

UPDATE

MEDICARE PART D 2016

AN EDUCATIONAL SERIES FROM TRINET THIRD PARTY NETWORK

TriNet is providing an education series on the 2016 Medicare Part D plan year. The series provides guidance to help member pharmacies maintain their current Medicare Part D patient base, and to grow their Medicare Part D business.

COORDINATION OF BENEFITS AND MEDICARE PART D

Understanding coordination of benefits can be tricky.

Coordination of benefits (COB) allows health and prescription drug plans for Medicare patients to determine their payment responsibilities, according to the Centers for Medicare & Medicaid Services (CMS). For example, COB helps determine which insurance plan has the primary payment responsibility and how much other plans will contribute when an individual is covered by more than one plan.

For patients who have Medicare and other health coverage, each type of coverage is a “payer.” When there’s more than one payer, COB rules decide who pays first. The primary payer pays what it owes on patients’ bills first, and then the provider sends the rest to the secondary payer to pay. In some cases, there may also be a third payer.

PRIMARY VS. SECONDARY PAYERS

The insurance that pays first, the primary payer, pays up to its coverage limits.

The payer that pays second, the secondary payer, only pays if there are costs beyond the primary insurer’s coverage limit.



It's possible that the secondary payer is Medicare. As the secondary payer, Medicare may not pay all the uncovered costs.

Patients with employer insurance as the secondary payer may need to enroll in Medicare Part B before their insurance will pay.

Paying first means paying the bill up to the coverage limit, but it doesn't always mean the primary payer chronologically pays first. If the insurance company doesn't pay the claim promptly, the patient's provider may bill Medicare. Medicare may make a conditional payment, and then later recover payments that the primary payer should've made.

CONDITIONAL PAYMENTS

A conditional payment is a payment Medicare makes for services that another payer may be responsible for. Medicare makes a payment so patients don't have to use their own money to pay the bill, and the payer responsible for the bill must repay Medicare, meaning Medicare makes this original payment on the condition of repayment.

If Medicare makes a conditional payment for an item or service, and the patient later receives a settlement, judgment, award, or other payment from an insurance company for that item or service then the conditional payment must be repaid to Medicare. Patients are responsible for making sure Medicare gets repaid for the conditional payment.

RETIREE COVERAGE

For retired patients who have Medicare and group health plan (retiree) coverage from a former employer, Medicare generally pays first for the health care bills, while the patients' group health plan coverage pays second.

The way a patient's retiree group health plan coverage works depends on the specific plan. The employer or union, or the patient's spouse's employer or union, might not offer any health coverage after the patient retires. If the patient can receive group health plan coverage after he retires, it might have different rules, or work differently with Medicare.

MEDIGAP INSURANCE

Medigap insurance, a Medicare supplement sold by private companies, can help pay some of the health care costs that Medicare doesn't cover, such as copayments, coinsurance and deductibles. Some Medigap policies also offer coverage for services not covered by Medicare, including medical care for patients traveling outside the U.S.

Medicare will pay its share of the Medicare-approved amount for covered health care costs for Medicare beneficiaries who purchase Medigap, and then the Medigap policy pays its share.



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Medigap and Medicare Advantage serve different functions. A Medigap policy is designed to supplement standard Medicare benefits, while a Medicare Advantage plan is a way to get Medicare benefits.

MEDIGAP AND MEDICARE PART D

Patients can't have both a Medicare Part D plan and purchase a Medigap policy with prescription drug coverage. Patients who purchase a Medigap policy with prescription drug coverage forfeit their eligibility to join a Medicare Part D plan.

Patients with a Medigap policy that covers prescription drugs must notify their Medigap insurance company if they join a Medicare Part D plan. They will be removed from the Medigap prescription drug coverage and their premiums will be adjusted. Once the drug coverage is removed, patients can't get that coverage back, even if they don't change Medigap policies.

The Medigap carrier must send a notice each year telling patients if the prescription drug coverage in their Medigap policy is creditable. Patients are encouraged to keep these notices in case they decide to join a Medicare Part D plan later.

MEDIGAP POLICY WITH CREDITABLE DRUG COVERAGE

Patients who have a Medigap policy that includes creditable prescription drug coverage may only enroll in a Medicare Part D plan between Oct. 15 and Dec. 7, unless they lose their Medigap policy.

For example, if the Medigap policy isn't guaranteed renewable, and their company cancels it, patients may join a Medicare Part D plan when their Medigap policy expires.

MEDIGAP POLICY WITHOUT CREDITABLE DRUG COVERAGE

Patients with a policy that doesn't include creditable prescription drug coverage, and who join a Medicare Part D plan will probably pay a higher premium than if they joined when they were first eligible. The fee will be in the form of a penalty added to their monthly premium. The late enrollment penalty increases with each additional month the patient waits to join a Medicare Part D plan.

You can find this educational series about Medicare Part D 2016 online on the TriNet section of www.pbahealth.com.



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