**Introduction:** Good morning and thank you for being here. We have an exciting presentation today. We actually have two speakers. I was really thankful for Brian Kaye to be here. Brian is the Regional Director of the Social Security Administration. And we will hear from Brian shortly about the updates on Social Security and what's going on. Most of today's presentation will be Tatiana Fassieux talking about the changes in Medicare in 2013 and how the Affordable Care Act is going to impact Medicare. And she's very knowledgeable on the Affordable Care Act and other areas, as well. So if you have questions, you know, save those for later after the presentation and we'll go on to those questions. But for now, I want to hand it to Brian to talk about Social Security Administration and the changes that are coming up, and then Tatiana will take over. Thank you.

**Brian Kaye:** As she was mentioning I do work here at the Chico office. My title is district manager, not regional manager [chuckle], but nonetheless I do -- I am involved with a lot of things, especially in Northern California. So I know that the idea of her collecting people such as ourselves is to really address issues to deal with the aging population. Social Security has a very integral part with that and I think most of you probably know that. As you know, Tatiana also works for an agency called HICAP and she assists people with the Medicare side of things. Social Security and Medicare have a tie, but it's not as close as you would think it is. Social Security is a program that pays benefits. We deal with the money-side of things.
Medicare basically handles healthcare. So a lot of people come into the Social Security office anticipating that we can help them with all their Medicare needs and we can help them with all their Social Security needs, but we can help them with the Social Security needs and some Medicare issues. We go to Tatiana and HICAP for help about Medicare issues more than we go to ourselves. So we just deal with the money and claims. And in fact, we’re building on a partnership more and more all the time, and it’s really fantastic to have. I know that Social Security is a political stronghold in a lot of ways. There’s a lot of political fighting over Social Security so to speak and as you know there’s a lot of budget issues with a lot of questions whether Social Security will be around forever. These are all things that at my level, we only know bits and pieces of things but from what we can tell everything is moving forward. But one big piece of news that I think anybody who deals with Social Security needs to know or has family members is that beginning November 19th, the Social Security office will be closing half-an-hour earlier; all of them across the country. It will be going from 3:30 to 3:00. And as some of you may know, a year ago we moved it from 4:00 to 3:30 so you can kind of see what’s happening here. And then also another big piece along with this is starting with January 2nd, we are going to be closing the offices at noon on Wednesday.
We have talking points about addressing the public about it and, you know, we can discuss but that is something that's going to be happening. And the idea behind it is that we have increasing clientele that we have to serve and we have decreasing funding. There has been more and more dependency upon Social Security and there's a lot of psychology behind this. You know, you could make assumptions as to why this is, but there's also unemployment and there's people that could have been employed under normal circumstances but because of disability or whatever the case is they end up having to come on Social Security benefits and Medicare. So all of that coupled with decreased funding for the government, it adds to a "Perfect Storm" so to speak of issues. So to kind of compensate so the employees can still get their work done since we don't have the option of a lot of overtime, in order to make up for some of that they have decreased the necessity of working overtime and increased the amount of time that we don't have to face the public to get the work done essentially. But as you know that creates a funnel sometimes and what'll happen is that if we close early the day before the next day is twice as busy to make up for the people. So we have to cram it into a tighter period of time plus we have attrition quite severely right now. About 30% percent of our staff is on their way out for retirement and so what I encourage people to do and this is a small group and I don't know to what extent you help people with Social Security issues, but the most important thing for us right now is to ensure that we utilize online resources that we have available as much as possible. People can file benefits online. People can do a lot of the changes to their records online. I know the most people that count on Social Security is going out and getting your Social Security card. Well, that's a very, very small part of what we do, that the majority of things have to do with paying benefits of some sort. And a lot of
things are accessible online.
It really would decrease the necessity of having to come into the office. And so that’s what I always try to advertise that as much as I can when I go out. I could talk all day about the 100 things of Social Security but I kind of want to just give the highlights. Is there anything out there that anybody wants to know specifically about Social Security that they want answered?

Audience: I have a question. Are you seeing an increase in disability claims?

Brian Kaye: Absolutely, yes and as I was kind of alluding to earlier, there's a lot of reasons that we suspect that is the case. The economy doesn't make people disabled but what it does do is create less opportunities for those that are. So you know, what happens is that the more people that have more mild disabilities, they begin to file so then it's a more nebulous way of determining whether they're disabled or not. It's more complicated so we have been going through the reconsideration in the field process and the hearings and so each case is taking even longer to get there because there’s more development to do and they're more complicated. I don’t think that anybody really knew that this would happen exactly to the extent that it has. I think people anticipated a lot more retirement. But it’s really a lot more disability. There is an uptake of retirement but it seems that the way people are actually staying at work, that can work. Because right now is not a good time for a lot of people to retire. So the disability work load is far more complex.

