

Stafford Disaster Relief and Emergency Act Section 139



Snakovsky
INSURANCE

It allows employers to provide tax-free payments to affected employees due to COVID-19 pandemic

- Any amount received as a “qualified disaster relief payment” cannot be taxed to the employee as income.
- These payments are not subject to any federal withholding obligations and do not need to be reported on a Form W-2 or 1099.
- Are also deductible by the employer
- Section 139 provides that *qualified disaster relief payments* from any source reimbursing or paying an individual for certain expenses in connection with a *qualified disaster*¹ are not subject to income or employment taxes (Social Security, Medicare and federal unemployment taxes).
- A qualified disaster relief payment includes any amount paid by an employer to or for the benefit of an employee to reimburse or pay “*reasonable and necessary*” personal, family, living, or funeral expenses *incurred as a result of* a qualified disaster.

Reimbursable Expenses

- Medical expenses not covered by insurance (e.g., co-pays, deductibles, over-the-counter medicines and cleaning supplies);
- Expenses incurred for child-care and tutoring services;
- Expenses incurred to allow the employee to work from home (e.g., the cost of a personal computer, printer, supplies, internet service, etc.);
- Commuting expenses;
- Caregiver and domestic service expenses;
- Funeral expenses; and
- Legal and accounting expenses.

What is not covered?

Qualified disaster relief payments, however, do not include:

- payments for expenses that are otherwise paid for by insurance or other reimbursements;
- Income replacement payments, such as the payment of lost wages, lost business income, or unemployment compensation.
- Do not include nonessential, luxury, or decorative items or services.
- Does not impose limits on the amount of “qualified disaster relief payments” that employers can make to employees.
- Does not require that employees reach a certain period of employment in order to receive tax-free payments.

Documentation of Expenses?

- ▶ Interestingly, Section 139 does not require employers to collect receipts or other proof of expenses incurred by employees.
- ▶ Employers should consider doing so to control costs and to avoid fraudulent claims from employees, even though implementing such aspect of the program may also lead to an increased administrative burden.

Policy or Plan document?

- ▶ A written plan makes sure the program is administered consistently.
- ▶ It ensures fairness for employees seeking grant payments.
- ▶ It is helpful for audit purposes and for future implementations of the program.

Medicare Supplement

Plans are standardized

- All companies sell same plans (A,B,*C, D,*F,G,K,L,M,N)
- Plan premiums vary between companies

No Network

- Pay only after Original Medicare (Parts A&B)
- Little or no out-of-pocket cost after monthly premium

Guaranteed Issue

- Open Enrollment - 6 months beginning with Part B effective date at age 65 or older
- Special Circumstances - typically 63 days after loss of coverage

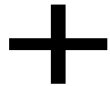
Your right to a policy is guaranteed

- During your initial open enrollment - 6-month period beginning with your Part B effective date at age 65 or older.
- In special circumstances - typically 63 days after the loss of coverage.

Secondary Insurance

Original Medicare

Part A and Part B



Secondary Insurance

GHI, Medicaid or Med
Supp

- Group Health Insurance (GHI)
 - Insurance from a former employer or union that supplements Medicare
- Medicaid
 - Assistance for those with limited income and resources
 - Medicare Savings Programs
- Medicare Supplement Insurance
 - Private insurance that coordinates with Original Medicare
 - Also called Medigap or MedSup

Medicare Supplement Changes

- Those eligible for Medicare before January 1, 2020
 - All Med Sup plan options available
 - If enrolled in Plans C or F, you can keep the plan
 - May purchase plan C or F (high deductible F) after 1/1/2020
- Those eligible for Medicare after January 1, 2020
 - Cannot purchase Plans C or F (high deductible F)
 - Creates a new Plan G High Deductible
 - All other plans remain the same

Medicare 101

Original Medicare
Part A and Part B

+

Secondary Insurance
GHI, Medicaid or Med
Supp

+

RX Coverage
Part D or GHI

1) Primary Coverage

2) Secondary Coverage

3) Prescription Drug

Medicare Part D

- Medicare's Prescription Drug Coverage
 - Offered by private companies that contract with Medicare
 - Available two ways
 - Stand Alone Prescription Drug Plans (PDPs)
 - Available through Medicare Advantage Plans (MAPDs)
 - Initial enrollment is the same as Part B
- ALL people with Medicare can get Part D
 - May not need Part D if you have creditable coverage
- Open Enrollment **October 15th- December 7th**
 - Coverage begins January 1
 - Special enrollment times based on circumstance

