# Medicare:
## Get Your Questions Answered

Valuable information to help you
choose the right Medicare coverage option

# Table of Contents

# What is Medicare?

***What are my Medicare coverage options?  How do I enroll?***

***Get your questions answered.***

# What is Medicare?



Medicare is a federal health insurance program for people 65 and older. It was signed into law by President Lyndon B. Johnson in July 1965 to help older adults pay their medical expenses. Over the years, Medicare has been expanded to provide coverage for people of all ages with disabilities and for those with End-Stage Renal Disease (ESRD) or Lou Gehrig's disease (ALS).

People with Medicare are called beneficiaries. In general, beneficiaries can go to any doctor, supplier, hospital, or other facility in the United States that accepts Medicare.

**Medicare is made up of four parts:**

| Part A | Part B | Part C | Part D |
|---|---|---|---|
| your inpatient hospital insurance | your medical and outpatient insurance | your private health insurance option (also called a Medicare Advantage Plan) | your prescription drug insurance |

# Who is Eligible for Medicare Coverage?

***What are my Medicare coverage options? How do I enroll?***

***Get your questions answered.***

# Who is Eligible for Medicare Coverage?

## You are eligible if you are **at least 65 and:**

- You (or your spouse) worked and paid Medicare and Social Security payroll taxes for at least 10 years (40 quarters), and
- You are a citizen or permanent resident of the United States.

## You are eligible if you are **under 65 and:**

- You have received at least 24 months of Social Security disability benefits, or
- You've been diagnosed with ESRD or ALS, or
- You have been diagnosed with early onset Alzheimer's, esophageal cancer or any one of approximately 100 conditions that qualify you for a compassionate allowance (CAL).

# Part A and Part B: Original Medicare

***What are my Medicare coverage options? How do I enroll?***

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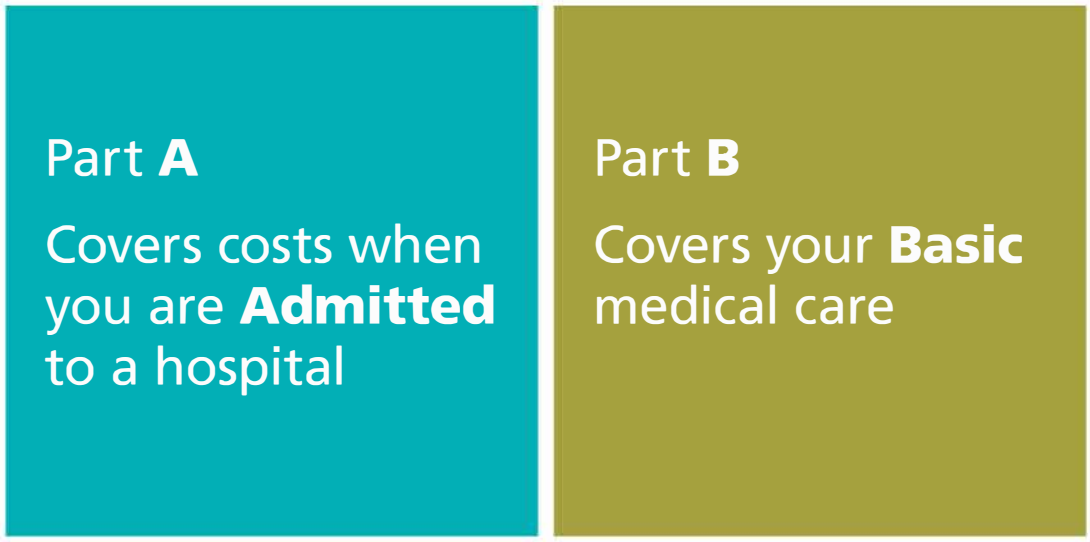
# Part A and Part B: Original Medicare

One of the two main ways to get your Medicare coverage is through Original Medicare, also called Traditional Medicare. Original Medicare consists of Part A and Part B. For some people, Original Medicare is their only health insurance. You can also use Parts A and B to complement other insurance you may have through your employer, union, spouse, or former employer.

