

# Medicare Resource Guide

## Six Steps to Choosing Your Medicare Coverage



**Reflecting  
changes from  
2010 health  
reform law**



# Seniors, Baby Boomers and Caregivers

## Introduction - Seniors, Baby Boomers and Caregivers

Medicare is our nation's health program for seniors and people who have received Social Security disability for two years.

If you're already on Medicare, you're probably already aware that health care reform has made some changes to the program. But you may not be aware of other changes that occur on an annual basis and that could impact your Medicare coverage options.

If you're turning 65, and thus becoming eligible for Medicare for the first time, you're in good company. Over the next 18 years approximately 78 million<sup>1</sup> "baby boomers" will turn 65 and begin to learn about their different Medicare-related health coverage options.

If you're one of the 65 million Americans who care for someone – a parent, friend or loved one – who is eligible for Medicare, the program may be completely foreign to you.

## Why do I need this guide?

Finding your way through the Medicare maze can be overwhelming for anyone, especially when you consider all of Medicare's moving pieces. There are four parts to Medicare (Part A, B, C and D), 10 different types of supplement plans in most states, with varying degrees of coverage, and a multitude of Part C (Medicare Advantage) and Part D (Prescription Drug) options that should be compared.

Taking the time to learn about your options is a great first step before you enroll. You can make the most of your health care dollars by choosing the right coverage to help with your medical costs, including hospital stays, prescription drugs and other services.

## How do you know what kind of Medicare coverage is best for your needs?

The purpose of this guide is to address this and other questions. In the following pages, we'll lead you through a six-step process to help you understand Medicare and be better informed when you're ready to shop for coverage.



### Step 1

Assess  
Your Needs



### Step 2

Understand  
Your Options



### Step 3

Get to Know  
the Lingo



### Step 4

Know the  
Timelines



### Step 5

Consider Prescription  
Drug Needs



### Step 6

Take Advantage of Free,  
No Obligation Help

<sup>1</sup> See Kaiser Family Foundation Report:  
<http://www.kff.org/medicare/upload/7305.pdf>



# Assess Your Needs

There are several factors you should consider when picking the appropriate Medicare coverage. There's no single Medicare plan that's best for everyone.

To help you assess your personal situation and coverage needs, consider the following questions.

**Get out a piece of paper and write down your responses to the following questions. Have these questions and answers handy when you get to "Step 6" of this guide.**

### WHAT CAN I AFFORD?

You may still be working when you qualify for Medicare. Regardless, it makes sense to begin estimating your retirement income and expenses.

Factor in estimated Social Security benefits, pensions, IRA and 401 (k) savings as well as other sources of income. Get a sense of what you can afford for monthly premiums, taking into consideration prescription drugs and how large of a deductible and annual maximum payment you could afford in the event of an unexpected illness.

Most forms of long term care expenses are not covered by Medicare, so that will be an additional consideration.

### HOW MUCH COVERAGE DO I NEED?

Many Medicare beneficiaries develop chronic conditions, such as arthritis, diabetes, hypertension or osteoporosis as they age. If you need a lot of medical care for a condition that isn't going away, make sure you're thinking about that when you start to research plans. If you're regularly taking medication for a condition, you'll want to pay special attention to prescription drug coverage.

The amount of money you spend on Medicare coverage, and the amount of money you can save by selecting the coverage that best fits your needs, will vary based on how well you match your needs to the type of plan you enroll in.





## Assess Your Needs

### HOW WILL MY HEALTH COVERAGE IMPACT MY LIFESTYLE AS I AGE?

With so many different Medicare plans available, it can be challenging to find a plan that best suits your lifestyle today and your lifestyle ten years from now. Here are a few questions you may want to ask:

- **ARE THERE ANY SPECIFIC BENEFITS I DO OR DO NOT NEED?**

For example, some Medicare Advantage plans provide dental coverage and vision care, while others offer wellness programs that offer no cost memberships at fitness centers, and more. You may be able to live without some of these benefits.

