

DEFINITIONS OF IMPORTANT WORDS

* ACTIVITIES OF DAILY LIVING

(ADL): Activities you usually do during a normal day. Although definitions differ, ADL's are usually viewed as everyday activities such as walking, getting in and out of bed, dressing, bathing, eating, and using the bathroom.

ASSIGNMENT: In the Original Medicare Plan, a process in which a doctor or supplier agrees to accept the amount Medicare approves as full payment. You must pay any coinsurance amount.

BASIC (CORE) BENEFITS: Benefits provided in Medigap Plan A. They are also included in all the other Medigap plans.

BENEFIT PERIOD: The way that Medicare measures your use of hospital and skilled nursing facility services. A benefit period starts the day you go to a hospital or skilled nursing facility. The benefit period ends when you haven't received hospital or skilled nursing care for 60 days in a row. If you go into the hospital after 60 days, a new benefit period begins. You must pay the inpatient hospital deductible for each benefit period. There is no limit to the number of benefit periods you can have.

BENEFITS: The money or services provided by an insurance policy. In a health plan, benefits are the health care you get.

COINSURANCE: The percent of the Medicare-approved amount that you have to pay after you pay the deductible for Part A and/or Part B. In the Original Medicare Plan, the coinsurance payment is a percentage of the approved amount for the service (like 20%).

* CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA) OF

1985: COBRA is a law that requires employers with 20 or more employees to let employees and their dependents keep their group health plan coverage for a period of time after they leave their group health plan under certain conditions. You may have to pay both your share and the employer's share of the premium.

COORDINATION OF BENEFITS

CLAUSE: A written statement that tells which health plan or insurance policy pays first if two health plans or insurance policies cover the same benefits. If one of the plans is Medicare, federal law may decide who pays first.

COPAYMENT: In some Medicare health plans, the amount you pay for each medical service, like a doctor visit. A copayment is usually a set amount you pay for a service. For example, this could be \$5 or \$10 for a doctor visit. Copayments may also be used for hospital outpatient services in the Original Medicare Plan later this year.

* This definition, whole or in part, was used with permission from Walter Feldesman, Esq., Dictionary of Eldercare Terminology, 2000.

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CREDITABLE COVERAGE: Any previous health coverage that can be used to shorten the pre-existing condition waiting period. (See pre-existing conditions.)

CUSTODIAL CARE: Personal care, such as bathing, cooking, and shopping. This is usually not covered by Medicare.

DEDUCTIBLE (MEDICARE): The amount you must pay for health care before Medicare begins to pay, either each benefit period for Part A, or each year for Part B. These amounts can change every year. (see Benefit Period; Part A; Part B)

DURABLE MEDICAL EQUIPMENT (DME): Medical equipment that is ordered by a doctor for use in the home. These items must be reusable, such as walkers, wheelchairs, or hospital beds. DME is paid for under Medicare Part B, and you pay 20% coinsurance in the Original Medicare Plan.

* **END-STAGE RENAL DISEASE (ESRD):** Kidney failure that is severe enough to require lifetime dialysis or a kidney transplant. ESRD patients are eligible for Social Security payments if found to be disabled.

* **EXCESS CHARGE (MEDIGAP):** The difference between a doctor's or other health care provider's actual charge (which may be limited by Medicare or the state) and the Medicare-approved payment amount.

FISCAL INTERMEDIARY: A private company that has a contract with Medicare to pay Part A and some Part B bills. (Also called "Intermediary.")

GAPS: The costs or services that are not covered under the Original Medicare Plan. Also called Medicare gaps.

GUARANTEED ISSUE SITUATIONS: Certain situations involving health coverage changes where you may have the right to buy a Medigap policy in addition to your Medigap open enrollment period.

GUARANTEED RENEWABLE: A Medigap policy that your insurance company must allow you to automatically renew or continue, unless you do not pay your premiums.

HEALTH CARE FINANCING ADMINISTRATION (HCFA): The federal agency that runs the Medicare program. In addition, HCFA works with the States to run the Medicaid and State Children's Health Insurance Program. HCFA works to make sure that the beneficiaries in these programs are able to get high quality health care.