With Original Medicare, you are responsible for a **deductible** and either **copayments** or **coinsurance** for most services. The deductible is the amount you must pay each year before Medicare begins to pay for services and supplies covered under the program. A copayment or coinsurance is the amount you pay for covered services after you have paid the deductible.

- **Coinsurance** means you pay a percentage of the cost (normally Medicare pays 80% and you pay 20%).
- A **copayment** is a set amount that you pay for healthcare services or supplies.

You must also pay a premium for Part B, which is a set amount you pay each month for your Medicare Part B insurance.



## Part A
(Inpatient Hospital Insurance)

Medicare Part A helps pay your bills when you are admitted to a hospital, skilled nursing facility, or hospice.

### Your Costs

***Monthly premium:*** Most people do not pay a monthly premium for Part A coverage because they or their spouse paid Medicare taxes while working.

***Deductible:*** Part A has an annual deductible for any hospital stay 60 days or less. For 2016, you must pay a $1,288 deductible before your coverage begins.

***Copayment:*** For any hospital stay lasting longer than 60 days, a Medicare copayment will apply:

- 61 to 90 days: $322 per day
- 91 to 150 days: $644 per day
- More than 150 days within a single benefit period: full cost

## Part B
(Medical and Outpatient Insurance)

Medicare Part B helps pay for basic medical care, including doctor visits, outpatient care, and preventive care and health screenings.

### Your Costs

***Monthly premium:*** Most people pay a standard Part B premium, which is set each year by the Medicare program. For 2016, the standard Part B monthly premium is $104.90. This fee is usually deducted from your Social Security payment or retirement benefits.

***Deductible:*** There is also a yearly deductible for Part B services that you must pay before your coverage begins. For 2016, the yearly deductible is $166.

***Coinsurance:*** Once the deductible is met, you pay 20% of the Medicare-approved amount charged by providers for your health care services.

| What Part A Covers | What Part B Covers |
| --- | --- |
| • Inpatient care in hospitals<br>• Skilled nursing facility care<br>• Hospice care and home healthcare services | • Doctor visits and physician services in the hospital<br>• Outpatient care (X-rays, lab tests, physical and rehabilitative therapy)<br>• Durable medical equipment (DME) and diabetes testing supplies<br>• Some preventive services, including an annual wellness exam |

## What Part A and Part B Does not Cover

- Miscellaneous hospital expenses, such as personal care items, private rooms (unless medically necessary), phone and television
- Custodial care, such as assistance with eating, bathing, and getting dressed
- Routine vision care (and eyeglasses), foot care and orthopedic shoes, hearing aids and related exams
- Prescription drugs, syringes, or insulin (unless used with an insulin pump)
- Dental care and dentures
- Long-term care and alternative healthcare (such as acupuncture)
- Any healthcare services while traveling outside the U.S.

### IMPORTANT INFORMATION!

Staying overnight in a hospital does not always mean you are an inpatient. Always ask if you are an inpatient or an outpatient since your patient status will affect what you pay and whether you qualify for coverage.

## Signing up for Original Medicare

**Starting the month you turn 65,** you will automatically get Medicare Part A and Part B if you are receiving benefits from Social Security or the Railroad Retirement Board (RRB).

**If you're under 65 and disabled,** you'll automatically get Part A and Part B after you get disability benefits from Social Security or certain disability benefits from the RRB for 24 months.

**If you have ALS,** you'll get Part A and Part B automatically the month your disability benefits begin.

**If you are 65 and not yet receiving retirement benefits** because you're still working, you will not get Part A and Part B automatically. Instead, you will need to sign up for this coverage during the following times:

**Initial Enrollment Period**
If you are not automatically enrolled when you are first eligible for Medicare, you have a 7-month window to sign up for Original Medicare. The Initial Enrollment Period (IEP) begins 3 months before your 65th birthday, includes the month you turn 65, and ends 3 months after you turn 65. For example, if your birthday is May 10, your IEP is February 1 through August 31.

**General Enrollment Period**
If you miss your Initial Enrollment Period, you can sign up from January 1 through March 31 each year. Your coverage will begin July 1. You may have to pay a higher premium for late enrollment.

