

# Medicare Made Clear

Understanding your Medicare options.



Get Answers: Medicare Education



## When are you eligible?

### You're eligible to join Medicare when:

1

You're 65 years old. Or, you're under 65 and qualify because of a disability or another special situation.



AND

2

You are a U.S. citizen or a legal resident, and you've lived in the U.S. for at least five consecutive years.

### About the "age 65" rule:

Even if you're already getting Social Security, you have to wait until you're 65.



**You** have to be 65. Your spouse's age doesn't count.

Even if you're not collecting Social Security yet, you're eligible at age 65.

# There are two ways to get Medicare

## Medicare (Parts A & B)

Is provided by the government and government subcontractors. Medicare pays fees for your care directly to the doctors and hospitals you visit. Some people call this “fee for service.”

**Part A**  
helps with hospital costs.

**Part B**  
helps with doctor and outpatient care.

**Part D**  
helps pay for prescription drugs.

**Medicare Supplement Insurance Plans**  
cover some costs not covered in Parts A & B.

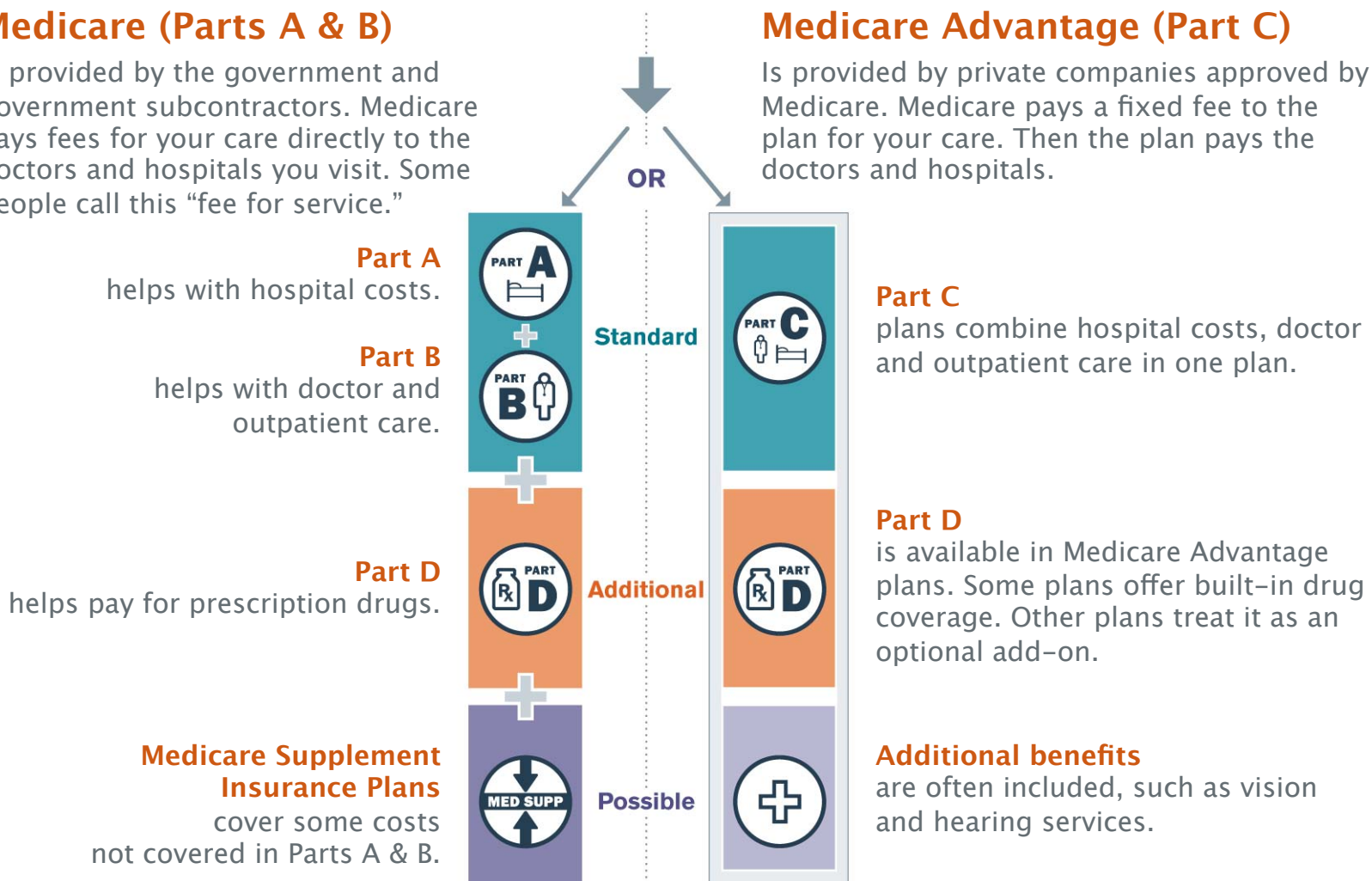
## Medicare Advantage (Part C)

Is provided by private companies approved by Medicare. Medicare pays a fixed fee to the plan for your care. Then the plan pays the doctors and hospitals.

