

Medicare and the AlaskaCare Defined Benefit Retiree Health Plan



Introduction

Medicare is a health insurance program for:

- People age 65 or older
- People under age 65 with certain disabilities
- People of all ages with end-stage renal disease

The AlaskaCare Retiree Health Plan assumes that you and your eligible dependents are enrolled in both Parts A and B of Medicare at age 65. However, you may become eligible for Medicare before age 65 if you have certain disabilities or End-Stage Renal Disease. Once enrolled, AlaskaCare coordinates with Medicare to pay most of your medical expenses.

All information in this brochure applies to your eligible dependents as well as you.

Medicare Part A

Covered Expenses

Inpatient hospitalization, skilled nursing facilities, services provided by hospitals and other facilities, and certain home health care and hospice services.

Who Is Eligible

Most people are eligible for premium-free Part A. Social Security will send you a letter if you are **not** eligible for Part A. You must provide a copy of that letter to the AlaskaCare health claims administrator, and AlaskaCare will continue to pay as your primary plan for Part A services.

Medicare Part B

Covered Expenses

Physician and other outpatient medical services, ambulatory surgery center services, medical equipment, and ambulance services.

Who Is Eligible

Everyone is eligible and must pay a premium for Part B, whether or not you are eligible for Part A.

Medicare Part D

Medicare eligible retirees and/or dependents will be automatically enrolled in the AlaskaCare enhanced Employer Group Waiver Program (EGWP). The AlaskaCare enhanced EGWP is a group Medicare prescription drug plan that provides the same prescription benefits as provided to non-Medicare eligible retirees and dependents, while maximizing federal subsidies.

You do not need to enroll into an individual Medicare Part D plan, and for most members there is **no** additional premium for prescription drug coverage under AlaskaCare.

However, certain high wage earners will be charged a Income Related Monthly Adjustment Amount (IRMAA) surcharge for prescription drug coverage. You must provide a copy of the notice from Social Security that indicates you are required to pay an IRMAA to the Division, and AlaskaCare will reimburse you for the Part D IRMAA surcharge.

Medicare Enrollment

If you are receiving Social Security benefits before age 65, you will be

automatically enrolled in Parts A and B of Medicare when you turn 65. If you are **not** receiving Social Security benefits, contact the Social Security Administration (SSA) three months before you turn age 65 to discuss enrolling in Medicare Parts A and B.

If you are covered by such a plan, Medicare doesn't require you to enroll until the active plan terminates. **However, if you do not enroll, the amount Medicare would have paid as the secondary plan is not paid by AlaskaCare.** The AlaskaCare Retiree Health Plan recommends that you enroll in Medicare Part B at age 65, **regardless of any other insurance.** Be sure to inform the SSA if you have health insurance through an employee group health plan that you or your spouse receive as an actively working employee.

Claim Payment

Medicare's coverage is not the same as the coverage available under AlaskaCare. **Any medical service covered by AlaskaCare but not Medicare will be paid at the same coinsurance rate as it was before you were enrolled in Medicare.** For expenses covered by Medicare but not by AlaskaCare, such as some routine expenses like flu shots, Medicare pays but AlaskaCare does not.

Who Pays First

Medicare pays benefits before the AlaskaCare Retiree Health Plan in most cases. However, if you are covered by a plan you or your spouse receive as an actively working employee, predominantly the active plan pays first, with Medicare paying second, and finally the AlaskaCare Retiree Health Plan. However, if you are only enrolled in Medicare Part B, and/or enrolled in Medicare Part A on a premium-paying basis, Medicare will pay primary, the active plan pays secondary and the AlaskaCare Retiree Health Plan pays third.

How It Works

The benefits under the AlaskaCare Retiree Health Plan are **supplemental** to Medicare beginning at age 65. For services covered by both plans, the claims are paid first by Medicare and then by AlaskaCare – with AlaskaCare coordinating to pay up to 100% of **covered** expenses, less any deductible not yet met.

If you don't enroll in Medicare at age 65, AlaskaCare will estimate what Medicare would have paid and deduct that amount before paying expenses, regardless of any other insurance which you may have. You'll have a larger part of the bill to pay. **Remember:** Everyone is eligible to enroll in Medicare Part B and should do so at age 65 to avoid paying for uncovered expenses.

Electronic Claim Filing

If Medicare is your **primary** plan, the AlaskaCare claims administrator will send a request to Medicare to enroll (you) in the Medicare Direct program. Dependents on your plan who are enrolled in Medicare may not be reported. You may need to contact the AlaskaCare claims administrator directly to set up Coordination of Benefits. The provider files your claim with Medicare, which then sends you an explanation of benefits (EOB) when the claim is processed and has been transferred to AlaskaCare. The AlaskaCare claims administrator processes the claim and sends an EOB to you. Medicare Direct means less paperwork and faster turnaround.