Audience: Well, I’m seeing in our numbers and in our goals that are being given to us. In the five counties that I serve, I just got the recent numbers where there are over 11,000 people who are on disability and receiving Medicare benefits. That to me is a fairly large number of the total population, Medicare population of 69,000.
Almost like 20% of the Medicare population is receiving disability. And the thing with disability Medicare is it's different than not necessarily the services but the way the periods of time you can have it. You know there's people that have disability and they have it for a period of time and after they get off disability but then it stops, you know, so then there's a lot of in and out. But really, they're the knowledge behind that and they really are just blessed to have HICAP on it. There's quite a few different areas that we cover. And it helps us a lot and in fact, you guys coming to our office twice a week to help their clients and it's kind of a nice thing to have around because I think that we can help each other. And that's kind of what government is doing is this, you know, with the budget climate that we're in, kind of having to share resources. We have to kind of think outside the box to have an idea but you really have to break down the barriers between agencies and government agencies have a history of not communicating well with one another. And unfortunately, or fortunately, we have to kind of change that because it's more efficient to work with one another and to share our building space and to share our ideas and to share our computers and you know, so the Federal Government is getting more and more into that, doing that and breaking down some of the previous red tape that you had to deal with to do that. I think utilizing our community partners is a really big part to make our jobs a lot easier and we can return the same types of favors in whatever way we can.
Audience: I have a question about lawyers and Social Security claims. Do you find areas -- because it's by looking at what we get, one would assume that one needs to get or employ a lawyer in order to get a Social Security benefit. And so it's kind of a disconnect for me.

Brian Kaye: So you want me to address the issue with why people think they need to have an attorney? Well I have my personal opinion, and then I have my professional standpoint and those are two different things that I can talk about separately. Yes, there is the perception particularly with the way things are advertised that you need an attorney to get Social Security benefits. Now, the reality is that you don’t. It doesn’t really change your chances. The only thing that an attorney can do is they facilitate the process for you. Basically, it’s like paying somebody to do your paperwork and that's kind of what happens and what a lot of people don't realize is that they are in it for the money for that. So if they get approved, 25% of their benefits have to be paid to this attorney or a maximum of $6,000. So it used to be $5,300 - $6,000, so it maxes out. So some people are even disabled for two years and you know, and they come in and file for benefit and we back pay them for that period of time. Every single dime that person gets, they need desperately because they haven't had an income for a period of time. So out of desperation, they want to do anything they can to get those benefits. They seek out the assistance of an attorney. They get approved on the first shot. They could have gone in and we could have taken their claim for them and it wouldn't have made no difference, but the difference is they're out $6,000 which is...

Audience: Isn't it the back pay though, a percentage of the back pay?
Brian Kaye: It's the back pay. Yeah, they don't pay over a lifetime, they get a chunk of cash and whatever that amount is, it's either 25% or $6,000. It can't be any more than $6,000 cash. So this is a very, very booming time for the attorneys. They have very good advertising campaigns. You know, I can't say in all cases they aren't helpful. When somebody goes to a hearing which is the third stage of an appeal, you know, somebody goes in and files for benefits, they get denied. Then they file what's called a reconsideration which is reviewed by a different group of people that reviewed it the first time. It gets denied then they go to what's called a hearing and that's actually before a judge. And we actually house those hearings in our building but it's over teleconferencing and at that point, the people that are filing, whatever their disability is, it's not nearly as clear as some of them are obvious, things like cancer and you know, Alzheimer's disease, a lot of really obvious diseases, but there's some that are hard to determine. So in those cases, the attorneys present a case and you know, just like anything else. So at that point, it seems that there's an argument that they provide some level of assistance but between, you know, the initial phase and the reconsideration phase, everything they do is exactly what we would do. It's just they have somebody else doing it. So that's kind of what's going on in essence. If you watch TV between 12:00 a.m. and 4:00 a.m., what do you see the most? I don't know how many people are up that late but you see a lot of, "We'll help you file your disability claims." Why is it that time of the night is something I guess is the time to analyze? But I think it has said something about the groups that they're targeting. And it's very obvious at that time. Also in the afternoon during soap opera times when most people are at work. So it's very creative and that really is, you're absolutely right. It's a big business right now.
The issue with the online filing and things is something they've been resistant to and that's a whole other topic in itself, the reasons why. But we kind of force them to go online and to file their appeals instead of submitting paper. And if they don't do it, you no longer serve clients on Social Security's behalf. So they absolutely have to utilize online resources because there was so much -- we were inundated with paper from clients which takes twice as long to process something that comes in a paper than it does electronically. So we work with them, you know, we have a working relationship with one another but it's a push and pull there. What we have learned as an advocate is that we always encourage our clients to take notes, know who they spoke with, when they spoke with these individuals because we also can hold a claim that if the government official made a mistake in misinforming or something, that maybe they have additional rights to appeal whatever the decision, whether it be a government Social Security or a Medicare decision. So as we educate our consumers, regardless of age, you've got to jot down name, time, who you spoke with, when you spoke with and because you've got some type of a chronological history of your communication with whomever you're going to appeal or contest.

**Audience:** Is there a chance that on that point that you can actually email somebody specifically in the Social Security office if you do have this electronic record?