**Part C**  
plans combine hospital costs, doctor and outpatient care in one plan.

**Part D**  
is available in Medicare Advantage plans. Some plans offer built-in drug coverage. Other plans treat it as an optional add-on.

**Additional benefits**  
are often included, such as vision and hearing services.



## Medicare Part A (hospital coverage)



**Part A helps with hospital costs and skilled nursing services after a hospital stay, plus some other skilled care.**

### Advantages

- Most people don't pay a monthly premium.
- Only pay your deductible—the first \$1,132 (2011) —for a hospital stay of less than 60 days.
- You can go to any qualified hospital in the United States that accepts new Medicare patients.
- Enrollment is easy. You can't be turned down because of your medical history or pre-existing illness.

### Disadvantages

- Long hospitalizations can be expensive. Stays of more than 60 days require a daily copayment.
- Multiple stays may mean multiple deductibles.
- Hospital care outside the United States isn't usually covered.

## Medicare Part B (doctor visits)



**Part B helps with the cost of doctor visits and other medical services that do not require an inpatient hospital stay.**

### Advantages

- Part B works the same way throughout the United States. You can get care wherever you are.
- You can receive care from any participating physician that accepts new Medicare patients.
- Enrollment is easy. Your medical history or pre-existing illness doesn't matter.

### Disadvantages

- If you wait to join, you may have to pay a higher premium.
- Preventive care is limited.
- For coinsurance, in general, you pay 20% of the Medicare-approved cost and there is no ceiling on your total spend.
- Generally, care outside the United States is not covered.

# Medicare Supplement insurance plans



## Medicare Supplement insurance plans



Private insurance that helps pay your part of cost sharing in traditional Medicare Parts A & B. Also known as Medigap plans.

### Advantages

- Depending on the plan, some or all of your out-of-pocket costs for care under Medicare A & B are covered.
- You are guaranteed the right to buy a Medigap plan during your open enrollment period.
- You get help budgeting because you have predictable monthly premiums instead of cost sharing that is hard to anticipate.
- No network restrictions and no referrals required.

### Disadvantages

- Prices for the same coverage can vary sharply.
- In some plans, premiums rise as your age increases.
- In some states, you can be denied coverage based on your health if you apply for coverage after your open enrollment period.

## Medicare Part C (Medicare Advantage)



Medicare Part C is a single plan offered by private insurance companies that combines coverage for Medicare Parts A & B. Many plans include Part D prescription drug coverage.

### Advantages

- Convenience of single plan.
- Many may include prescription drug coverage for no additional premium.
- Many may offer additional benefits not covered by Medicare (e.g., dental, vision, hearing, preventive care).
- Eligibility for enrollment is not affected by your health or financial status (special rules for End Stage Renal Disease (ESRD)).