Claims Outside the United States

In most cases, if you receive care outside the U.S., Medicare does not cover your expenses and AlaskaCare takes this into account. Your claims will be paid by AlaskaCare, just as they were before you had Medicare. Some emergency services in Canada or Mexico may be covered by Medicare. Please check with Medicare for specific coverage information.

Medicare Terms

Medicare Allowed Amount

The total amount a doctor may collect.

Medicare Assignment

To **accept assignment** means that your Medicare provider has agreed to bill you for no more than the Medicare **allowed amount** for the services you have received. A provider who does not accept assignment may charge you up to 115% of the Medicare allowed amount.

Types of Providers

There are three types of providers – participating, nonparticipating, and those who “opt out.”

Participating Medicare Providers

Participating providers are required by their Medicare contract to accept assignment of your claims. Because you don't owe any amount over the Medicare allowed amount, AlaskaCare pays the difference between Medicare's payment and the allowed amount if the expense is covered by both plans. Therefore, for covered expenses the claim is usually paid in full, unless you have not yet met your deductibles. Your provider must bill Medicare and Medicare's payment will be sent directly to the provider.

Participating Example

Amount Charged: \$150	Medicare allowed amount : \$100
Medicare pays 80% of allowed amount	\$80
AlaskaCare pays*	\$20
Doctor writes off	\$50
Balance owed by patient	\$0

*assuming service is covered by both plans and deductibles are met

Nonparticipating Medicare Providers

Nonparticipating providers may choose whether or not to accept Medicare assignment on an individual, case-by-case basis. You should ask any nonparticipating providers you see if they will accept assignment of your claim.

If your provider does not accept assignment, there is still a limit on the amount you pay for most services. This limit is 115% of the Medicare allowed amount and is called the **limiting charge**.

Medicare calculates payment based on the Medicare allowed amount, and pays 80%. If the service is covered by AlaskaCare, it recognizes 115% of the allowed amount and pays the difference between what Medicare paid and the 115% that your provider can collect.

A nonparticipating provider who does not accept assignment of your claim must still file your Medicare claim for you.

Suppliers of medical equipment such as wheelchairs, walkers, etc.,

Nonparticipating Example

Amount Charged: \$150	Medicare allowed amount : \$100
Medicare pays 80% of allowed amount	\$80
AlaskaCare pays*	\$35
Doctor writes off	\$35
Balance owed by patient	\$0

*assuming service is covered by both plans and deductibles are met

have no limit on the amount they may charge for the equipment if they are a nonparticipating provider. Medicare still pays 80% of the Medicare allowed amount and AlaskaCare pays the balance of the charges allowed by the plan.

Providers Who “Opt Out” of Medicare

Providers who “opt out” of Medicare have signed a contract with Medicare stating they will not bill Medicare for services provided to any Medicare beneficiary. These providers are prohibited from filing any claims with Medicare and may charge you any amount for their services, with no limit. You may purchase services from such a provider, but the provider will require you to sign an agreement (a private contract) stating that you are responsible for payment in full. These services are considered to be under a private contract.

Under a private contract:

- Medicare will not pay the doctor or you for services you receive.
- No claim can be submitted to Medicare for services.
- **The AlaskaCare Retiree Health Plan will not pay anything for services provided under a private contract.**
- You will have to pay whatever the doctor charges you and there is **no limit** to what can be charged.

Opt Out Example

Amount Charged: \$150	Medicare allowed amount : \$0
Medicare paid amount	\$0
AlaskaCare pays	\$0
Balance owed by patient	\$150

Finding A Medicare Provider

Ask your Medicare provider if he/she accepts assignment. If not, to find a doctor who does, go to www.medicare.gov for a directory of participating Medicare providers.

More Information

Additional information is available from the federal Medicare website at www.medicare.gov. If you have questions about Medicare, contact the nearest Social Security office or call, toll-free, (800) 772-1213 or go to www.socialsecurity.gov.

You may also contact the State of Alaska's Medicare Information Office at (800) 478-6065 or (907) 269-3680 in Anchorage.

More information about the AlaskaCare Retiree Health Plan is available on the Division's website at AlaskaCare.gov.

The Medicare and Social Security information in this brochure is an overview and is not intended to provide detailed information regarding Medicare or Social Security benefits.

Alaska Division of Retirement and Benefits

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Member Services Contact Center

Hours: Monday - Thursday 8:30 a.m. - 4 p.m. | Friday 8:30 a.m. - 3 p.m.

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