**Brian Kaye:** We have a specialized unit of people in my office that just do the online stuff because it's such a huge portion of our workload. We didn't used to do it, that's actually when I started, that's kind of how I began my career was getting the online thing going and kind of be creative about how to do it. And so in order to really maximize that, we discovered that having specific work on their work load is actually beneficial.
Tatiana: Thank you Sema for inviting me to speak. Again, my name is Tatiana Fassieux and I'm the program manager for HICAP and I know a couple of you because you've worked at our agency. I'm part of Passages. Passages is a process of Chico State Research Foundation and we are funded by Medicare and also with funds through the California Department of Aging. So I will talk to you about first of all what Passages does. And one of our gateway programs is our information and assistance. We deal a lot with family caregivers and seniors who want to have basic information. For example, do you have a list of affordable housing, senior housing? We have that. Or for example, any information about how I can hire someone or what are the resources for my loved one. Well, now maybe we have to consider placement and so we have the long term care ombudsman in our agency that keeps track of all of the licensed facilities in our five county services area. Passages covers Butte, Colusa, Glenn, Tehama and Pumas County and although we are called Passages, there is an equivalent program in every county in the State of California and the Area Agency on Aging which is our core services, we also fund the Senior Nutrition Programs in our five county service area too. Volunteer opportunities, care coordination, mental health counseling is one of our newest programs. We've had now for a couple of years where we provide counseling for seniors who are experiencing depression. As we get older, there are those signs that perhaps old hurts or old behaviors or just history brings along depression. We are located at 25 Main Street.
Now this is what I hope to accomplish today on this slide. We have perhaps people on Medicare, or in the profession of assisting people with Medicare or students who ultimately will want to help people with Medicare. So as a result of the Affordable Care Act, there was a lot of money infused into the Medicare System to detect, prosecute and prevent fraud. So we’ll talk a little bit about that. Understand the changes to Medicare, specifically the changes as they relate to Part D and Part C, the Prescription Drug Plan and the Medicare Advantage Plans and then also government programs that may help individuals lower their out of pocket costs. And this is particularly important for social workers and other people in the profession who may be struggling or may be helping someone who’s struggling with affording their basic daily living expenses. I’ll give you a very good example. Yesterday, I was at an independent facility and after I did this presentation, a senior came to me. She was 93 I think and she was very, very distraught because her rent was going up and she was not going to be able to continue living there. Her resources were diminishing to the point where she would not be able to afford the rent any longer. And so what do I do? She was almost in tears and so she had an application for the Veteran’s Aid and Attendance Benefit. That is something that we at Passages have a little bit of knowledge but we know who to refer the person to. I have information about government programs that could help free up dollars. You know, anything to free up dollars to maintain the quality of life for that individual because obviously, institutionalization is the least preferred option, right?
Anyway, so this is exactly what we do our core services. We help you understand Medicare. We help individuals compare their supplementary policies, help maybe find something that is a little more affordable, compare prescription drug plans because again, in 2006, when the prescription drug plans came into effect, we started with I think close to 40 plans. Next year there will be 32. Every year, plans change. We help people appeal and prepare their appeals not only of Medicare denials but also their prescription drug denials and if somebody has an issue with their denial of Social Security benefits, we also have a contract with Legal Services so that we could help them perhaps through Legal Services understand what their benefits are and help them through the process. On Monday, I assisted a couple, they're both going to be Medicare eligible in the next few months and the question was at the end of the consultation, "Do I need long term care insurance?" And my answer is yes, no and maybe. It all depends on your financial planning. And so one of the areas that we get into is the discussion, "Are you going to be able to afford, not only long term care insurance, but also your basic planning for long term care because long-term care does not mean skilled nursing facility, it's a whole continuum of care."
Again, eliminating fraud, last week there was an announcement in the media that the Center for Medicaid-Medicare Services either prosecuted or charged 91 people with millions of dollars of fraud that they had incurred. And Medicare as a result of the Affordable Care Act and this is what I'm going to interject, where does the Affordable Care Act also known as Obama-Care which I don't like to use, intersects with benefits. It infused a lot of dollars to make the claims processing system of Medicare claims a lot smarter. For example, look for trends in providers in areas of the country that are submitting a whole lot of claims for the same procedure code or for the same benefit. It could be across the country but it could be only one provider. So all of those trends in behind the scenes, this is what the Affordable Care Act did. And we always tell our clients is, "Don't give out your Medicare number or your Social Security number to people you do not know." One of the very overt type of questionable efforts are by insurance agents calling individuals cold turkey and saying, "I'm calling from Medicare and I want to verify your Medicare number. Is your date of birth XYZ?" "Oh yes." I had a call a few months ago of a client who called and this caller had everything down to the T and all they wanted to do was verify her Medicare number. She said, "How do they get my information?" Well, I'll tell you how they got it. She had been a subscriber to mail order diabetic supplies from an organization in Florida. Florida is replete with fraudulent companies. And one of the side offshoots of this company, who indeed was contracted with Medicare, was perhaps going to sell her back braces and all sorts of other equipment that she really didn't need.
Doctors in Chico now are getting a little smarter because in order for Medicare to get billed for equipment, they have to have a face to face visit. The client has to have a face to face visit now. This is part of the Affordable Care Act so that if for example, a doctor gets a fax of an approval sheet to provide diabetic shoes for example, these doctors are calling the client, "I didn't know you need diabetic shoes? You know, you should have come to me first." All right? So doctors' offices also are getting inundated with these ghost requests and hopefully, physicians are becoming, you know, a little smarter now.
So consumers should know that Medicare instituted a lot of through legislation, a lot of restraints and marketing restrictions on who and how they can call and contact their beneficiaries or potential clients. The free pie at the local coffee shop is really frowned upon. They can do a free pie and just give basic information but they cannot enroll you. That has to happen with a face to face appointment. The agent has to provide the client with a statement of, "This is what I am going to be speaking about with you." So that statement has to go back together with an application if it so happens that that individual was interested. We have cold calls by one particular group of agents that represent one company that I'm after them all the time. I file complaints with the Department of Insurance very often and so we want to know about those.
This is good for those that are on Medicare and those who are not on Medicare. Basically, there're two ways of getting your Medicare health benefits and especially for providers or those who are going to be in the provider world. You can have Medicare through what we call original Medicare. When you get your red, white and blue card, it has Part A and Part B and you signed up through Social Security. That is the only way that you can sign up is either online through Social Security's website or in person. So Hospital is A, B is medical outpatient. But Medicare basically is an 80-20 plan. So if you don't want to have any out of pocket costs or minimize your out of pocket costs, you need supplementary insurance and we at Passages at HICAP, we have a list of all of the companies that are licensed in California to sell Medicare supplements and they are all standardized. So whether you buy a Medicare supplement in California or a Medicare supplement in New York, it's going to look exactly the same. The only difference is the premium. So whether a plan and they're lettered, A through N, and let's say an F plan is the plan that covers all of Medicare's copays and deductibles. It doesn't matter whether you go through AARP, United Health Care, Blue Cross, Blue Shield, United American; they all have to cover the same thing except the premium will be different and how they rate the individual. The premiums will change according to age. So this is the information that we give clients. Some people are fortunate that they can get a retiree plan to supplement Medicare. Some people who have limited income could supplement Medicare with Medi-Cal. And I have fact sheets here wherever in my slides refer to a fact sheet, I have it on the table. And then of course, if you are a retiree of the Armed Forces, Tri-Care is the supplement to Medicare.
If you were a veteran and honorably discharged, you may be able to have Veterans to be not necessarily a true supplement to Medicare but get your healthcare through the Veteran's Services. And then of course prescription drug insurance which was established in 2006. The environment one providers bill Medicare directly. So when a patient is in the hospital, the hospital submits the claim to Medicare and then Medicare, if the person has a supplementary plan, Medicare electronically sends the claim to the supplementary plan. In this environment, Medicare Advantage plan also known as Part C, we have had clients call us and say, "I had a call from somebody telling me I needed Part C." Nobody needs Part C. It is an option to have -- you have our healthcare covered. In the option two, the plans provide you with hospital and medical care but Medicare does not receive the claims. The providers submit the claims to the insurance company. The insurance company gets money from Medicare to cover your basic Medicare benefits. Affordable Care Act reduced the overpayment to the Medicare Advantage plans because it was over paying Medicare; the system was overpaying the Medicare Advantage plans. So when you heard on the debates that the Affordable Care Act reduced Medicare by $750 billion, whatever that number was, it was in part a reduction of the overpayments of the Medicare Advantage plans and infusing money into fraud detection and so forth. Yes?