**Special Enrollment Period**
If you or your spouse (or a family member if you are disabled) is covered by a group health plan through an employer or union, you will be eligible for a Special Enrollment Period (SEP). You can sign up anytime you're still covered by the group plan or during the 8-month period that begins after your employment or coverage ends, whichever comes first.

**IMPORTANT INFORMATION!**

Although you can refuse enrollment in Part B, if you opt out of Part B when you first become eligible, you may have to pay a higher premium if you decide later on that you want coverage.

# Part C:
# Medicare Advantage Plans

***How do I compare Medicare plans?  How do I choose the right plan for me?***

***Get your questions answered.***

# Part C: Medicare Advantage Plans

Another way to get your Medicare coverage is through Part C, also known as Medicare Advantage plans (MA plans). MA plans are approved by Medicare but offered by private insurance companies.

Before enrolling in a Part C plan, you must first be enrolled in Original Medicare. You can then choose the MA plan you want and sign up directly with the private insurer. When you join a Medicare Advantage plan, you are still considered a Medicare beneficiary and you still have Medicare rights and protections, such as the right to appeal.

Medicare Advantage plans provide all of your Part A and Part B coverage, except hospice care, which is still covered under Original Medicare. These plans often provide additional benefits, including vision, hearing, and dental care, or other benefits that go beyond Original Medicare, such as lower cost-sharing. Many MA plans also include optional Medicare prescription drug coverage at no extra charge. Some MA plans charge a monthly premium on top of your monthly premium for Part B coverage.

The average monthly Medicare Advantage premium is $64.92 in 2016.

**IMPORTANT INFORMATION!**

MA plans often have provider networks, which means that you may have to see certain doctors and go to certain hospitals in the plan's network to get care. If you use a provider that is not in the network, you may have to pay a higher copyament or up to the full cost of the service.

## Types of Medicare Advantage Plans



The two most popular types of Medicare Advantage plans are Health Maintenance Organization (HMO) plans and Preferred Provider Organization (PPO) plans. Other options include Private Fee-for-Service Plans, HMO Point-of-Service plans, Medical Savings Accounts, and Special Needs plans. Different types of plans offer different benefits, so it is important to compare each type of plan to make an informed decision based on your needs.

| Plan Type | How it Works |
|---|---|
| **Health Maintenance Organization (HMO)** | With an HMO, you must receive services from providers in the plan's network, except for emergency room, urgent care visits, and renal dialysis services.<br><br>You must also select a primary care doctor, who provides referrals to any specialists you may need.<br><br>Out-of-pocket costs are usually lower than with Original Medicare or PPO plans. |
| **Preferred Provider Organization (PPO)** | PPOs are similar to HMO plans, but you can also receive covered services outside the provider network and you typically do not need a referral for care by a specialist.<br><br>Out-of-pocket costs are typically higher than with HMO plans. Your costs are also generally higher if you use providers outside the network. |

**IMPORTANT INFORMATION!**

Out-of-pocket costs and yearly deductibles can vary depending on the plan you choose. It's important to review all your options to find a plan that is best suited for you.

**When you first become eligible for Medicare,** you can join during your 7-month Initial Enrollment Period.

**If you get Medicare due to a disability,** you can join during the 7-month period surrounding your 25th month of disability benefits.

**Anyone can join, switch, or drop a Medicare Advantage plan** from October 15 through December 7 each year. This is called the Annual Election Period or Annual Open Enrollment Period.

**If you want to disenroll from your MA plan and switch to Original Medicare,** you can make this switch during the Disenrollment Period for Medicare Advantage, which takes place each year from January 1 through February 14.

You may also be able to join, switch, or drop a Medicare Advantage plan during a **Special Enrollment Period** if you:

- Move out of your plan's service area
- Have a low income and limited resources and qualify for Extra Help from Medicare
- Receive Medicaid coverage
- Receive Supplemental Security Income (SSI) benefits
- Live in a nursing home, skilled nursing facility, or rehabilitation hospital

# Medicare Supplemental Insurance

***Is Medicare Supplemental Insurance right for me?***
***How do I choose a Medigap plan?***

***Get your questions answered.***

# Medicare Supplemental Insurance

Medicare supplemental insurance (Medigap) helps pay for some of the expenses that Original Medicare does not cover, such as copayments, coinsurance, and deductibles. Some Medigap policies also help pay for services that Original Medicare doesn't cover at all, such as emergency care outside the U.S. Medigap policies are sold by private insurance companies and are available to anyone who has Medicare Parts A and B.

