



Understanding Your Medicare Options

Medicare Made Clear
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Medicare can be confusing

So let's make it simpler:

- When are you eligible?
- What do Parts A, B, C and D mean?
- When do you sign up?

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.
- 2 You are a U.S. citizen or a legal resident, and you've lived in the U.S. for at least 5 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)

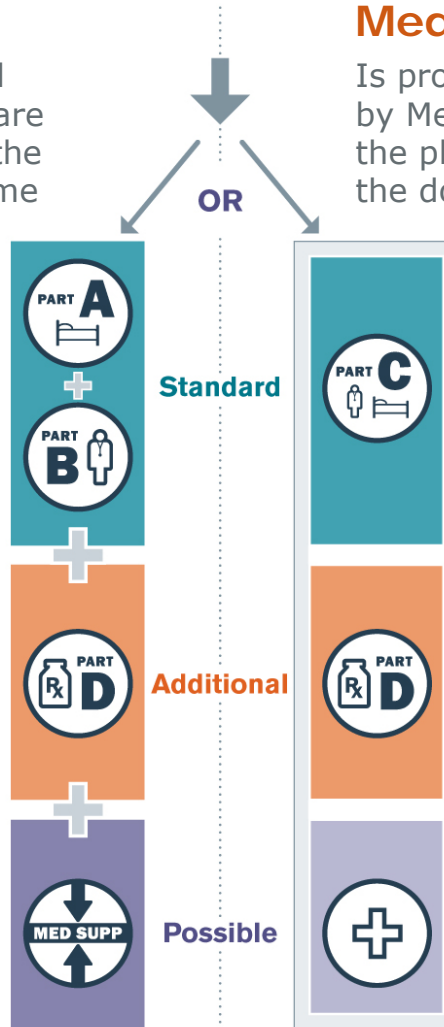
Is provided by the government and government subcontractors. Medicare pays fees for your care directly to the doctors and hospitals you visit. Some people call this "fee for service."

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.

Let's look at Parts A, B and C



Medicare Part A

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 <\$1,100 (2010)>—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 co-payment.
- Multiple stays may mean multiple deductibles.
- Hospital care outside the United States isn't usually covered.

Medicare Part B

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 Part C

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



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, preventive care)
- Eligibility for enrollment is not affected by your health or financial status (special rules for 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

Five types of Medicare Part C Plans

Part C  	Coordinated Care Plans	Health Maintenance Organization (HMO) Plans
		Preferred Provider Organization (PPO) Plans
		Special Needs Plans (SNP)
	Other Plans	Private Fee-For-Service (PFFS) Plans
		Medical Savings Account (MSA) Plans

HMO/PPO Plans

Coordinated Care Plans

HMO-type plans

- Generally, you choose from within an approved network of doctors and hospitals.
- Care received outside the network – unless it is an emergency – is not covered.
- Many plans include prescription drug coverage and additional benefits.

PPO-type plans

- Have more freedom to choose.
- Can choose to use doctors and hospitals inside the network and receive the maximum benefit.
- Can go outside the network but usually at a higher cost.
- Many plans include prescription drug coverage and additional benefits.

Special Needs Plans (SNPs)