Audience: What about like undocumented individuals or people who are Green Cards? I see a lot of people who have only B and not A.
Tatiana: That’s a very good question and I’ll answer part of it and maybe Brian wants to. Usually in order to have free Part A, you have to have at least 40 quarters of work history. So that’s about 10 years and immigrants who have less than that often cannot afford the Part A premiums and I’ll talk a little bit about that.

Brian: That is a really complicated thing. It depends on a lot of different things, it depends on how many years did they work and what their core’s coverage are. It depends if they have a family member that invested in it. You know, there’s a lot to that. But essentially, you’re saying you heard about somebody getting Part B without having Part A?

Audience: Yes, I see Part B a lot without Part A.

Brian: Yeah, you can get just Part B, and the visits which is the medical part of it. The Hospital’s the Part A. But they pay the premium which is far less than the Part A premium. The Part A premium is I believe somewhere in the ball park of $500 a month and at this point, now the Part B premiums are...well they were $110 and they went back down to $99.90. Now, do your clients also have Medi-Cal?

Audience: Not all of them. Because if a person has Medi-Cal also, we could assist them in applying for Part A conditionally. We refer them to Social Security and then through the Medicare Savings Program which is one of the government programs, it would pay their Part A premium and their Part B premium.

Brian: And that’s what I call Conditional Enrollment. Usually what happens is a person who has CMSP who is under 65, transitions into Medicare and they could end up with just B but we are encouraging individuals to also join Part A conditionally because that government program is administered through the state, that will pick up that Part A premium.
**Audience:** What my team wondered, so you have to have 40 quarters work history but teachers don't?