- **WILL I NEED COVERAGE IN MULTIPLE LOCATIONS?**

Whether you travel internationally or spend part of each year in a different state, it's important to understand the circumstances under which you'll be covered. Original Medicare generally doesn't cover health care while traveling outside the United States, but there are Medigap or supplement policies that do. "Snowbirds" – those who travel to a different state for several months each year – should be aware of Medicare Advantage plans that may not cover you for routine care or could charge more if you receive routine care outside of designated networks.

- **DO I WANT TO HAVE THE OPTION TO CHANGE MY COVERAGE?**

Generally, Medicare beneficiaries will have the ability to change portions of their coverage each year during an annual enrollment period. There may be other opportunities to change coverage as well if you qualify. If flexibility is important to you, be aware of a plan's rules when you sign up for coverage.

### “ Ask yourself whether brands matter. ”

Some Medicare Supplement and Medicare Advantage plans are offered by insurance companies you've heard of before — often because they deliver great service. If there is a brand you like or trust, you should investigate their coverage and consider it as an option. But, price is also an important factor.

Be wary of paying more money for the exact same Medicare supplement coverage just because you recognize the brand. No matter who the insurer is, Medicare supplement plans are required to offer the same benefits. The costs, however, can vary widely as can the method the carrier uses to calculate rate increases in the future.





# Understand Your Options

If you want to save money and make the most of your health care dollars, you'll need the broadest possible view of all your Medicare options. Because there are four parts to Medicare, plus ten supplemental forms of coverage, there are several ways to get covered.

## WHAT COVERAGE OPTIONS ARE AVAILABLE WITH MEDICARE?

KNOW THE "PARTS" OF MEDICARE AND MEDICARE SUPPLEMENTS	
<b>Part A - Hospital Insurance</b>	<b>"Original Medicare"</b>
<b>Part B - Medical Insurance</b>	
<b>Part C (Medicare Advantage)</b>	<ul style="list-style-type: none"> <li>- Parts A &amp; B provided by a private insurance company</li> <li>- Must cover Part A &amp; B benefits</li> <li>- Some plans include Part D prescription drug coverage</li> </ul>
<b>Part D - Prescription Drug Coverage</b>	<ul style="list-style-type: none"> <li>- Stand-alone prescription drug coverage</li> </ul>
<b>Medicare Supplements</b>	<ul style="list-style-type: none"> <li>- Must be coupled with Medicare parts A &amp; B</li> <li>- Covers gaps in original Medicare</li> <li>- Prescription drug coverage must be purchased separately</li> </ul>

Know your Medicare coverage options: Most people choose to cover themselves with Medicare using one of the three types of Medicare coverage: The **ABCDs** of Medicare

ABD COVERAGE OPTION	ABC COVERAGE OPTION	ABDs COVERAGE OPTION
• Part A – Hospital Insurance	• Part A – Hospital Insurance	• Part A – Hospital Insurance
• Part B – Medical Insurance	• Part B – Medical Insurance	• Part B – Medical Insurance
• Part D – Prescription Drug Coverage	• Part C - (Medicare Advantage ) Bundles A & B and sometimes D	• Part D – Prescription Drug Coverage
		• Medicare Supplement – A & B Gap Coverage
<b>NOTE:</b> Has the lowest up-front cost	<b>NOTE:</b> Has intermediate up-front cost	<b>NOTE:</b> Has the highest up-front cost
- Has the most gaps	- Has fewer gaps	- Has the fewest gaps



## Understand Your Options

### WHAT DO THE DIFFERENT OPTIONS COVER?

#### Original Medicare:

- Includes Part A (hospital insurance) and Part B (medical insurance).
- You have your choice of doctors, hospitals, etc. that accept Medicare
- Either you or a separate Medicare supplement policy pay deductibles and co-insurance.
- Most people get Part A at no cost.
- Most people pay a monthly premium for Part B.