HOME HEALTH CARE: Skilled nursing care and certain other health care you get in your home for the treatment of an illness or injury. (See Activities of Daily Living.)

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LIFETIME RESERVE DAYS: Sixty days that Medicare will pay for when you are in a hospital for more than 90 days. These 60 reserve days can be used only once during your lifetime. For each lifetime reserve day, Medicare pays all covered costs except for a daily coinsurance (\$388 in 2000).

LIMITING CHARGE: The highest amount of money you can be charged for a covered service by doctors and other health care providers who don't accept assignment. The limit is 15% over Medicare's approved amount. The limiting charge only applies to certain services and does not apply to supplies and equipment.

LONG-TERM CARE: Custodial care given at home or in a nursing home for people with chronic disabilities and lengthy illnesses. Long-term care is not covered by Medicare.

MEDICAID: A joint federal and state program that helps with medical costs for some people with low incomes and limited resources. Medicaid programs vary from state to state, but most health care costs are covered if you qualify for both Medicare and Medicaid.

MEDICAL UNDERWRITING: The process that an insurance company uses to decide whether or not to take your application for insurance, whether or not to add a waiting period for pre-existing conditions (if your state law allows it), and how much to charge you for that insurance.

MEDICARE: A federal health insurance program for: people 65 years of age or older, certain younger people with disabilities, and people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant, sometimes called ESRD).

MEDICARE CARRIER: A private company that contracts with Medicare to pay Part B bills. (Also called "Carrier.")

MEDICARE COVERAGE: Made up of two parts: Hospital Insurance (Part A) and Medical Insurance (Part B).

MEDICARE PART A (HOSPITAL INSURANCE): Hospital insurance that pays for inpatient hospital stays, care in a skilled nursing facility, home health care, and hospice care.

MEDICARE PART B (MEDICAL INSURANCE): Medical insurance that helps pay for doctors' services, outpatient hospital care, and other medical services that are not covered by Part A.

MEDICARE SELECT: A type of Medigap policy that may require you to use doctors and hospitals within its network to be eligible for full benefits.

MEDIGAP: A Medicare supplemental health insurance policy sold by private insurance companies to fill "gaps" in Original Medicare Plan coverage. Except in Minnesota, Massachusetts, and Wisconsin, there are 10 standardized policies labeled Plan A through Plan J. Medigap policies only work with the Original Medicare Plan. (See Gaps.)

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OPEN ENROLLMENT PERIOD

(MEDIGAP): A one-time only, six month period after you enroll in Medicare Part B and are age 65 or older, when you can buy any Medigap policy you want. You cannot be denied coverage or charged more due to your health history during this time.

ORIGINAL MEDICARE PLAN: A pay-per-visit health plan that lets you go to any doctor, hospital, or other health care provider who accepts Medicare. You must pay the deductible. Medicare pays its share of the Medicare-approved amount, and you pay your share (coinsurance). The Original Medicare Plan has two parts: Part A (Hospital Insurance) and Part B (Medical Insurance).

OUT-OF-POCKET COSTS: Health care costs that you must pay on your own, because they are not covered by Medicare or other insurance.

PRE-EXISTING CONDITION

(MEDIGAP): A health problem for which you got medical treatment or advice within 6 months before the date that a new insurance policy starts.

PREMIUM: The periodic payment to Medicare, an insurance company, or health care plan for health care coverage.

PREVENTIVE CARE: Care to keep you healthy or to prevent illness, such as colorectal cancer screening, yearly mammograms, and flu shots.

PRIMARY PAYER: The insurance company that pays first on a claim for medical care. This could be Medicare or another insurance company.

MEDIGAP PROTECTIONS: Your rights to buy a Medigap policy in certain situations after your Medigap open enrollment period.

PROVIDER: A hospital, health care professional, or health care facility.

SECONDARY PAYER: The insurance company that pays second on a claim for medical care. This could be Medicare, Medicaid, or other health insurance depending on the situation.

SKILLED NURSING FACILITY (SNF): A facility that provides skilled nursing or rehabilitation services to help you recover after a hospital stay.

WAITING PERIOD: The time between when you sign up with a Medigap insurance company or Medicare health plan and when the coverage starts.