**Tatiana:** That's a very good question. Teachers opted to not pay into the Social Security System. So depending on the teacher's contract, the teachers' STIRS would pay their Medicare premiums or they will have to pay their Medicare premiums. So the teachers are now becoming insured for Medicare but they're through some of the benefits. So I think a lot of them readjusted their contracts. So if you're paying into Medicare, you are entitled to that program when you become of age. But initially, they didn't pay into any of it. So then their medical insurance from STIRS had to kind of bite the bullet and pay the premiums and so I think it was in STIRS' best interest to change that.

I counseled a client who -- husband and wife -- he was age eligible for Medicare. He was covered under his wife's school program. So he delayed Medicare Part B. When she retired, she was still covered until age 65 but he never joined Part B when she retired. They have to be employed in order to delay Medicare enrollment. So he is going without healthcare coverage for a few months, almost a year because he did not react to her retirement and this is where again, in the retirement process, I sometimes fault the employers for not fully educating. 10% per year for every year that he did not enroll in Medicare legitimately. Right, so it's a whole education process. So anyway, what we tell our clients, don't accept door to door. If anybody comes door to door, get their business card and say, "I'll call you later. I'm going to call HICAP," and I want those business cards.
Anyway, so this is a blank sheet because I don't know what the premium is going to be for next year for Medicare. But for example, if people have 40 quarters or more, they don't pay for their Part A premium but if they have less than 30 quarters, there are three different levels of co-pays and then hospital maximum days, you know, the first day in the hospital is your responsibility. This year, it's about $1156 for that first day in the hospital unless you have a supplementary plan. But I don't know what it's going to be next year, hopefully in the next few weeks. Part B premium right now, it's $99.90. Usually, Part B premiums go up if you get a COLA, Social Security Cost of Living Adjustment. So we don't know how that is going to be or in political times, who knows. So hopefully soon we will know. This year, the medical deductible is $140 I believe.
So anyway, a little more meat and potatoes about the Affordable Care Act and Medicare. Most basic preventive benefits now have no out of pocket costs, both for people who are not on Medicare and people who are on Medicare. Earlier this year, I had a bone density test and I am not on Medicare and the provider charged me what the insurance company didn't cover. And I said, "What's going on here?" As a result of the Affordable Care Act and I had to drill down into how was that order written. What was the diagnosis code and so forth and it turned out that the provider wrote the script incorrectly.

**Audience:** I had that happen with a blood test. They coded it as you know, something else and I got a bill for it and I'm like, "What is this about?" It's just a blood test. And I had to do the same thing where I had to go and get the coding right and it was identical.

**Tatiana:** Exactly, so you know it went back and forth, back and forth and this is what Medicare beneficiaries need to know that basic and I will digress -- in the Medicare and You book, there's the list of all of the preventive benefits and there are some preventive benefits that require a greater intervention by the provider. So for example if you have a colonoscopy and they find a polyp and that is removed, there will be co-insurance with there. But most basic benefits, mammograms, PSA tests, flu shots, bone density tests, you should not have a co-insurance. But as an advocate, I say, "Well if I have a supplementary plan that usually picks up the co-insurance, why isn't my premium going down because you're not having to pay anything?" I never got an answer to that.
Anyway, the donut hole and I'll be talking to you about the structure of the prescription drug plan but basically people who have a regular Part D plan, if they fell in that coverage gap, now there are discounts and in 2013, people will have a 52.5% discount in their brand name drugs and 21% discount on their generics. And the Medicare Summary Notice, that explanation of benefits that people get every three months if they've had health care, that has been redesigned to make it a little more user friendly. I questioned that because I looked at it and I said, "Oh, it's bigger print and they rearranged where they put things." I was on the national conference call to say, "Okay, give us your feedback," and I gave them feedback and I guess they didn't pay attention.
So basic dates for people to remember and again, this is very important also for people in facilities. Open enrollment for people generally on Medicare is between October 15th and December 7th and that is the time to review their prescription drug benefit. Of course if they have a retiree plan, they don't have to enroll in a Part D plan. They need to follow through with their open enrollment with their own company. January 1 through February 14th, some people are enrolled in a Medicare Advantage plan, those Part C plans. In our area we don't have any HMOs; we don't have any Medicare PPOs. What we do have are Medicare Private Fee for Service plans. And if anybody's interested, I have the list of those that are going to be available next year. If someone is in for example, it's a two-day option plan and they forgot this December 7th deadline, they have one more time to disenroll out of the plan and get back into regular Medicare and get a Part D plan. Now there are some plans that are going away in the prescription drug benefits side. And that will be the time when people will be able to make an additional election.
So Part D premiums, I don't know how many years ago, was it the Medicare Improvements for Providers Act, that Part B was tied to income?