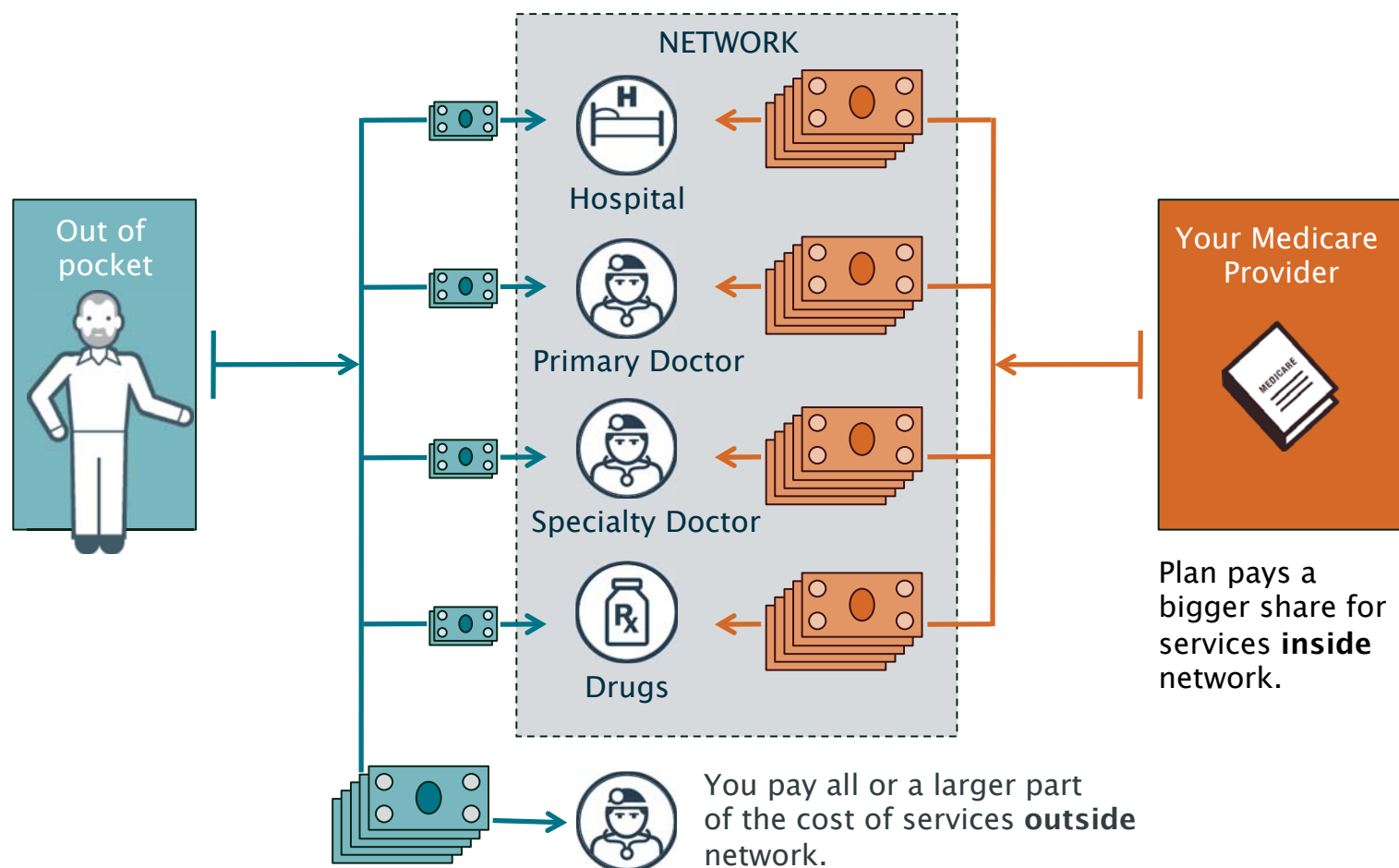
### Disadvantages

- In most plans, you receive your coverage in a service area—unless it's an emergency.
- Your access to doctors and hospitals may be restricted.
- Plan premiums and terms can change from year to year.



# Coordinated care plans

See doctors inside your network and see savings in out-of-pocket costs



# Let's look at Part D



## Medicare Part D (prescription drug)



Provides help with the cost of prescription drugs offered through private companies.

### Advantages

- You get help with the cost of your prescription drugs.
- You'll save money when your plan negotiates lower drug costs and passes the savings along to you.
- Catastrophic coverage protects you from very high drug costs.

### Disadvantages

- Plan benefits – including premium, deductible and copayments can change each year.
- Total costs of a plan can vary significantly from plan to plan.
- Each plan has a list of drugs that it covers. Lists can be different.

## Part D: How cost sharing works

- Your level of cost sharing will change depending on the total cost of drugs you use.
- Total cost = what you pay + what the plan pays.



Use of generic drugs can be an effective way to lower your costs and avoid or delay hitting the coverage gap.

### Cost Sharing: 3 Steps

You pay part



Plan pays part



#### Step 1

You share costs with the plan, usually in the form of copayments, until your combined total hits \$2,840. This figure can vary by plan. This step is sometimes called the “initial coverage period.”

You pay 100%



#### Step 2

You pay 93% of the cost of generic drugs and about 50% of most brand-name drugs until your yearly out-of-pocket drug costs hit \$4,550 (the coverage gap [or doughnut hole]).

