



# MEDICARE

...With Confidence

Your guide to understanding  
Medicare.

# MEDICARE with Confidence

## **Medicare has a lot of moving parts;**

and at times, it can feel like you are learning a whole new language. The last thing you want is to be confused!

This guide was created to educate you on Medicare basics, terminology, plan types and recommendations.

Plus, it will answer the most commonly asked questions and make sure you have the information you need to

“Medicare with Confidence.”



## In this guide, you'll learn about:

- ❶ Parts A & B Coverage
- ❷ Original Medicare Eligibility
- ❸ Original Medicare Costs
- ❹ Applying for & Enrolling in Original Medicare
- ❺ Additional Medicare Plan Options



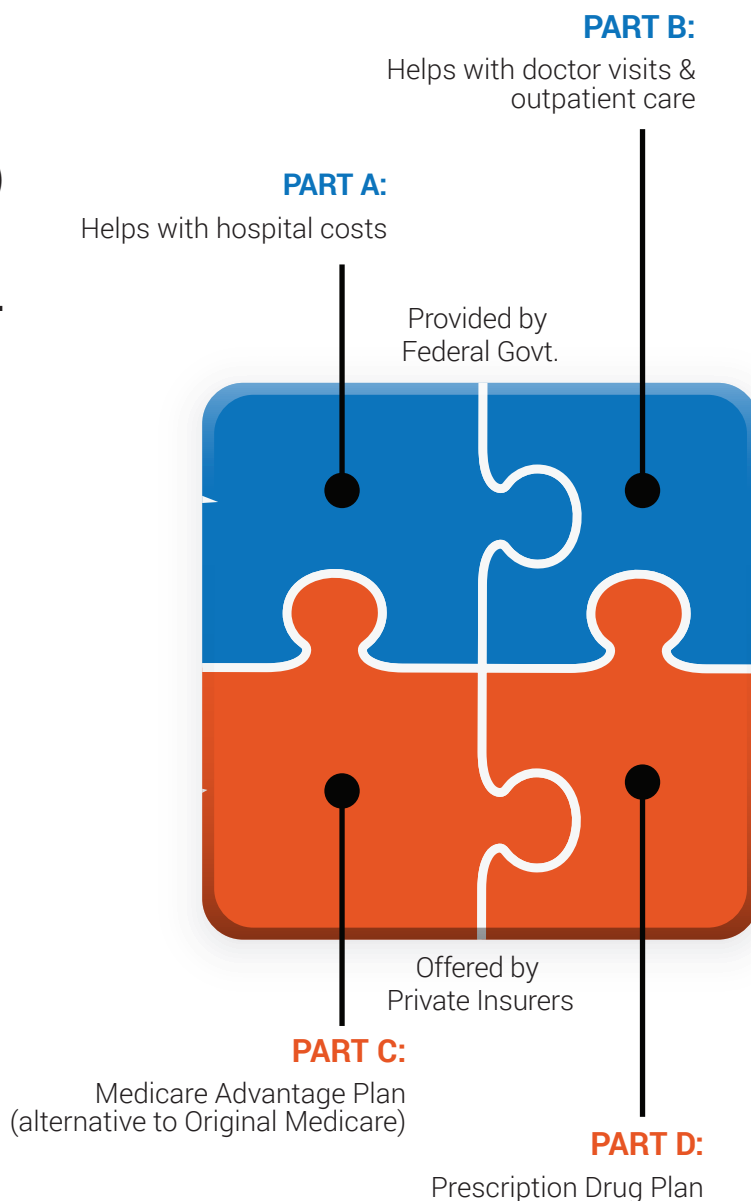
# 1 Medicare Basics

Knowledge is power and it builds confidence; that's why understanding **Medicare** is an essential first step. The more you know, the easier it will be to choose the **Medicare** plan that's right for you.

Important Terms	Definitions
<b>Premium</b>	Member's plan costs - typically paid monthly
<b>Deductible</b>	Amount paid by member prior to activating plan coverage
<b>Co-Pays</b>	Fixed amount member pays to doctor at the time of service
<b>Co-Insurance</b>	Agreed amount member pays doctor for service – typically a percentage of total bill.



**Medicare is run by the Centers for Medicare & Medicaid Services (CMS) which is part of the U.S. Department of Health and Human Services (HHS).**





# 2 Original Medicare

Since Original Medicare is provided by the federal government, Medicare eligibles often think this insurance will cover all their healthcare needs. Although Original Medicare covers many healthcare related services, it does not provide coverage for all items, such as prescription drugs, vision, hearing, etc. With Original Medicare, members generally pay a deductible and co-insurance on approved services. One of the disadvantages to Original Medicare is there is no limit or cap on the amount you could pay in a calendar year.

