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# LRB Notes

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## MEDICARE

By Peter G. Pan

**Q1: *What is Medicare? Who is eligible for Medicare? What does Medicare cover and how does a person enroll?***

A1: Medicare is a national federal health insurance program that covers nearly 40 million Americans. The Centers for Medicare & Medicaid Services (part of the United States Department of Health and Human Services) administers the program.

The following individuals are eligible:

- Those aged 65 and older
- Some disabled people under age 65
- Those with end-stage renal disease (permanent kidney failure treated with dialysis or a transplant)

Medicare comes in two parts. Part A provides hospital insurance. Most people get Part A automatically when they turn 65. Part B is optional and provides medical insurance. Those who are eligible usually enroll in Part B during the 7-month period beginning 3 months before a person turns 65. After that, they may enroll up until March 31 each year.

**Q2: *What are the premiums and other costs of Medicare coverage?***

A2: For Part A coverage, most people do **not** have to pay monthly premiums because they or a spouse paid Medicare taxes while they were working.

On the other hand, for 2002, those who have less than 30 quarters of Medicare-covered employment must pay \$319 monthly. Those who have 30 to 39 quarters pay \$175 monthly. For each benefit period of 100 days, the deductible is \$812. Coinsurance is \$203 a day for the 61st to the 90th day. Coinsurance for the 91st to the

150th day is \$406 a day. A person may have a total of 60 lifetime reserve days. Coinsurance for skilled nursing facility care is at most \$101.50 a day for the 21st to the 100th day of each benefit period (see A5). A deductible is the amount for which the patient is liable on each claim made. Coinsurance is insurance underwritten jointly with another insurer.

For Part B coverage, most people pay a monthly premium which is \$54 for 2002. The Part B annual deductible is \$100.

**Q3: What does Medicare Part A cover?**

A3: Generally, Part A helps pay for:

- Hospital inpatient services:
  - Semiprivate room, meals, general nursing, and other hospital services and supplies
  - Inpatient mental health care
  - *(However, coverage **excludes** private duty nursing, private room, and TV or phone, unless medically necessary)*
- Critical access hospital services (in rural areas)
- Skilled nursing facilities (SNF) care:
  - Semiprivate room, meals, skilled nursing and rehabilitative services, and other services and supplies. The patient must have a qualifying 3-day hospital stay and enter the SNF within 30 days of leaving the hospital. A doctor must determine that a patient needs daily skilled care for a medical condition. The care must be provided by an SNF certified by Medicare. A patient can get a maximum of 100 days of SNF care in a benefit period. *(Long-term care patients sometimes also receive SNF care if medically necessary. Because of this, there is a misperception that Medicare pays for **all** long-term care. This is clearly wrong.)*
- Hospice care:
  - Medical and support services from a Medicare-approved hospice for people with a terminal illness, and drugs for symptom control and pain relief. Hospice care is given in the person's home. However, short-term hospital and inpatient respite care are covered when needed.
- Some home health (medical) care:
  - Part-time skilled nursing care, physical therapy, occupational therapy, speech-language therapy, home health aide services, medical social services, durable medical equipment (such as wheelchairs, hospital beds, oxygen, and walkers), medical supplies, and other services.
- Blood at a hospital or skilled nursing facility during a covered stay.

**Q4: What does Medicare Part B cover?**

A4: Generally, Part B helps pay for the following services and supplies when they are **medically necessary**:

