

Kathleen Martin is an attorney with O'Donnell, Weiss & Mattei, P.C., and a newspaper columnist for The Mercury, which gave permission for this article to be reprinted.

November 29, 2009

Defining Medicare's tricky terms

It is that time of year again, when Medicare beneficiaries, and potential Medicare beneficiaries, have their mailboxes flooded with literature on Medicare Prescription Drug Plans and Medicare Advantage Plans. Medicare is a complicated program, and has its own jargon which is important to understand; however, such understanding often proves to be elusive. Defining some of the terms, and what they mean to consumers, may be helpful.

The period from November 15 until December 31 each year is the Annual Coordinated Election Period (AEP) but is popularly referred to as Open Enrollment. During this time frame, Medicare beneficiaries can change prescription drug plans, enroll in or change Medicare Advantage plans, or return to original (or traditional) Medicare. All enrollment changes take effect on January 1. On the other hand, there is an Open Enrollment Period (OEP) from January 1 to March 31 every year. During this time frame, beneficiaries have one opportunity to enroll in, dis-enroll from, or change a Medicare Advantage Plan. This change is effective the month after the change is made. Beneficiaries who wish to make a change at this time must have both Medicare Part A and Part B, and cannot add or drop prescription drug coverage during this period, unless they are returning to traditional Medicare, and need a "stand alone" Part D plan.

There is another open enrollment period, strictly intended for Medigap enrollment, which is the six month period starting on the first month after an individual has attained the age of 65 years, and is entitled to Part B benefits. Part B benefits have their own specialized enrollment periods. Those Medicare beneficiaries who did not enroll in Part B when they first became eligible, may enroll during the General Enrollment Period (GEP) which is January 1 through March 31 each year. Enrollment does not become effective until July 1 of that same year. This is also an opportunity for a Special Enrollment Period for Part D. A penalty of 10 percent additional premium per each year enrollment was delayed is assessed in these cases.

There is another type of Special Enrollment Period (SEP) for those beneficiaries who delayed enrolling in Part B because they were covered by employer sponsored health insurance as an active worker or as a dependent of an active worker. These beneficiaries have a SEP that runs for eight months from the worker's retirement, or when they lose their health insurance. Part B coverage starts the month following the election, and no late premium is assessed.

As for the current "Open Enrollment" period, all people with Medicare should carefully review the 2010 costs and coverage of their current plans, and compare them with plans available to them in their area. Plans may change significantly next year, in regards to premiums, the drugs it covers, the cost-sharing charges, the rules it imposes on accessing drugs, and the pharmacies with which the company contracts. The plan chosen should match what drugs the beneficiary takes, and meets their needs and budget. Look beyond the premium to what plan provides you with the best and most cost effective coverage.

Furthermore, be very careful about high pressure sales tactics related to Medicare Advantage plans. Make sure that the plan meets your needs, and not just in the short term. Look at what type of coverage it offers for nursing home care, for instance. Again, look beyond the premium, to what are your needs, and what health care costs will be covered.