#### “Did you know?”

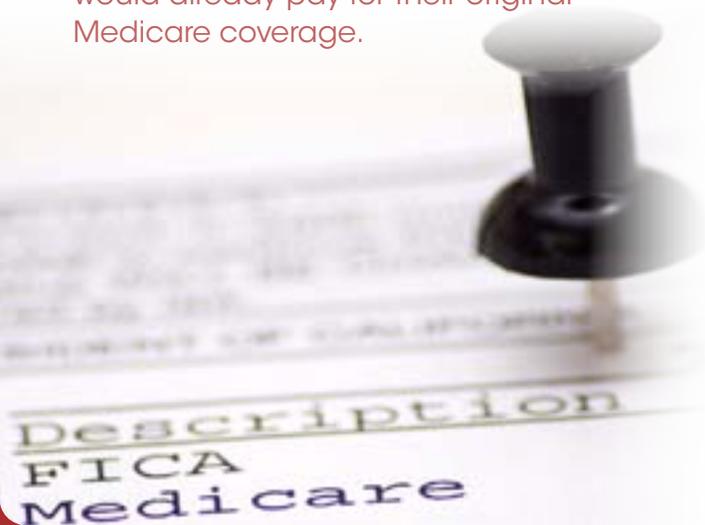
**Medicare Advantage plans must, at a minimum, provide the same benefits as original Medicare (Parts A & B).**

But, all Medicare Advantage plans also include a benefit original Medicare does not provide, which is an “out of pocket maximum”. For 2012 this amount is \$6,700 per year. A Medicare beneficiary with a Medicare Advantage plan will not spend more than \$6,700 on medical costs.

And, with this benefit, some Medicare Advantage plans have monthly premiums of \$0, which means they may not cost more money each month than a person would already pay for their original Medicare coverage.

#### Medicare Advantage:

- If you select a Medicare Advantage plan, The Center for Medicare Services (CMS) pays a private insurance company to provide you with coverage.
- You must continue to pay your Medicare Part B premium.
- Some plans have \$0 premiums, which means they won't cost you any more money each month than you're already paying for your original Medicare coverage (Parts A & B).
- Most plans include an additional monthly premium (costs vary, but it is generally lower than “high-end” Medicare Supplement plans) and a copayment or coinsurance for covered services.
- These plans may include extra coverage, including routine eye exams, hearing aids and routine dental care.
- Some plans may charge more or not cover routine services if you receive care in a different location outside of their designated networks.
- You may be limited to using a plan's providers, except in emergency or urgent care situations. Some plans may allow you to use out-of-network providers at a higher cost.
- Most Medicare Advantage plans include prescription drug coverage.
- In some cases, eligible beneficiaries may need to use network pharmacies to access their prescription drug benefit, except under non-routine circumstances; quantity limitations and restrictions may apply.
- Limitations, copayments, and restrictions may apply.





## Understand Your Options

### Medicare Supplements

- Medicare Supplement (also known as MediGap) plans are sold by private insurance companies. They help beneficiaries cover some of the gaps not covered by original Medicare. They cover some copays, coinsurance, and deductibles. Some plans offer things not covered by original Medicare, like medical care when traveling outside of the U.S.
- Medicare Supplement plans are bought in addition to original Medicare (A&B). Beneficiaries must have all three.
- Each plan pays their share of Medicare-approved amounts for covered health care costs.
- Medigap policies are standardized across the country. There are 10 plan types: Plan A, B, C, D, F, G, K, L, M and N.
- Massachusetts, Minnesota, and Wisconsin have their own Medigap policies.
- Medigap plans are widely accepted and are not tied to specific networks.
- The exception would be Medigap "SELECT" plans, which typically restrict the beneficiary to use in-network hospitals.





## Get to Know the Lingo

When shopping for a new plan, one of the main challenges people face is understanding Medicare terminology. To shop smart, you should know the basic differences between the types of coverage and the basic definitions of key terms.

### LEARN THE GAPS IN MEDICARE COVERAGE

There are several key terms that refer to gaps in original Medicare:

- **Part A Benefit Periods:** Under Part A the patient must pay a deductible for the first sixty days of every "hospital benefit period." Unlike most health insurance, where deductibles must be satisfied once every year, there can be several Medicare hospital benefit periods in a calendar year. For each benefit period a person in 2012 must pay the \$1,132 Part A deductible. After sixty days the patient cost increases.
- **Part B Coinsurance (copays, excess charges, etc.):** Once the \$162 Part B deductible for 2012 is met beneficiaries must pay coinsurance ranging from 20% to 45% for certain medical services. Potential fees may include coinsurance or copays for non-preventive services, excess charges, and preventive care coinsurance
- **Out-of-Pocket Limit:** Original Medicare has no out of pocket limit. Medicare Advantage plans in 2012 have a maximum out-of-pocket limit of \$6,700 (some plans have smaller limits). Some Medicare Supplement plans cover all out-of-pocket costs. K and L don't cover all out-of-pocket costs but do have out-of-pocket limits.