**Brian:** Oh, that was in 2007, 2008?

**Tatiana:** Part B premiums and Part D premiums are tied to income. So if you earn as an individual, have an adjusted gross income of less than $85,000 or $170,000 as a couple, you will pay the standard premiums. But anything above that, your premiums will be tied to your MAGI, Modified Adjusted Gross Income. And believe me, I've had people who have had their Part D and Part B premiums pretty high. On Monday I came across a lady who became a widow and sold her house I believe and in that year, no she didn't sell her house, she became a widow. So she had a life changing event. So that's when you can appeal that additional increase. And that premium for Part D is based on the National Part D Base Premium which is the 3170. So I calculated somebody's premium and that is also for the late enrollment premium, late enrollment penalty if you don't sign up for a Part D plan which I'll be talking to you about. But that is over and above whatever premium you're paying for that Part D plan. And Social Security deducts it from your Social Security check.
Late enrollment penalties, there are people that have been perfectly healthy and didn't need a Part D plan and that was absolutely their choice. They saved money over the course of six years, seven years by not enrolling in a Part D plan. But boom, they were diagnosed with cancer. And now they have not infusion but outpatient prescriptions that they have to take at home. Now they will pay a 1% per month penalty for every month that they did not sign up for a Part D plan. So what we tell our clients is, "Would you go away without fire insurance for your home?" Usually, "No." I say, "Pick the cheapest plan and let it be your fire insurance for your prescriptions. Hopefully you'll never have to use it but it's there when you need it."
Sort of an overview of the plans for next year, the cheapest will be $15, the most expensive will be $118.60 and you can all have a copy of what we took out of this book and the premiums are compared to last year. So this gives you an overview of the plans premiums for last year and what they will be this year plus on the bottom side, you'll see new plans and then on the back side, you'll see plans that are not renewing and plans that are consolidating. So when I do presentations or maybe if you're helping somebody in an institution, look at their prescription drug benefit and see if it's going to change, either premium or if it's going to be consolidated or if it's going bye-bye.
So a little bit on what we call the cross-walk plans, the plans CVS which is a very large company, CVS Care Mark bought out Community Care, Health Net and yeah, and basically they changed their name for the CVS Care Mark brand. What CVS Care Mark did is institute a line of business called Silver Script and so anybody with the first three plans are going to be merged into the Silver Script Basic and anybody with a bottom three plans will be merged into the Silver Script Plus. The premiums in the top side will probably be lower than what they were paying this year. But those in the lower will be paying slightly more. I had a client yesterday who said, "I got Well Care Signature." And I said, "Did you get Your Annual Notice of Change? Because all of these plans are required to send their clients or their enrollees with a statement of what is going to happen with their plan next year." She said, "No, I didn't get a letter or anything like that." And I said, "Well, Well Care Signature's going away. You're going to have to decide on a new plan. Otherwise you will not have coverage."
So again, this is a great handout because it can help compare the old premium versus the new premium, what is new and what is being merged and what is going away. And this is strictly for the Part D plans. A little tidbit also, Silver Script, because it is owned by CVS Care Mark, if an employer plan, a retiree plan had Silver Script, also the formularies, the list of prescriptions they cover will all be the same. So Silver Script has standardized all of their formularies unlike the other companies. Everyone of them has a different formulary and the formulary's the list of prescriptions that they cover as either preferred, non-preferred, which preferred pharmacies, which non-preferred pharmacies. With Silver Script, you'll have CVS as a preferred pharmacy but most likely some of the other major pharmacies will also be preferred. But that's why when we assist our clients, we say, "This is the time to review. If you don't know how to do it," we would give them a questionnaire to complete, send it back to us and then we will do the plan comparison and send them a comparison of the top three plans that Medicare suggests will be the best ones based on annual out of pocket costs.
A little bit of a description of the donut hole for those that don't know about it. I love this, it came from Families U.S.A. Part D plans have four levels. In addition to your premium, you have a deductible period, then you have an initial coverage period where the plan picks up to 75% and you pay up to 25% and then next year, if you spend what you spend and what the plan spends is no more than $2970, then you stay there. But if you go over that amount, then you start falling into the donut hole. So from a prescription drug cost of $2960 to $6034, the plan is not entitled to cover you. It's not required to cover you. But as a result of the Affordable Care Act, that donut hole is closing because the government negotiated with the pharmaceutical companies' discounts for brand name drugs and for generic drugs. So clients, enrollees in any of these plans that fall into this coverage gap will have a 52.5% discount on their brand name drugs and 21% on generics. And then once your whole bill, everything that you have spent and what the plan has spent is $6734, then you fall into the catastrophic level where your costs significantly drop. I have had clients that have reached the donut hole in February and others in June, July and so that's why it's so critical to compare plans. Now people who are in institutions and have Medi-Cal pay for their long-term care don't have to worry about this donut hole because they have coverage throughout the cycle of this Part D.
This is another way of looking at how these four levels work and in the Medicare and You book, if I were to look at one of these plans, so let's say I will look at AARP plans and it's in the back. They don't customize it specifically for our county but I will look for United Health Care, here we go. Let's see if AARP is in the front? No, it's in the back. So if I were to look at AARP Medicare Enhanced for $98, it's the United Health Care on the bottom of page 139C, it tells me that the premium is $98 but it doesn't have a deductible. But it has a co-pay between $2 and $95 co-pay for a one-month's supply or 33% co-insurance for probably the more expensive drugs and it does have some coverage in the donut hole for generics and some brands. Later on in late October probably, we'll have a more expanded comparison sheet that will actually show all the different levels and co-pay levels for each of these companies. Okay, so we already talked about this.
Private-Fee-for-Service Plans (PFFS)