You pay a little



Plan pays most



#### Step 3



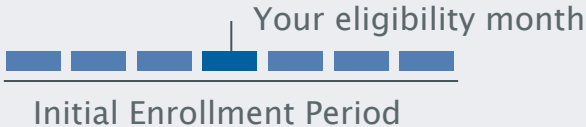

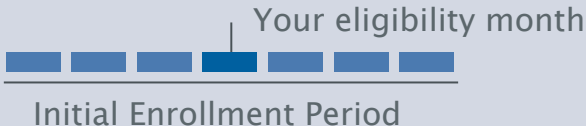
You pay a small copay or coinsurance amount on all drugs until the end of the year. Plan pays the rest (catastrophic coverage).

Note: The amounts above are for a typical plan in 2011.


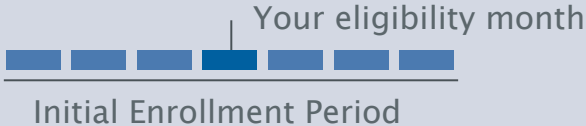

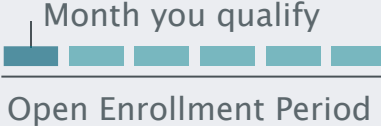
---

## **Enrollment periods and additional information**

# Enrollment windows and timing

|   | When can I first enroll?   | What if I'm late?  |
|---|--|--|
| Medicare Part A<br>                        | Any time after you are 64 years and 9 months old or otherwise become eligible for Medicare. Enrollment will be automatic if you are already receiving Social Security benefits; otherwise, you'll have to enroll at your local Social Security office. | Generally, there are no penalties for signing up late. You may pay a penalty on your premium for signing up late if you are one of the people who pay a monthly premium for Part A because neither you nor your spouse contributed enough to Social Security.                                      |
| Medicare Part B<br>                        | 7 month window<br><br>Generally, <b>for most</b> , you can first enroll three months before your 65th birthday month, during your birth month, and up to three months after your birth month.  |  <p>Initial Enrollment Period</p> <p>If you enroll after the Initial Enrollment Period, premiums will be higher unless you qualify for an exception. Contact Medicare to learn more about these exceptions.</p> |
| Medicare Part C (Medicare Advantage)<br> | 7 month window<br><br>Generally, <b>for most</b> , you can first enroll three months before your 65th birthday month, during your birth month, and up to three months after your birth month.  |  <p>Initial Enrollment Period</p> <p>If you miss the enrollment window, you must wait to join a plan between October 15 and December 7, unless you qualify for an exception.</p>                              |

# Enrollment windows and timing

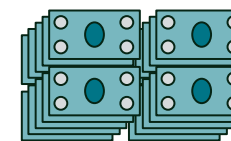
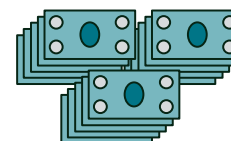
|  | When can I first enroll?   | What if I'm late?   |
|--|--|---|
| <p>Medicare Part D</p>                            | <p>7 month window</p> <p>Generally, <b>for most</b>, you can first enroll three months before your 65th birthday month, during your birth month, and up to three months after your birth month.</p>  |  <p>If you miss the enrollment window, you must wait to join a plan between October 15 and December 7, unless you qualify for an exception. If you enroll later, premiums could be higher.</p> |
| <p>Medicare Supplement (Medigap) insurance</p>  | <p>6 month window for guaranteed right</p> <p>When you turn 65 AND enroll in Medicare Part B, you have a guaranteed right to buy a Medigap policy for six months. You cannot be refused if you sign up during this Open Enrollment Period.</p> |  <p>If you miss the window, you can apply later at any time. But you may be charged a higher rate or be rejected if you have a health history that makes you appear to be a higher risk.</p>  |

## Where can you go for extra help?

- Extra help is available for people with low incomes and few assets to help pay the costs of Medicare.
  - Medicare Savings Program
    - Low Income Subsidy (Federal)
    - State programs
    - Patient assistance programs
  - Medicaid
- Your local Social Security Office or state Medicaid office is a good place for more information.

**For singles,** help may start when income is around \$16,335

**For couples,** help may start when combined income is around \$22,065



Note: Income eligibility changes from year to year.



## Resources



### **Medicare**

1-800-MEDICARE (1-800-633-4227)  
TTY 1-877-486-2049  
24 hours a day, 7 days a week  
Medicare.gov

### **Social Security Administration**

1-800-772-1213  
TTY 1-800-325-0778  
SSA.gov

### **Medicare Made Clear**

1-877-619-5582  
TTY 711, 8 a.m. – 8 p.m. local time  
7 days a week  
MedicareMadeClear.com

### **Administration on Aging**

Eldercare Locator  
1-800-677-1116  
Eldercare.gov

# Questions?