### OTHER TERMS TO KNOW

- **Annual/Open Enrollment Period:** This is the time when most Medicare beneficiaries can make changes to their Medicare Advantage or Medicare Part D prescription drug coverage, and enrollment periods vary depending on the type of coverage and your situation. Your opportunity to switch from Original Medicare to Medicare Advantage and vice versa under this period occurs in 2011 between October 15 and December 7.
- **Medicare Advantage Disenrollment Period:** You can drop a Medicare Advantage plan between January 1 and February 14. If you make this switch, you also have until Feb. 14 to add drug coverage (Part D).
- **Late Enrollment in Parts A and B:** If you didn't sign up for Part A and/or Part B when you were first eligible, you can sign up from Jan. 1 – March 31 each year, with coverage beginning on July 1. People who wait to sign up for Part A and/or Part B because of coverage from their employer's group health plan have a special enrollment period.
- **Enrollment in Part C (Medicare Advantage) and Part D (prescription drug plan):** To sign up for a Medicare Advantage plan, you must have Parts A and B. To sign up for Part D, you must have Part B. You must continue to pay your Part B premium.
- **Enrolling in Medicare Supplement:** You can enroll during the six-month period that begins on the first day of the month in which you're both 65 or older AND enrolled in Medicare Part B. After that your acceptance may be subject to health screening by the Medigap plan.
- **Donut Hole:** This is the insurance coverage gap where beneficiaries pay full price for drugs after the beneficiaries' drug costs reach a certain amount.





## Get to Know the Lingo

### Choosing between Medicare Advantage and Medicare Supplement (Medigap)

If you buy a Medicare Advantage plan, you do not need a Medicare Supplement (Medigap) policy. However, if you stick with Original Medicare, a Medigap policy will help fill in Original Medicare's coverage gaps and help pay for copayments, deductibles and more.

Here are some things to consider as you weigh the two options:

- **Provider Networks:** Medicare Advantage plans are more likely to utilize a network of providers, while Medicare Supplement policies are more likely to allow patients see any provider who accepts Medicare. Medicare Advantage plans are designed to provide coordinated care, which may be desirable for treating conditions or obtaining access to preventative benefits.
- **Prescription Drug Coverage:** Medicare Advantage plans usually include prescription drug coverage; Medigap policies do not, so you'll need to sign up for a separate drug plan.
- **Ancillary Benefits:** Medicare Advantage plans typically include benefits like routine vision and dental coverage. Medicare Supplement plans often do not cover these type of services
- **Out-of-Pocket limits:** Out-of-pocket limits vary between plans. In 2012, the maximum out-of-pocket amount for Medicare Advantage plans is \$6,700. Two Medigap plans, plans K and L, have annual out-of-pocket limits; they are \$4,620 and \$2,310, respectively. The remaining plans cover many gaps in traditional Medicare coverage and as a result will have lower out-of-pocket limits.





## Know the Timelines

Most people become eligible for Medicare when they turn 65 or earlier through a qualifying disability, but there may be reasons to delay enrollment in certain types of Medicare coverage, depending on your situation.

### Signing up for Part B

You may want to wait to sign up for Part B, for example, if you are still working and have coverage through your or your spouse's employer or union because Part B has a premium. But there are some caveats for small businesses when it comes to Part B, so talking to your employer health benefits administrator prior to deciding on your Medicare coverage is always a good idea.

### Signing up for Part A

Most people will want to enroll in Part A (hospital insurance) at age 65, since most do not pay monthly premiums for Part A, and Part A could help pay for costs not covered by your group plan.

We've compiled a table on the following page outlining some timetables to keep in mind as you transition from employer or retiree benefits to Medicare. While most beneficiaries enroll in Medicare Part A and B at some point, other types of coverage could be helpful but are completely optional.