# Understanding Coverage

## Part A - Hospital Insurance

### Helps cover:

- Inpatient hospital stays
- Skilled nursing facility care
- Hospice care
- Home health care

### Premium

- \$0 per month for most people
- Those who don't qualify for premium-free Part A may be able to "buy-in"

## Part B - Medical Insurance

### Helps cover:

- Doctor visits
- Outpatient care
- Home health care
- Durable medical equipment
- Some preventative services including certain vaccines & cancer screenings

### Premium

- Determined by CMS (Center for Medicare & Medicaid Services)
- Medicare Part B Standard Premium is \$144.60 (2020) - may be higher based on income
- Changes slightly each year
- Can be deducted from Social Security check





# Medicare Eligibility & Enrollment

Understanding when to apply for and enroll in Original Medicare is essential to ensuring you receive the benefits you are eligible for and preventing late enrollment penalties.



## Medicare Eligibility

Qualifications for Original Medicare are determined by the federal government.

You may qualify if you:

- Are age 65 or older OR are under age 65 and have certain disabilities
- Are a Citizen of the U.S. OR a Legal Resident for at least 5 consecutive years
- Have End-Stage Renal Disease (ESRD) OR Amyotrophic Lateral Sclerosis (ALS)

## Medicare Enrollment

You must apply for **Medicare** benefits through the Social Security Administration.

Choose from three easy options to enroll in Original Medicare:

1. Go to your local Social Security Office in person
  - Social Security Office Locator: <https://secure.ssa.gov/ICON/main.jsp>
2. Apply online
  - Visit: <https://www.ssa.gov/benefits/medicare/>
3. Call Social Security Office
  - 1-800-772-1213/TTY 800-325-0778.

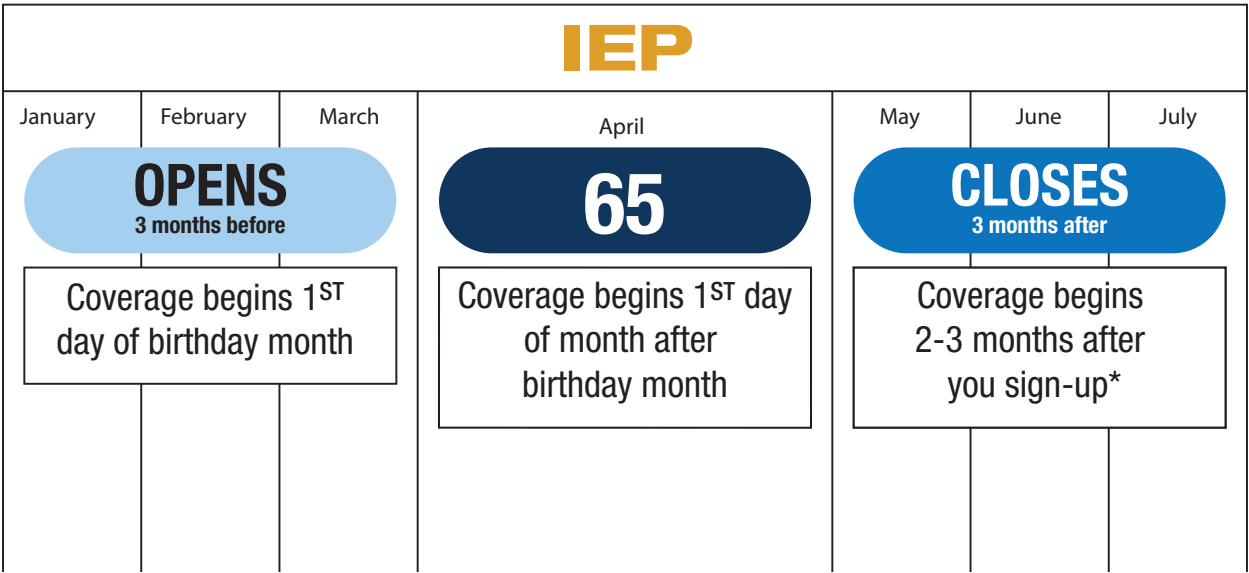
If you have questions during the process, you can call the Social Security Administration at 1-800-772-1213/TTY 800-325-0778.

# Original Medicare Enrollment Periods

Different people may have unique situations which could affect their enrollment period. The Social Security Office can advise persons with special circumstances. Most people use one of the following three timeframes for enrollment.