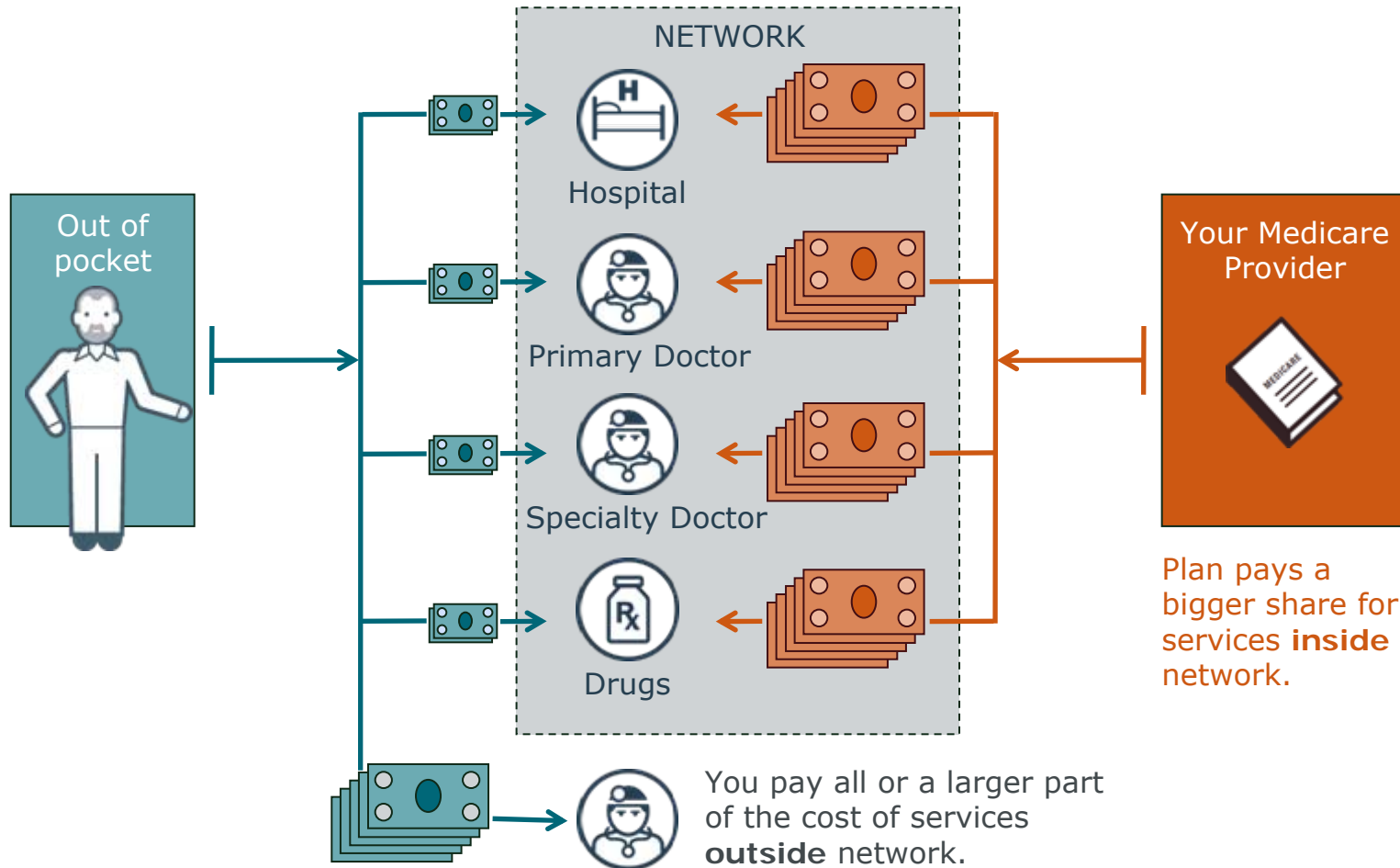
Coordinated Care Plans

- Designed for people with special and often complex health care needs.
 - Residents of nursing homes
 - People eligible for both Medicare and Medicaid
 - People with certain chronic diseases such as diabetes or heart disease
- Focus on helping members receive well-coordinated care
 - Holistic, pro-active approach
 - Specialized care team
 - Enhanced education and communication



Coordinated Care Plans

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



Your Medicare Provider

Plan pays a bigger share for services **inside** network.

You pay all or a larger part of the cost of services **outside** network.

Another type of plan – Private Fee-For-Service Plans (PFFS)



- Offered by private insurance companies.
- No restrictions on which doctors or hospitals you can use, *HOWEVER*
- Doctors and hospitals must accept the payment terms and conditions of the private insurance company.
 - Payment comes from the private fee-for-service plan, not Medicare.
 - Important to make sure your doctor or hospital will accept payment from a specific plan each time before receiving services.
- Many plans may offer prescription drug coverage.
- Many plans may offer additional benefits beyond Original Medicare Parts A & B.

Let's look at Part D



Medicare Part D

Provides help with the cost of prescription drugs 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: Two Important Concepts

1. Formulary

List of drugs that the insurance plan covers.

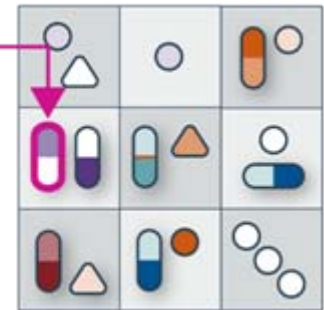
- Medicare provides guidelines about the type of drugs to be covered but not the specific drug.
- Each plan has its own formulary.
- Medicare has excluded some types of drugs but some plans may include them as part of an enhanced formulary.