Currently, there are 10 standardized Medigap plans and one high deductible plan, each represented by a letter (A, B, C, D, F, G, K, L, M, N, and high deductible F). Benefits and coverage rates vary with each type of plan, but in general, all Medigap policies cover the following benefits:

- Your Part A coinsurance
- Your Part B coinsurance or copayment
- Blood (first 3 pints, if needed)
- Part A hospice care coinsurance or copayment

**IMPORTANT INFORMATION!**

Medigap only works with Original Medicare. If you have a Medicare Advantage Plan, you cannot purchase a Medigap policy.

# Part D:
# Medicare Prescription Drug Plans

***What are my prescription drug coverage options?***
***How do I choose a Part D plan?***

***Get your questions answered.***

# Part D: Medicare Prescription Drug Plans

Medicare Part D helps you pay for your prescription drugs. Part D plans are offered by private insurance companies that are approved by Medicare. This coverage is optional and available to anyone enrolled in Original Medicare or most Medicare Advantage plans.

If you choose to enroll in a Part D plan, you will pay a monthly premium and copayments or coinsurance for covered drugs. Many plans also have an annual deductible that you must pay before your coverage begins. Each plan varies in costs, but all Medicare prescription drug plans must provide at least the standard level of coverage set by the Medicare program.

By law, all Part D plans must cover at least two drugs in each therapeutic class of drugs, in addition to certain vaccines and diabetes supplies. Medicare also requires Part D plans to cover almost all drugs in the following six classes: anti-psychotics, anti-depressants, anti-convulsants, immunosuppressants, cancer, and HIV/AIDS drugs.

| These items are covered by Part D | These items are not covered by Part D |
|---|---|
| Prescription drugs | Drugs for anorexia, weight loss / weight gain |
| Biological products | Drugs that promote fertility |
| Most prophylactic vaccines (e.g., shingles, tetanus, tuberculosis) | Drugs for the relief of coughs and colds |
| Insulin and supplies associated with the injection of insulin (syringes, needles, alcohol swabs, and gauze) | Drugs for cosmetic purposes or hair growth |
| Prenatal vitamins and fluoride preparations | Drugs for sexual or erectile dysfunction (ED) |
| Barbiturates used for treatment of epilepsy, cancer, or certain mental health disorders | Prescription vitamins and mineral products, except as noted within the plan's formulary |
| Benzodiazepines | Over-the-counter medications |

**IMPORTANT INFORMATION!**

People with limited income and resources may qualify for a Low Income Subsidy (LIS) to help pay their Medicare prescription drug costs. This assistance is referred to as Extra Help from Medicare.

# Medicare Competitive Bidding Program

***Does Medicare Competitive Bidding affect me if I have diabetes?***
***How do I find a Medicare-approved contract supplier?***

***Get your questions answered.***

# Medicare Competitive Bidding Program

The 2011 Medicare Competitive Bidding Program requires providers and suppliers of certain durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) to submit bids for their products. Qualified suppliers with winning bids who meet strict quality and financial standards are then chosen as Medicare-approved contract suppliers. The Competitive Bidding Program is expected to help Medicare beneficiaries **save $17 billion** between 2013 and 2022.

Under this new program, if you have Original Medicare and live in a competitive bid area, you almost always have to use a Medicare contract supplier if you want Medicare to pay for certain DMEPOS products and services. **As of July 1, 2013, you must also use a Medicare contract supplier if you live anywhere in the U.S. and get your diabetes testing supplies by mail order.**

The main purpose of the Competitive Bidding Program is to replace the prices Medicare currently pays for DMEPOS items with lower, more accurate and more current market prices. By using prices set through competition and ensuring suppliers are all licensed and accredited, the program will:

- Reduce your out-of-pocket expenses
- Help Medicare and taxpayers save money
- Help reduce Medicare fraud and abuse

**IMPORTANT INFORMATION!**

The Competitive Bidding Program does not affect beneficiaries who get their coverage from a Medicare Advantage plan.