Original Medicare: An outline of benefits

Medicare is a federal health insurance program designed to provide affordable health insurance coverage to elderly and disabled persons in this country. Medicare primarily covers acute care treatment in a traditional medical environment. From its inception, Medicare’s coverage of long-term care has been extremely limited.

Original Medicare is divided into two separate and distinct parts: hospital insurance (known as Part A) and supplemental health insurance (known as Part B). Medicare drug coverage (known as Part D) is provided only by private insurance companies.

Medicare Part A covers acute care services such as:

- Inpatient hospital care.
- Skilled nursing home care.
- Nursing home care (beyond custodial services).
- Home health care.
- Hospice care.

Part B generally covers:

- Physician services.
- Outpatient hospital services.
- Physical, occupational and speech therapy.
- Diagnostic X-rays.
- Laboratory tests.
- Durable medical equipment.
- Blood work.
- Mental health services.

These two Original Medicare parts are significantly different in benefits, deductibles and coinsurance payments. When Medicare covers a particular service, it usually pays for a portion of what it has determined to be the reasonable charge for the covered service.

The Centers for Medicare and Medicaid Services (CMS) has primary responsibility for the management of the Medicare program. CMS contracts with insurance companies, called Medicare Administrative Contractors or MACs, to process claims for services under Parts A and B.

Part A benefits

Inpatient hospital coverage
Medicare covers up to 90 days of a hospital stay for a “spell of illness” period. A spell of illness begins on the first day of a hospital stay and ends 60 days after a discharge from a hospital or nursing home.

There is an additional 60 days of hospital coverage after the initial 90 days called “lifetime reserve” days. Lifetime reserve days can be used only once.
2015 deductible and coinsurance payments
- Initial deductible on the first day of hospital stay: $1,260.
- Coinsurance for days 61 to 90: $315 per day.
- Coinsurance for lifetime reserve days: $630 per day.
- Psychiatric hospital stays: Medicare covers only 190 days of inpatient psychiatric hospital services during a beneficiary’s lifetime.

Nursing home coverage
Medicare may cover up to 100 days of a skilled nursing facility (SNF) stay during a spell of illness, if the beneficiary:

- Was admitted to the SNF after a minimum of three days as a hospital inpatient and within 30 days of discharge.
- Requires and receives daily skilled care for the condition for which the beneficiary was hospitalized.

Insurance payments, 2015
- No deductible.
- No coinsurance days 1 to 20.
- No coinsurance days 21 to 100: $157.50 per day.

Home health care
Medicare may cover up to 100 visits of home health care (HHC) under Part A if the beneficiary also has Part B benefits and:

- Is confined to home under a doctor’s plan of treatment.
- Requires part-time or intermittent skilled nursing, or skilled physical or speech therapy provided by a Medicare-certified home health agency.
- Has no deductible or coinsurance.
- Uses part-time or intermittent nursing services; physical, speech-language and occupational therapy; medical, social and home health aide services.

*If the beneficiary does not have Part B benefits, the 100-day visit limitation does not apply.

Hospice care
- Medicare covers hospice care for a terminally ill beneficiary who is expected to die within six months and elects to receive hospice benefits in lieu of Medicare Part A and Part B benefits for treatment of the terminal condition.
- The beneficiary may elect to receive hospice benefits for two 90-day periods and an unlimited number of 60-day periods.
- There is no deductible or minimal coinsurance for drugs and respite care.
- Covered services include:
  - Physician services.
  - Nursing services.
  - Physical, occupational and speech therapy.
  - Medical and social services.
✓ Hospice (home health) aide services.
✓ Drugs.
✓ Counseling services for beneficiary and family.
✓ Respite care.
✓ Medical appliances and supplies.

**Part B benefits**
Covered services include:

- Medically necessary physician services.
- Outpatient hospital services.
- Diagnostic X-rays and laboratory tests.
- Physical, occupational and speech therapy.
- Blood work.
- Durable medical equipment.
- Prosthetic devices.
- Mental health services.
- Some ambulance services.

Some preventive services are now covered, including:

- One-time “Welcome to Medicare” exam.
- Annual wellness visit.
- Mammograms.
- Pap smears and pelvic exams.
- Screenings for colorectal cancer.
- Colon cancer screening.
- Prostate cancer screening.
- Abdominal aortic aneurysm screening.
- Bone mass measurements for osteoporosis.
- Diabetes screening, monitoring and supplies.
- Cardiovascular screening.
- Flu, hepatitis B and pneumonia vaccinations.
- Glaucoma tests.
- HIV screening.
- Medical nutrition therapy services.
- Tobacco use cessation counseling.
- Alcohol misuse screening.
- Depression screening.
- Home health care is covered under Part B for an unlimited number of visits if the beneficiary meets the requirements discussed above under Part A, but does not have or is not eligible to receive home health care under Part A, or has used up the 100 days under Part A.
Premium, deductible and coinsurance payments

- Standard monthly Part B premium: $104.90 per month.
- Annual deductible for 2015: $147 per year.
- Medicare pays 80 percent of the approved charge for most claims.

However:

- The beneficiary is responsible for 20 percent of the Medicare-approved charge if the provider accepts the assignment (meaning the doctor accepts the Medicare-approved amount as payment in full). If the provider does not accept assignment, the beneficiary is also responsible for the balance of the actual charge up to 15 percent above the Medicare approved charge.
- For outpatient mental health treatment, Medicare pays 80 percent of the approved claim.
- There is no coinsurance or deductible for the annual wellness visit and certain preventive care services if you go to a health care provider who accepts assignment.

Part D benefits
Prescription drug coverage is available to all Medicare beneficiaries through private insurance plans. Each plan is different regarding the drugs it covers and the out-of-pocket costs (i.e., premiums, deductible and co-payments.) Please see the specific fact sheets regarding the Medicare drug benefit on alz.org.

If you have Alzheimer’s disease
Although Original Medicare will cover the diagnosis, evaluation and treatment for Alzheimer’s disease, it will not cover:

- Over-the-counter nutritional supplements and vitamins.
- Adult day care.
- Respite care (except as described under the Part A hospice benefit).
- Personal aide assistance (except as provided under the home health care benefit).
- Custodial care in a nursing home.
- Incontinence supplies.

Claim denials in Original Medicare
Sometimes Medicare will refuse to pay for certain medical treatment even though it is a covered service. Some examples:

- **Home health care:** Medicare might deny a claim for home health care because Medicare has determined that the beneficiary is not confined to the home.
- **Physical, occupational and speech therapy:** Medicare might deny a claim for therapy because Medicare does not believe that the beneficiary can benefit from the therapy.
- **Mental health services:** As with rehabilitation therapy, Medicare might deny a claim for mental health therapy because Medicare does not believe that the beneficiary can benefit from the mental health services.

If the above services were ordered by your doctor and provided by an appropriate provider but Medicare refused to pay for them, you can file an appeal of Medicare’s decision.
For more information about how to appeal a Medicare denial of a claim, contact your local State Health Insurance Assistance Program (SHIP) or local Area Agency on Aging.

Resources

Centers for Medicare and Medicaid Services (CMS)
cms.hhs.gov

Medicare
medicare.gov
800.633.4227

State Health Insurance Assistance Programs (SHIPS)
shiptalk.org

Eldercare Locator to find your local agency on aging
eldercare.gov
800.677.1116

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