

Medicare and COVID-19

If you are at least age 65, you are covered by the Medicare rules. You are also at a higher risk than younger people of suffering from serious effects of COVID-19. The combination of these two issues raises several questions. First, how comprehensive is Medicare's coverage of COVID-19-related costs? Second, if you have been able to defer Medicare because you (or your spouse) were covered by an employer plan, but you have now been temporarily laid off, what do you do? And what happens with your health insurance if you go back to work after the crisis has receded?

To learn more about Medicare in general, go to medicare.gov or review the government booklet, Medicare & You.

What COVID-19 Costs Does Medicare Cover?

Medicare Parts A and B ("Original Medicare") offers very comprehensive medical coverage, particularly when combined with supplemental insurance (usually Medigap) and a Part D prescription drug plan. And Medicare has broadened its coverage of services related to COVID-19 as follows:

Testing. Medicare fully covers lab tests for COVID-19. You do not pay any deductibles or other out-of-pocket costs.

Hospitalizations. Medicare Part A covers all medically necessary hospitalizations related to COVID-19. Outside of this pandemic, if you are considered an outpatient, even if you are in the hospital, the often less advantageous coverage of Medicare Part B would apply. But with COVID-19, Medicare Part A will cover the costs if you are diagnosed with COVID-19 and might otherwise have been discharged from the hospital after an inpatient stay, but instead are required to stay in the hospital under quarantine.

Skilled nursing. In normal circumstances, Medicare Part A covers up to 100 days in a skilled nursing facility (SNF) only if you have been hospitalized first. After the first 20 days in a skilled nursing facility, Medicare Part A imposes a daily coinsurance amount of \$176. Most Medigap policies cover that out of pocket cost for days 21 through 100. There is no coverage after the 100th day.

But during the COVID-19 pandemic, even if you haven't been to the hospital, Medicare A will still cover the costs of an SNF. This is to save hospital space.

Vaccines. Currently, there is no vaccine for COVID-19. However, if one becomes available, Medicare will cover it.

Telehealth. Medicare Part B has temporarily expanded its coverage of telehealth services. These allow for doctor visits via computer or smart phone. Prior to this expansion, to use telehealth, a patient was required to connect from a health facility with approved technology. For COVID-19, you will be able to connect from home using video on a digital device.

Outpatient services. Medicare Part B covers other medical services a client might need in connection with or apart from COVID-19, including physician visits, emergency ambulance transportation, and emergency room visits.

Medicare Advantage and Part D (prescription) coverage: The government has provided guidelines to help Medicare Advantage (which is more of a managed care approach than Medigap) and Part D (prescription coverage) respond to COVID-19, but plans will differ in how they apply these guidelines. You will need to check with your individual plans for details.

At a minimum, Medicare Advantage and Part D plans must:

- Allow beneficiaries to receive health care services at out-of-network doctors' offices, hospitals, and other facilities without additional charges;
- Waive gatekeeper referral requirements;

- Suspend rules that require beneficiaries to tell the plan before obtaining certain kinds of care or prescription drugs, if failing to contact the plan ahead of time would limit access to care;
- Cover the maximum supply of drug refills if requested.

Part D plan sponsors are also required to ensure that their enrollees have adequate access to covered Part D drugs at out-of-network pharmacies when enrollees cannot reasonably be expected to use in-network pharmacies. Part D plans may also relax restrictions they may have in place with regard to various methods of delivery, such as mail or home delivery, to ensure access to needed medications for enrollees who may be unable to get to a retail pharmacy.

Private plans: How have private insurance plans, such as your employer's plan, reacted to COVID-19? Many private insurers have waived out of pocket costs for COVID-19 testing, but not other related services. Review your policy to determine what would be covered and what your out of pocket costs would be if you need COVID-19 testing, to be treated as an outpatient for symptoms, or to be hospitalized. Specifically, check your deductibles, copays, and coinsurance amounts.

What If I've Been Laid Off?

If you are older than 65 and lost your job, you must sign up for Medicare if you haven't done so already. Keep in mind that COBRA coverage and retiree coverage are not acceptable as primary coverage. Make sure you sign up within 8 months after you lose your job, but it is best to have Medicare in place as soon as possible. If retiree coverage is not available, enroll in supplemental coverage in a timely fashion as well. For Medigap, there is a guaranteed issue period (no medical underwriting) of six months beginning the month you are covered by Part B. For Part D prescription coverage, you will pay a penalty in the form of a higher premium if you wait to sign up more than 63 days after losing previous prescription coverage.

What If I Enrolled in Medicare but Then Get My Job Back?

If you enrolled in Medicare because you lost your job, but then returned to work and once again had access to your employer's health insurance, should you

disenroll from Medicare and take back your employer insurance? Or should you just stay with Medicare? Keep in mind, you have every right to keep your Medicare plan even if you are employed, there are more than 20 employees, and you have access to their health plan. The starting point of this decision is a comparison between your employer plan and Medicare. But other factors are now involved.

When you initially enroll in Medicare Part B, you have a 60-day guaranteed issue period to obtain Medigap as your supplemental insurance. That means, during those 60 days, the Medigap provider cannot make the availability of the policy contingent on any medical conditions. But if you disenroll from Medicare, you would have to drop your Medigap policy. And when you reenroll, that guaranteed issue policy will not be applicable. (Only four states-- New York, Connecticut, Maine, and Massachusetts-- require Medigap insurers to take everyone.)

Another factor you should consider in deciding whether to get back on your employer's plan is if you would like to restart contributions to your Health Savings Account ("HSA"). To do so, you would have to disenroll from both Parts A and Part B. And you would need to make sure that you made no contributions for any month you are enrolled in any part of Medicare. If you have a high-deductible plan but cannot make HSA contributions, you may want to switch to a different employer plan or keep Medicare.

Conclusion

Even in the simplest of times, the world of Medicare can be rather daunting. These are not the simplest of times. It is essential that you review the quality of your health insurance. If you are eligible for Medicare but have not yet signed up but you are—or were—still working, now is the time to take another look.

You should particularly consider switching to Medicare if your employer plan is not as comprehensive as Medicare when it comes to potential COVID-19 costs. And if you were able to defer Medicare because you were covered by your employer's plan but you are no longer employed, you must obtain Medicare. You should never be without health insurance, particularly now.

In helping our clients with their financial planning, The Kelly Group addresses issues regarding health insurance, Medicare, and how to protect their financial goals and dreams from potential medical costs. If you have any questions, feel free to call us at 410-893-0560.

Securities offered through Cambridge Investment Research, Inc. a Broker/Dealer, member FINRA/SIPC. Advisory services through Cambridge Investment Research Advisor, Inc., a Registered Investment Advisor. [The Kelly Group](#) and Cambridge are not affiliated. 48 East Gordon Street, Bel Air, MD 21014.