The table on the following page assumes:

1. You've reviewed your current and future coverage, as well as the costs associated with both, and have determined that enrolling in that particular type of Medicare coverage makes sense for you. Only you can decide which plans are best for you and the best time to make the switch.
2. You or your spouse have worked for at least 10 years in Medicare-covered employment and are eligible for Social Security benefits.
3. You're 65 years or older.
4. You're a citizen or permanent resident of the United States.





# Know the Timelines

1st Time Enrollment	Part A	Part B	Part D	Medicare Advantage	Medicare Supplements
<b>Working with health insurance from your employer</b>	You don't have to enroll in Medicare Part A or B as long as you've got employer-based coverage.  If your employer-based coverage ends for any reason: <ul style="list-style-type: none"> <li>You can sign up when the plan terminates.</li> <li>There is no late enrollment penalty.</li> <li>Most people sign up for A &amp; B at the same time.</li> <li>You have eight months to sign up without penalty.</li> </ul>		If you have drug coverage that Medicare considers to be "creditable" or at least equal in value to Part D you may delay enrollment when you turn 65 without penalty.  If you lose "creditable" coverage: <ul style="list-style-type: none"> <li>You have 63 days to enroll in Part D without penalty.</li> </ul> After 63 days: <ul style="list-style-type: none"> <li>A penalty of 1% may be added to your drug plan premium for each month until you enroll.</li> </ul>	You have three months to sign up for a Medicare Advantage plan (Part C) when you enroll in Medicare Part A and Part B benefits: <ul style="list-style-type: none"> <li>There is no penalty for late enrollment.</li> </ul>	There are no cost penalties for late enrollment, but your eligibility for some supplement plans can be impacted if you delay enrollment.  The best time to enroll is during your Medicare Supplement Open Enrollment Period.  The Medicare Supplement Open Enrollment Period is: <ul style="list-style-type: none"> <li>6 months.</li> </ul>
	You don't have to enroll in Medicare Part A or B as long as you've got your retiree health benefits.  If your retiree coverage ends for any reason: <ul style="list-style-type: none"> <li>You can sign up when the plan terminates.</li> <li>You may sign up during the General Enrollment Period (<b>Jan. 1-March 31</b>).</li> <li>For each 12-month period you delay enrollment, you will have to pay a 10 percent Part B. premium penalty.</li> <li>Note: If you are covered by a retiree plan, you may pay a penalty if you enroll in Medicare Part A at a later date.</li> </ul>				
<b>Retired with retiree health benefits</b>	If you're already getting Social Security benefits, you will be contacted a few months before you become eligible for Medicare and given the information you need. <ul style="list-style-type: none"> <li>Most people will be enrolled in Medicare Parts A and B automatically.</li> </ul>		• You must wait until the annual election period to enroll, which is <b>Oct. 15 - Dec. 7, 2011.</b>	• If you wait longer than three months to enroll, you may have to wait until the annual enrollment period, which runs from <b>Oct. 15 - Dec. 7, 2011.</b>	If you miss the Medicare Supplement Open Enrollment Period: <ul style="list-style-type: none"> <li>Your application could be declined if you have a pre-existing medical condition.</li> </ul>
<b>Retired or working with health insurance you buy yourself</b>	However, because you must pay a premium for Part B coverage, you have the option of turning it down.		You must have Medicare Part A or Part B, and you can enroll when you first become eligible for Medicare.		• You may be charged more for coverage if you have a pre-existing medical condition.
<b>Retired or working and uninsured</b>	If you turn down or delay your enrollment in Part B, you will have to pay a 10 percent Part B premium penalty for each 12-month period you delay enrollment in Part B.		If don't enroll: <ul style="list-style-type: none"> <li>A penalty of 1% may be added to your drug plan premium for each month until you enroll.</li> </ul>		• Some plans may require you to pay premiums but wait for a few months before they'll cover any expenses.
If you aren't eligible for full Social Security retirement benefits at age 65, you can still get your full Medicare benefits at age 65, but you must contact Social Security to sign up.		If don't enroll: <ul style="list-style-type: none"> <li>A penalty of 1% may be added to your drug plan premium for each month until you enroll.</li> </ul>			



## Consider Prescription Drug Needs

Whether you opt for Original Medicare or Medicare Advantage, in both cases you will need to decide if you want a prescription drug plan.