FDA-approved drugs



All FDA-approved drugs are grouped by what the drugs do. Drugs in the same group treat the same condition.

Formulary




Plans build their specific formularies by selecting drugs from these groups.

Part D: Two Important Concepts

2. Cost Sharing

- 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.

You pay part



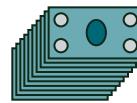
Plan pays part



Step 1

You share costs with the plan, usually in the form of co-payments, until your combined total hits <\$2,830>. This figure can vary by plan. This step is sometimes called the "initial coverage period."

You pay 100%



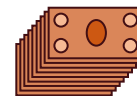
Step 2

You pay 100% of the plan's discounted drug costs until your yearly out-of-pocket drug costs hit <\$4,550> (<2010>)(the "coverage gap" or "doughnut hole"). Plan pays \$0.

You pay a little



Plan pays most



Step 3

You pay a small co-pay or co-insurance 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 <2010>

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



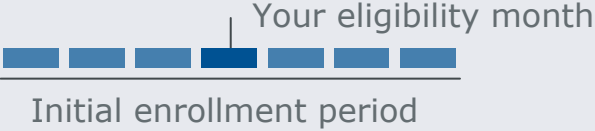

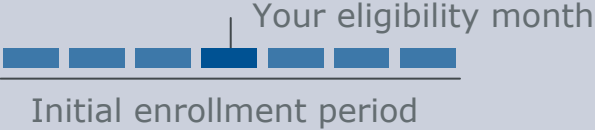
- Depending on the plan, some or all of your out-of-pocket costs for care under Medicare A & B are covered.
- You are guaranteed the right to buy a Medigap plan during your open enrollment period.
- You get help budgeting because you have predictable monthly premiums instead of cost sharing that is hard to anticipate.

Disadvantages



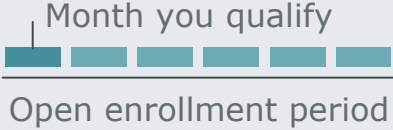
- Plan premiums can change from year to year.
- Prices for the same coverage can vary sharply.
- In some plans, premiums rise as your age increases.
- You can be denied coverage based on your health if you apply for coverage after your open enrollment period.

Enrollment Periods and Additional Information

2010 Enrollment Windows and Timing

	When can I enroll initially?	What if I'm late?
Medicare Part A 	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.	There are no penalties for signing up late, unless 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. Then you may pay a penalty on your premium for signing up late.
Medicare Part B 	7 month window Your initial enrollment period is any time up to 3 months before or after your 65 th birthday month OR Any time from 3 months before you become eligible for Medicare until 3 months after your eligibility month.	 <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) 	7 month window Your initial enrollment period is any time up to 3 months before or after your 65 th birthday month OR Any time from 3 months before you become eligible for Medicare until 3 months after your eligibility month.	 <p>If you miss the enrollment window, you must wait to join a plan between November 15 and December 31, unless you qualify for an exception.</p>

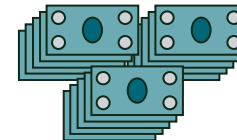
2010 Enrollment Windows and Timing

	When can I enroll initially?	What if I'm late?
Medicare Part D 	<p>7 month window</p> <p>Your initial enrollment period is any time up to 3 months before or after your 65th birthday month OR Your initial enrollment period is up to 3 months before and up to 3 months after your eligibility month.</p>	 <p>If you miss the enrollment window, you must wait to join a plan between November 15 and December 31, unless you qualify for an exception. If you enroll later, premiums could be higher.</p>
Medigap Insurance 	<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 rejected if you have a health history that makes you appear to be a higher risk.</p>

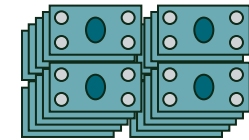
Where can you go for extra help?

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

For singles,
help may start
when income is
around
<\$16,245>



For couples,
help may start
when combined
income is around
<\$21,855>



Note: Income eligibility
changes from year to year.

Resources

Medicare

1-800-MEDICARE (1-800-633-4227)

TTY 1-877-486-2049

24 hours/day, 7 days/week

www.medicare.gov

Administration on Aging

Eldercare Locator

1-800-677-1116

www.eldercare.gov

Social Security Administration

1-800-772-1213

TTY 1-800-325-0778

www.ssa.gov

Questions?



Disclosure

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