ensure coverage beginning July 1, 2005. Call 1-800-677-1116 to locate the State Health Insurance Counseling Program closest to you for assistance in enrolling in Medicare and possibly, in a Medicare Savings Program.

For further information, please contact attorney Patricia Nemore of the Center for Medicare Advocacy's Washington, DC office at (202) 216-0026 or pnemore@medicareadvocacy.org.