## Initial Enrollment Period

This seven-month window allows newly eligible individuals to apply for **Medicare**. The enrollment period opens 3 months before your birthday month, includes your birthday month and closes 3 months after you turn 65. Other enrollment periods and exceptions may be applied. These exceptions are determined by Medicare.

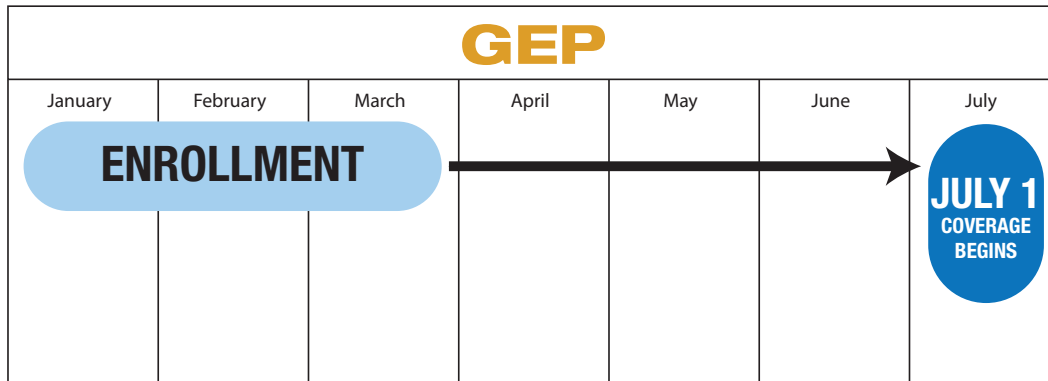


\*If you enroll 1 month after you turn 65 – coverage begins 2 months after you sign up.

If you enroll 2-3 months after you turn 65 – coverage begins 3 months after you sign up.

## General Enrollment Period

If you did not sign up for Parts A & B during your Initial Enrollment Period and you are not eligible for a Special Enrollment Period, you can enroll from January 1 – March 31 each year. Coverage begins July 1 of that year and you may incur a Late Enrollment Penalty.



## Special Enrollment Period

If you did not sign up for Parts A & B during your Initial Enrollment Period because you were covered under a group health plan (your own plan, your spouse's plan, or a family member's if you are disabled), you can enroll:

- While you are still covered by the group health plan
- During the 8-month timeframe after your employment or group coverage ends, whichever is first

*Eligibility and timelines for enrolling in **Medicare** are determined by the federal government. Contact the Social Security Office for more details or information on special circumstances.*



# 4 Additional Medicare Plan Options

In addition to Original Medicare, eligible persons can choose to supplement their healthcare coverage. This coverage includes prescription drugs, out-of-pocket costs not covered by Original Medicare and numerous extra benefits depending on the plan. In most cases, **Medicare** beneficiaries are required by the federal government to continue to pay their Part B premiums, even when adding additional coverage. Since Original Medicare does not cover everything, your additional options include Medicare Supplement Insurance, Medicare Advantage & Prescription Drug Plans.

## Prescription Drugs (Part D)

The federal government requires **Medicare** eligibles to have minimal creditable drug coverage. Original Medicare does NOT cover prescription drugs. Therefore, at a minimum, you must enroll in a *Prescription Drug Plan* if you do not have other coverage, such as drug coverage from a current or former employer or union, TRICARE, Indian Health Service, or the Department of Veterans Affairs.

### Prescription Drug Plans:

- Have specific lists of covered drugs
- Are sold by private insurance companies
- Depending on plan, can have:
  - Monthly premiums (2020 National Base PDP premium \$32.74)
  - Co-insurance
  - Tiered co-pays
  - Deductibles
- Can be obtained:
  - As a stand-alone (PDP) plan
  - As part of a **Medicare Advantage** plan that includes Part D

## Medicare Supplement Insurance (Medigap)

Currently, there are over 14 million Americans on a Medicare Supplement Insurance plan. These plans help members pay for costs and services not covered by Original Medicare. Out-of-pocket costs can include co-pays, deductibles and coinsurance. The most common Medicare Supplement plan types are G, N and F. (Plan F is no longer available for members who turned 65 on or after January 1, 2020.)

### Medicare Supplement Plans:

- Are sold by private insurance companies
- Have monthly premiums that vary by resident state & plan
- Can require underwriting/approval (depending on member situation)
- In most cases, allow members to see any provider who accepts **Medicare**
- Are often paired with Original Medicare and a **Prescription Drug Plan**

Medicare Advantage plans are also commonly referred to as Part C and are often HMO/PPO plans. It is estimated that 40 million Americans (more than half of all Medicare eligibles) will be on a Medicare Advantage plan by 2026 <sup>[1]</sup>. These plans are increasing in popularity due to their comprehensive care and low-cost options.

