

Medicare is the country's only national health insurance program. Medicare is provided to people 65 and older, and to individuals who have received Social Security disability benefits for at least 24 months and individuals with end-stage renal disease.

The original Medicare program is composed of Part A and Part B. Medicare also has the new drug discount benefit.

### **Medicare Part A (Hospital Insurance)**

Part A is known as hospital insurance. Part A benefits include hospitalization, limited skilled nursing facility benefits, limited home health care benefits and hospice services. Part A is premium-free for the eligible beneficiaries.

Part A beneficiaries are entitled to 90 days of Medicare hospitalization coverage during each benefit period or "spell of illness" after the beneficiary meets the deductible (\$1,184.00 in 2013). Each benefit period begins on the first day a beneficiary enters the hospital, and ends after she has gone 60 consecutive days without hospital care. Medicare pays 100 percent less a \$1,184.00 deductible for the first 60 days of a hospital stay (semiprivate rooms only, TV's and telephones not included). For the next 30 days, Medicare pays all costs minus a \$296-a-day co-payment (for 2013). In addition, each beneficiary gets 60 non-renewable lifetime reserve days, which can be added as needed onto the first 90 days of a hospital stay. The co-insurance for the lifetime reserve days is \$592 per day for 2013.

Medicare will not pay for most nursing home care. Medicare will pay for a maximum of 100 days of skilled nursing facility (SNF) care. To receive this Medicare benefit, the beneficiary must have been admitted to the hospital for three days within 30 days prior to the admittance to the SNF. The beneficiary must be receiving physical therapy or skilled nursing services. The most Medicare will pay for a stay in SNF is 100 days. Medicare pays 100 percent for days 1 through 20. The beneficiary pays coinsurance (of \$148.00 per day in 2013) for days 21 through 100.

Medicare will not pay for a stay in an assisted living facility. Medicare does offer limited home

health services that can be provided in an assisted living facility or your home. Medicare also offers hospice care for the terminally ill.

### **Medicare Part B (Medical Insurance)**

The major benefit of Part B is coverage of doctors' services. Part B also pays for some outpatient therapy, diagnostic X-rays, laboratory tests, and durable medical equipment such as wheelchairs, walkers, nebulizers, and home oxygen equipment and supplies.

Part B has monthly premiums of \$104.90 that are deducted from the beneficiary's Social Security check. Depending on income level, some beneficiaries pay \$146.90, \$209.80, \$272.70, or \$335.70. Part B has an annual deductible of \$147.00. After the deductible is met, Part B generally pays 80 percent of the reasonable charge for covered services. The beneficiary is responsible for the remaining 20 percent.

### **Medicare Supplemental Policies**

Medicare supplemental policies or Medigap policies are supplemental insurance sold by private companies to fill in "gaps" in basic Medicare coverage. Medigap policies help cover such Medicare costs as deductibles, co-payments and co-insurance. Thus, your Medicare supplemental policy may cover the \$148.00 daily co-pay you incur during days 21 through 100 while in a nursing home receiving rehabilitation services.

### **Medicare Part D**

Prescription drug coverage is available from insurance companies offering Medicare Part D plans. The standard Part D plan requires the beneficiary to pay a monthly premium and possibly a deductible. The premium and deductible amounts vary by plan. Most plans have a coverage gap which means that once the plan and the plan member have spent a certain amount of money for covered drugs, the plan member has out-of-pocket costs for drugs up to a certain limit. After that, the catastrophic coverage benefit applies. Low income beneficiaries can receive additional assistance.

## Medicaid

Most states and the federal government jointly fund Medicaid. Medicaid will pay for long-term stays in a nursing home. However, Medicaid has asset and income limits. Medicaid exempts certain assets and has certain protections for the “healthy” spouse at home. Families facing long-term care issues should understand that Medicaid eligibility is not automatic and often requires planning.

It is important for individuals and families to understand the mechanisms of the Medicare and Medicaid systems so they can gain maximum advantage from their benefits and coverage at a reasonable cost.