- No network of providers required (in our area)
- Providers have to be contracted with Medicare
- Providers must tell you if they accept plan or not before you get service
  - If they don’t tell you and you get service, they must submit claim to the plan
  - Providers cannot bill Medicare for any service
- Cannot change plans until next October 2013 (with some exceptions: e.g. first time in a Medicare Advantage plan, or you move out of service area)

So private fee for service, remember I told you that there was the option one where providers bill Medicare and option two is a part C plan. The only plans that are available in Butte County and for that matter, for all of the five counties that I serve are private fee for service. They are not required to have a network of providers unlike an HMO or a PPO. The providers have to bill Medicare but providers have to accept the plan. They could accept the plan one day and another day they don’t have to accept it because it’s not a providers. Medicare doesn’t reimburse the providers. The company reimburses the providers and the company may or may not reimburse the provider at the same rate or level as Medicare would have. Some companies reimburse providers at a higher rate than Medicare does and so it’s up to the providers. Doctors are in the business to make money so they can decide whether they want to accept the plan or not. I guess a few counties in all the surrounding counties are unique in that respect. But Roseville and Sacramento have all that stuff.

Audience: People, can they utilize the services of Sacramento and Roseville?
Tatiana: Yes if they are keeping an address in the service area of Kaiser for example. No, if they move and they notified the plan that they moved. Maybe for example, federal retirees, federal retirees for example don’t even have to join Medicare. They can keep Kaiser. Several years ago, I had a postal worker retiree that moved from wherever he had his service area for Kaiser and moved to Corning. He was healthy enough to be able to travel to Roseville and keep his benefits. Then he developed end stage renal disease, kidney failure. He had to go to dialysis. Kaiser approved only a temporary dialysis in the local area wherever he was going and after that said, "No." Would you believe he did not want to disenroll from Kaiser? He made a decision.
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Yeah, so but he had the opportunity because when you move out of the service area, you have an opportunity to change your healthcare coverage. Many people, you know, we used to in the housing boom when Butte County experienced the housing boom, we had a ton of people move from the Bay Area and Sacramento Area and so forth and they were shocked that we did not have any HMOs here and they had already perhaps moved their loved one to paradise, realizing that, "Ah, now I'm going to have to pay more in my loved one's health insurance because " you know, when you live in Los Angeles, you perhaps have a Medicare HMO with zero premium, zero co-pay, all of your benefits because why? It's insurance and insurance is based on the numbers. More people enrolled, the cheaper the premiums are.
So anyway, private fee for service plans here, we do have Universal American, also called Today's Options, United Healthcare, Medicare Direct in some of the counties. Humana has come in, I will be turning 65 next year and I'm already getting mail from companies soliciting my business. The one thing that we always tell our beneficiaries is read your mail that you get. Make two piles. One is the pile of the mail that belongs to your insurance company and the other pile is to either read and shred or just shred because what I'm finding now as you get older you just keep the pile and you never look at it. So people do have to read their letters and their annual notice of change. The annual notice of change, this is Medicare's Annual Notice of Change. But if you had a plan, let's say with United Healthcare Part D for example, theirs will say, "This is your Part D plan." In a book like this, so you think that, "Oh, that's just, you know, another book." But buried on page 96 is the specific information about what is changing. So that's why we tell people, "Read, read, read." Sometimes it's obvious, it's in the first page, sometimes it's a separate letter. But sometimes it's buried and Medicare approves it.
So what happens next? People need to read their mail. I don’t know if people are in facilities, they hopefully, they have someone that is taking care of their mail and looking at what they got. Now you work in the Cancer Center, which one?

Audiencce: Feather River.