- Doctors' services, excluding routine physical exams
- Outpatient medical and surgical services and supplies
- Diagnostic tests
- Ambulatory surgery center facility fees for approved procedures
- Durable medical equipment
- Second surgical opinions
- Outpatient mental health care
- Outpatient physical and occupational therapy, including speech-language therapy
- Some home health care including part-time skilled nursing care, various therapies, home health aide services, medical social services, and other services
- Blood received as an outpatient or as part of a Part B covered service
- Ambulance services, when other transportation would endanger health
- Artificial eyes
- Artificial limbs that are prosthetic devices, and their replacement parts
- Braces for the arm, leg, back, and neck
- Chiropractic services (limited)
- Emergency care
- Eyeglasses (one pair) after cataract surgery with an intraocular lens
- Immunosuppressive drug therapy for transplant patients (transplant must have been paid for by Medicare)
- Kidney dialysis
- Macular eye degeneration treatment
- Medical nutrition therapy services for those with diabetes or kidney disease with a doctor's referral
- Medical supplies and some diabetic supplies
- Outpatient prescription drugs (very limited) (see A8)
- Preventive services
- Prosthetic devices, including breast prosthesis after mastectomy
- Services of clinical social workers, physician assistants, and nurse practitioners
- Telemedicine services in some rural areas
- Therapeutic shoes for people with diabetes in some cases
- Transplants: heart, lung, kidney, pancreas, intestine, bone marrow, cornea, and liver, under certain conditions and when performed at approved facilities

**Q5: Does Medicare cover long-term care costs?**

A5: In general, no. Most long-term care services are not **medically** necessary. Medicare considers most long-term care to be "custodial" or that helps with performing activities of daily living. (See A6.) Medicare does pay for a very limited amount of **medically related** skilled nursing facility costs. (See A2.) For Part A hospital benefits, Medicare pays the full cost of covered **medical** SNF services but only for the first 20 days during a benefit period. The patient pays up to \$101.50 daily for SNF costs for the remaining 80 days of the 100-day benefit period. After 100 days, the patient must pay for all costs. A person with limited income and resources may resort to Medicaid. (Also see LRB Note No. 03-09 on Long-Term Care.)

**Q6: What else doesn't Medicare cover?**

A6: For Part B, Medicare does **not** cover or pay for:

- Custodial care, which is help with activities of daily living such as bathing, dressing, toileting, and eating, at home or in a nursing home
- Acupuncture
- Deductibles, coinsurance, or copayments
- Dental care and dentures in most cases
- Cosmetic surgery
- Health care when traveling outside the United States, except in limited cases
- Hearing aids and hearing exams
- Orthopedic shoes
- Outpatient prescription drugs, with only a few exceptions (see A8)
- Routine foot care, with only a few exceptions
- Routine eye care; most glasses except after cataract surgery with an intraocular lens
- Routine or yearly physical exams
- Screening tests except certain approved tests
- Vaccination shots except certain approved shots

**Q7: Does Medicare cover Alzheimer patients?**

A7: As of 9/1/2001, Medicare contractors can no longer automatically deny claims based solely on a diagnosis of Alzheimer's. There is no guarantee that all such claims will be paid. Instead, Medicare contractors review claims based on the beneficiary's overall medical condition. Thus, Medicare **may** pay for speech, occupational, and rehabilitation therapies for people with Alzheimer's, and mental health services.

**Q8: Does Medicare pay for prescription drugs?**

A8: In general, no, except for certain limited drugs. According to Medicare's website, in Hawaii, Medicare covers a limited number of outpatient drugs for which the patient pays 20% of the cost, as follows:<sup>1</sup>

- Some antigens if prepared by a doctor and given by a properly trained person
- Osteoporosis injectable drugs for certain women
- Erythropoietin by injection for end-stage renal disease
- Hemophilia clotting factors, self-administered
- Most injectable drugs given by a licensed medical practitioner
- Immunosuppressive drug therapy for transplant patients if Medicare paid for the transplant
- Oral cancer drugs if the same drug is available in injectable form
- Oral anti-nausea drugs if taking Medicare-covered oral cancer drugs

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1. <http://www.medicare.gov/Coverage/Search/Results.asp?State=HI%7CHawaii&Coverage=51%7CPrescription+Drugs+%28outpatient%29+-+Very+Limited+Coverage&submitState=View+Results+%3E>