Medicare Part D

- Medicare's Prescription Drug Coverage
 - Offered by private companies that contract with Medicare
 - Available two ways
 - Stand Alone Prescription Drug Plans (PDPs)
 - Available through Medicare Advantage Plans (MAPDs)
 - Initial enrollment is the same as Part B
- ALL people with Medicare can get Part D
 - May not need Part D if you have creditable coverage
- Open Enrollment **October 15th- December 7th**
 - Coverage begins January 1
 - Special enrollment times based on circumstance

Medicare Part D costs

- **Average Monthly Premiums-** \$35
- **Annual Deductible-** \$0-\$435
- **Copays-** 25% or flat copay amounts based on formulary
- **Initial Coverage Limit:** \$4,020 (total drug cost)
- **Out-of-Pocket Threshold:** \$6,350
- **Catastrophic Coverage:** \$9,719 (Approx. 5% copay)

Things to Consider

- All plans have a different cost structure and formulary
- Costs based on individual drug needs and change annually
- Late enrollees may incur a 1% penalty for each month of delay

Review Drug Plans Each Year

- Convenience
 - Network & Preferred Pharmacies
 - Mail Order Option
- Coverage
 - All plans have a different formulary
 - Take the formulary with you when seeing your physicians
- Cost
 - Know all possible costs!

Low Income Subsidy

Extra Help with Prescription Drug

- Reduced or NO Premium
- Reduced or NO Deductible
- No more than 15% copays

NO DOUGHNUT HOLE

Income:

single- \$1,581

married- \$2,134

Resources:

single- \$14,390

married- \$28,720

Medicare Options

Option 1

Original Medicare
Part A and Part B

Secondary Insurance
GHI, Medicaid or Med Supp

RX Coverage
Part D or GHI

OR

Option 2

Medicare Advantage
(Part C)

- 1) Hospitalization
- 2) Medical
- 3) RX - MA-PD

Medicare Advantage

- **Initial Enrollment Period**
 - 7 Months surrounding Medicare eligibility
- **Open Enrollment October 15th- December 7th**
 - Coverage begins January 1
 - Other enrollment times based on circumstances
- **MA Open Enrollment Period January 1st - March 31st**
 - Switch MA plans
 - Drop MA Plan and return to original Medicare
 - Coverage begins first of month after you enroll

*Must be in a MA plan on Jan. 1 to use this enrollment period.

*Can't use enrollment period to pick up Part D for the first time.

Medicare Advantage

- Available to those
 - enrolled in Part A & B
 - That live within the plan's service area (county)
 - No age or medical restrictions
 - Except ESRD
- Alternative to Original Medicare
 - Offered by private companies to replace Original Medicare
 - Plans types
 - HMO (Health Maintenance Organization)
 - PPO (Preferred Provider Organization)
 - Most plans include Part D benefit (MAPD)
 - Enrollees pay Part B premium and any other applicable costs
 - Networks, Premiums and Copays vary by plan

Moving Between Options

- **Supplement to Medicare Advantage**
 - Guaranteed Issue anytime enrollment is open
- **Supplement to Supplement**
 - No Guaranteed Issue
 - Can try anytime
 - no annual open enrollment period
- **Medicare Advantage to Medicare Advantage**
 - Guaranteed Issue anytime enrollment is open
- **Medicare Advantage to Supplement**
 - No Guaranteed Issue
 - Unless in a Special Enrollment Period

Summary

	Medicare Supplement	Medicare Advantage
Cost	<ul style="list-style-type: none">• Part B Premium• Higher plan premium• \$150-\$200+ monthly• Little or no out of pocket cost when used	<ul style="list-style-type: none">• Part B Premium• Lower plan premium• \$0-\$100/month• Charged out of pocket cost as plan is used
Provider Choice	<ul style="list-style-type: none">• Any provider that accepts Medicare• May have foreign travel emergency coverage	<ul style="list-style-type: none">• Plan will have a provider network. Cost will be higher out of network• Check with plan for travel restrictions
Considerations	<ul style="list-style-type: none">• Important to use any provider without network restrictions• Can afford higher monthly premiums	<ul style="list-style-type: none">• Willing to use network of providers• May have added benefits (vision, dental, hearing, fitness, etc.)
Drug Coverage Included?	<ul style="list-style-type: none">• No• Need to purchase separate Part D Plan	<ul style="list-style-type: none">• Yes• Some plans available without drug coverage