Tatiana: Feather River? So you provide infusion services there? So you know, help yourself to any of our material to take there so that people will know that they need to review, you know, if they’re Part D. Some people don’t have insurance because they’re not on Medicare. Medicare, Part B covers infusion because it’s in a facility but if they have outpatient prescriptions then they have to have either through a retirement plan or an employer plan or a regular Part D plan. So if people don’t make any changes, they could lose their coverage and then they may not be able to enroll in Part D until the next year’s open enrollment. Supplements, just a little bit about this.
People who are wanting to get out of their Medicare Advantage plan have rights and this is something that people don’t realize, that every year you should be reviewing your insurance, okay, whether it be health or anything else. If you have a Medicare supplement today and your premium is going up and up and up, 30 days following your birthday, you can change your Medicare supplement to a different company or a different letter plan without them consideration of pre-existing conditions. So for example, if we have a cancer patient who’s paying $250 a month on their Medicare supplement, they can’t afford it anymore. 30 days following their birthday, they could review it with an insurance agent to see whether they could have another plan at a cheaper rate without them being underwritten because of their cancer.
Extra help and I'll just go very quickly because I have the fact sheets.
There are programs that provide extra help for prescription drugs and it used to be that Social Security Administration was charged with enrolling people in it’s called the low-income subsidy or extra help. We are also charged to screen all of our clients for extra help and there’s certain income and resource limitations and I have the fact sheet over there to help you understand those resources and limitations.
And then these are the plans that people who have full extra help and they’re listed also on this that if you have full extra help and you have Medi-Cal for example, you won’t pay the premiums and your co-pays next year will be $1.15 for generic and $3.50 for brand name drugs. It’s a nickel more on generics and 20 cents more on brand than this year. And if you had just regular extra help, your co-pay will be $2.65 or $6.60. Now if people are in a nursing home and have Medi-Cal pay for their nursing home stay, they have no out of pocket costs.
The Medicare Savings Program we were talking about the individual that only had Part B and not Part A, if they're eligible, we could help them apply for the Medicare Savings Program that would help pay for their Part A and or Part B premiums.
It is administered by the county but we have the applications. Medi-Cal, that is strictly through the county but we do have eligibility information and there's a fact sheet over there.
Letters, letters, letters, everybody's getting letters. Make sure they read them because they could be missing out.
One message that I want to say, "It's the same Medicare." Whatever you hear in the public, in the media, the candidates, the one question that I would always ask if I were to go to a "Meet the Candidates" session, federal not local or state, but federal is "If you are going to change Medicare, are you going to take away the benefits that have been instituted in reducing the donut hole and eliminating the co-pays for preventive benefits? What are you going to do to eliminate the detection and prosecution of fraud?" Okay, we know that Medicare is going to change without a doubt because the numbers are not just the incoming. The people are not having babies. The population is not feeding the Social Security System or the Medicare System. So there will be some changes and the one change that is not as the result of the Affordable Care Act but it is as a result of our huge debt, Medicare supplements will probably change. There is a philosophy in the legislature that if you had out of pocket costs, you would be able to control your healthcare expenditures. We think it's a false premise because if you have cancer, you've got cancer. If you have diabetes, you've got diabetes. The only thing you can do is not go to the doctor when you need to. So there are plans like the F Medicare Supplement that you have no out of pocket costs. So it is possible that sometime in the next few years that F Plan will be modified where there will be out of pocket costs. But we don't know if that change is going to happen at the insurance company level where they will have to absorb more cost or whether it be at the individual level where the individual is going to have to absorb more cost. It is happening now with retiree plans.
Depending if you are contracted by a county or by the state or by the federal government or by private industry, you are now absorbing more of your own healthcare costs. That is just inevitable. And so people need to plan for the future. And then the Affordable Care Act also is expanding Medi-Cal eligibility, Medicaid nationally. So what is today in California, you could have full Medi-Cal if you’re aged or disabled and your income would be at the 135% of the federal poverty level. The Affordable Care Act is changing it to 150% of federal poverty level. All of this is going to happen sometime next year. So people will be given a voucher if they fall above a certain federal poverty level to be able to buy insurance through an exchange that the State of California is one of several states that have already formed an insurance exchange and they’re getting the rates together and so forth to be for people who are not on Medicare to be able to buy with some kind of a voucher or a subsidy whether it be a tax subsidy or I have no idea how in reality it's going to happen. But people will be able to buy discounted health insurance if they fall under this unless of course, the Affordable Care Act is repealed. That's the portion that I don't know what is going to happen because that has been the mandated requirement is perhaps the biggest point that both candidates are, you know, the whole issue of it is the mandated requirement. So who knows what is going to happen with that. But if the Affordable Care Act stays, then the availability of health insurance at a more reasonable rate without the consideration of pre-existing conditions would be in place. Right now, it's called the Pre-Existing Insurance Program, PCIP, for people who are not on Medicare that can apply.
I still question the affordability because in this area, it's around $800 a month. In other areas, like in LA, depending on the age and of course, it is age rated, depending on the age, it could be as low as $300 a month. So it is the younger population that I believe this is more targeted to. But for example, if an individual retires at 62 and won't be eligible for Medicare until age 65 and they have limited income, maybe that is going to be their option to go into the insurance exchange. The elimination of the co-pays for preventive benefits, that was part of the Affordable Care for any insured regardless of age. We don't know what that is going to happen. But anyway, so as it relates to Medicare right now, everything has improved. There are no changes.
In the effort to save money, Medicare also has this available on their website so you can choose to get that electronically and sign up on MyMedicare.gov.
For people who are internet-savvy, this is the best thing since sliced bread because you can look at your own claims before you get that paper notice from Medicare by seeing what your providers have submitted to Medicare. And you get a log-in and a password and at MyMedicare.gov and look at all of your claims. It will send you reminders, "Oh, you need a colonoscopy," "Oh, you need a breast examination," and so forth. And again, Medicare, just like Social Security is moving towards almost everything electronic because of the boomers and the younger generation and of course the cost.
So we tell people take care of your healthcare. The older generation accepts an answer from a provider as gospel truth. We always say get second opinion, ask why, what if and so forth. Know all of the medications that you're taking. It's unbelievable, we help people with their prescription drug comparison and they're taking 20 prescriptions and they don't know what it's for.
So how to reach us, we do personalized counseling by appointment only and this is how you can reach us. And I've got more brochures there.