Medicare Terminology You Need to Know

Description

Medicare terminology can be very confusing. Learning about Medicare can be burdensome enough, but adding in acronyms and other abbreviations and unknown phrases can make this task even more overwhelming. Below is a glossary of important terms that are used when referring to Medicare coverage, enrollment periods and late penalties.

- **Original Medicare: Parts A and B:** One of the ways of getting your Medicare coverage. Part A covers hospital insurance; Part B covers medical insurance.
- **Assignment:** Your physician, provider or supplier agrees (or is required by law) to accept the Medicare-approved amount as full payment for covered services.
- **Authorization:** Medicare must have your written permission to use or give out your personal medical information for any purpose not set out in the privacy notice contained in the Medicare & You handbook.
- **Annual Election Period:** From October 15 to December 7, Medicare enrollees can change their Medicare Advantage health plans and prescription drug coverage for the following year to better meet their needs.
- **Open Enrollment for Medigap:**) policy even if you have health problems, for the sar e is no medical underwriting. It lasts for 6 months at you are both age 65 and enrolled in Medicare Part B. 

There is NOT an annual open enrollment period for Medigap plans (When is Medigap Open Enrollment?).
- **Guaranteed Issue for Medigap:** Rights you have in certain circumstances (i.e. loss of employer coverage) whereby your insurance company is required by law to sell or offer you a Medigap policy. In other words, they cannot deny you the right to purchase a Medigap policy. In addition, they cannot exclude you for pre-existing conditions, or charge you more for the policy based on a prior health problem (When is a Medigap Plan Guaranteed Issue?).

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- **Part D:** A prescription drug plan offered by a private insurance company that is approved by Medicare. These plans are sometimes called â??PDPsâ?• and add drug coverage to Original Medicare, some Medicare Cost Plans, some Medicare Private Fee-for-Service (PFFS) Plans, and Medicare Medical Savings Account (MSA) Plans.



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- **Creditable prescription drug coverage:** It doesnâ??t have anything to do with credit. Creditable means as good as. Creditable drug coverage is as good as Medicareâ??s standard prescription drug coverage. Itâ??s expected to pay, on average, at least as much as a Medicare Part D plan. Having drug coverage thatâ??s as good as Medicare Part D now (through an employer or group plan, for example) saves you from a penalty later.
- **Late Enrollment Penalty:** An amount added to your Part D premium, for as long as you have Part D. Incurred if at any time after your Initial Enrollment Period is over, there is a lapse of 63 consecutive days or more that you do not have Part D or other creditable prescription drug coverage. If you wait, youâ??ll pay more for your coverage when you do enroll.
- **Extra Help â??** A Medicare program that assists people with limited income and resources pay for prescription drug costs
- **Prior Authorization:** Approval you must get from your prescription drug plan before you can get your prescription filled in order that it be covered by your plan. Certain drugs may require prior authorization and your prescriber may need to show that the drug is medically necessary for it to be covered by the plan.
- **Quantity limit:** Limits on how much medication you can get at one time.
- **Step therapy:** You must try one or more similar, lower cost drugs before your plan will cover the prescribed drug.
- **Mail order pharmacy:** A mail-order program that allows you to get up to a 90-day supply of your covered prescription drugs sent directly to your home. This may be a cost-effective and convenient way to fill prescriptions you take every day.
- **AEP:** *Annual Election Period* â?? If you have Medicare Part C (Medicare Advantage) or Medicare Part D (prescription drug coverage) there is an Annual Election Period when you can sign up for, change, or disenroll from the plan. The AEP is from October 15 to December 7 each year. This is your opportunity to sign up or make changes if you didnâ??t sign up for one of these plans when you were first eligible for Medicare (during your Initial Enrollment Period), the AEP is generally your chance to make these changes, unless you qualify for a Special Enrollment Period (SEP)(see below).

- **SEP:** If you or your spouse are still working, and covered by your employerâ??s group plan (your own, your spouseâ??s, or if you are disabled, a family memberâ??s), you may be eligible for a *Special Enrollment Period* to sign up for Part A and/or Part B (if you did not sign up when you were first eligible). You have 8 months within which to enroll, beginning the month after your employment ends or coverage ends, whichever occurs first. **Note:** You will generally not have to pay a late penalty if you enroll during this SEP. This is one example of an SEP â?? there are other instances that may also qualify you for a Special Election Period.
- **IEP:** The *Initial Enrollment Period*, refers to the first time an eligible person may enroll in Medicare. This period of time begins three months before the month of your 65th birthday, continues through your birth month, and lasts for the three months following it. If you sign up for Medicare during your IEP, you will avoid a late enrollment penalty. Most people are automatically enrolled prior to their 65th birthday, but the IEP is the first time people can enroll on their own if they need to. During this time, you also will be able to enroll in a stand-alone Medicare Prescription Drug Plan.
- **ICEP:** *The Initial Coverage Election Period* is a one-time occurrence giving you the opportunity to enroll for the first time in a Medicare Advantage plan (Part C). However, you must enroll in both Medicare Part A and B during this time.
- **IRMAA:** This is the *Income-Related Monthly Adjustment Amount*. It refers to people with higher incomes who are enrolled in Part B or covered under a Medicare Part D Prescription Drug Plan. This amount is calculated by the Social Security Administration (SSA) based on the information you submit to the Internal Revenue Service on your yearly income tax return. IRMAA is based on the income you reported two years ago. For example, in 2017, the SSA will use your 2015 income. If you earned less than $85,000, or you and your spouse filing jointly earned less than $170,000, you will not have to pay IRMAA adjustments with your monthly premium. According to the SSA, less than 5% of Medicare beneficiaries are subject to IRMAA Part B and IRMAA Part D premium adjustments.

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Date Created
September 18, 2017
Author
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