Often Medicare Advantage plans include extra benefits not found in other coverage options, such as vision, hearing, fitness memberships, etc. The most significant difference about these plans is they often have a network of doctors and hospitals for members to choose from; and they provide an all-in-one type of service where members have the convenience of using one (Medicare Advantage) card for hospital stays, doctor(s) visits and prescription drug costs.

### **Medicare Advantage Plans:**

- Cover **Parts A & B** benefits
- Are sold by private insurance companies
- Most often cover prescription drugs
- Monthly premiums vary by state & plan (some are as low as \$0)
- Have annual out-of-pocket maximums (MOOP)
- May require you to see a specific network of doctors and facilities
- Are typically guaranteed issue
- Are NOT paired with Medicare Supplement Insurance or (typically) Prescription Drug Plans.

# Medicare Plan Enrollment Periods

All Medicare plans have specific timeframes when members can enroll. The following election/enrollment periods are the most common.

## **Initial Enrollment Period (IEP):** *7 month window*

Similar to Original Medicare, this seven-month window allows **Medicare** eligible individuals to enroll in *Medicare Advantage Plans (Part C)* and *Prescription Drug Plans (Part D)*. This timeframe opens 3 months before your birthday month, includes your birthday month and closes 3 months after your 65th birthday. Other enrollment periods and exceptions may apply.

*Medicare Supplement plans (Medigap)* have an *Open Enrollment Period* which begins with the Part B effective date and closes 6 months later. During that time, you can enroll in any *Medigap* policy sold in your state, even if you have health problems. After this enrollment period, you are required to go through medical underwriting in order to qualify for the plan. Additionally, if you qualify, it may cost more.

# Medicare Plan Enrollment Periods

## Special Enrollment Period (SEP): *Year-round*

Some Medicare Beneficiaries qualify for “special reasons” throughout the year where they can change their ***Medicare Advantage*** and ***Prescription Drug Plans***.

The most common reasons are:

- You moved out of your current coverage area (new state or county)
- You qualify for both **Medicare** and **Medicaid** benefits
- You recently retired and are coming off an employer group plan

**IMPORTANT:** COBRA and retiree health plans are NOT considered creditable coverage. When this coverage ends you are NOT eligible for a Special Election Period and may incur a ***Late Enrollment Penalty***.



## **Annual Election Period (AEP):** *Oct. 15 - Dec. 7*

The Annual Election Period is the time of year when all Medicare beneficiaries can change their Medicare Supplement Insurance, Medicare Advantage and Prescription Drug Plans for the following year.



## **Open Enrollment Period (OEP):** *Jan. 1 - March 31*

This period provides a member who is on a Medicare Advantage plan the opportunity to switch to a different Medicare Advantage plan. They also have the choice to leave a Medicare Advantage Plan and go back to Original Medicare and then enroll into a Prescription Drug Plan.



# **5 Medicare Advice**

There are a lot of factors to consider before enrolling in a Medicare plan. Choosing the plan that is best suited for your needs is crucial to maintaining a healthy lifestyle. This booklet was created to introduce you to Medicare and provide important information about your options. What it does not provide is the valuable advice offered by a licensed insurance professional.

Medicare is the only industry that requires insurance agents to certify EVERY year. This protects you as the consumer and ensures the agent understands the nuances of enrolling members in the various Medicare plan types. Most significantly, insurance agents do not charge for their services. That's right, you can get all the advice you need/want from a licensed insurance agent authorized to offer Medicare plans and it won't cost you a dime. Agents are compensated by the carriers when they enroll you in a plan.

*Licensed Insurance Agents* ensure your plan meets your specific needs and take into consideration your:

- Budget
- Providers (doctors, hospitals, specialists)
- Prescription drugs
- Travel habits
- Frequency of care
- Chronic Illnesses (diabetes, etc.)
- Proximity to care
- Healthcare likes and dislikes
- And, much more

# Help with Medicare Costs

There are several state and federal programs that assist Medicare beneficiaries with the cost of their healthcare and prescription drug coverage. Most programs are driven by the beneficiary's income, assets and current health condition.

Here are of some of the available programs. Benefits and details vary by state and are explained further on the websites listed.

**Medicaid (name can vary by  
state: AHCCCS, Medi-Cal, etc.)**

*[medicaid.gov](https://www.medicaid.gov)*

**Extra Help (LIS)**

*ssa.gov*

**Program for All-Inclusive Care  
for the Elderly (PACE)**

*medicare.gov*

**Medicare Savings Program**

*benefits.gov*



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