Beneficiaries have access to the Medicare drug benefit, known as Part D, through private plans approved by the federal government, either through stand-alone prescription drug plans (PDPs) or Medicare Advantage prescription drug (MAPD) plans.

### Here's some good news for 2012:

There is a 50 percent discount on the cost of brand-name drugs for those who land in the program's coverage gap, also called the "donut hole." In addition, plans will pay 14 percent of the cost for generic drugs in the gap. This only applies to drugs that are on the plan's formulary. If they aren't on the formulary there may be no discount, so make sure you check.

Each plan has different features and each person has unique prescription needs; hence, it is important to find the plan that is best for you. Here are some things to keep in mind:

- **Cost and coverage** – Plans vary in the coverage offered and how much they cost. Consider the cost of premiums, the copayments each time you fill a prescription and whether it includes prescription coverage while in the gap.
- **Pharmacy** – Some plans restrict where you can use your drug plan. Determine whether your desired pharmacy is included in the plan you choose.
- **Formulary changes** – Insurers may change drug formularies during the year. Make sure you check your drug coverage each year during the annual enrollment period to be sure you enroll in a Part D plan that covers the medications you're currently on for the year for which you are enrolling. Just because a drug is covered one year, does not mean it will be covered the next year.
- **Other limitations** – In some cases, a plan may limit the circumstances under which a drug is covered. Certain medications may only be covered after prior authorization, after you've tried other drugs

through a process called step therapy, or in certain doses and quantities.

### Make things easier for yourself

Comparing plans can be overwhelming, but there are online tools including [www.medicare.gov](http://www.medicare.gov) and [www.planprescriber.com](http://www.planprescriber.com) that can help simplify the process.

You may be able to get Extra Help to pay for your prescription drug premiums and costs. To see if you qualify for extra help, call:

- PlanPrescriber.com at 800-404-6968 - TTY User: 711 to be connected with a partner's licensed agent who can discuss Extra Help eligibility rules.
- 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048, 24 hours a day/7 days a week.
- The Social Security Office at 1-800-772-1213 between 7 a.m. and 7 p.m., Monday through Friday. TTY users should call, 1-800-325-0778.
- Your State Medicaid Office.

### Before you call or go online

- Make a list of the prescription drugs you're taking: name, quantities and frequency.
- Make sure you know how much you're paying for each drug at your local pharmacy.
- Make a list of competing pharmacies in your area.



## Take Advantage of Free, No Obligation Help

Medicare is complex, but there are lots of resources to help you apply and pay for coverage.

Now that you have a solid foundation in the Medicare program and how it works, you're in a better position to enroll on your own or with the help of someone else.

If you decide to purchase a Medicare Advantage, Part D prescription drug plan or Medicare Supplemental insurance policy, you must decide which plan to buy and which insurer to use. Take advantage of no obligation, no-cost tools that are available to help you understand what benefits are covered and can help you easily compare plans.

These resources are available online, by phone and in person. In addition to online sites like [www.PlanPrescriber.com](http://www.PlanPrescriber.com), you can contact:

- **PlanPrescriber:** PlanPrescriber ([www.PlanPrescriber.com](http://www.PlanPrescriber.com)) is a leading provider of comparison tools and educational materials for Medicare-related insurance products. At [www.PlanPrescriber.com](http://www.PlanPrescriber.com) you'll find free, no obligation and interactive online advisor tools to help you find your optimal plan and save money on their Medicare Advantage, Prescription Drug, and Medicare Supplement plans. There is also free, no obligation phone-based support.
- **State Health Insurance Assistance Program (SHIP) for assistance.** SHIPs receive federal funding to provide free local health insurance counseling to people with Medicare. Depending on your state, the Division of Insurance or Department of Insurance can provide information on how to receive this assistance or you can check at: <https://www.shiptalk.org/About/SHIPProfileSearchForm.aspx?mf=Display>.
- **[www.medicare.gov](http://www.medicare.gov):** This is the official U.S. Government site for Medicare. It provides information on your health coverage options, when and how to enroll, what Medicare covers and who to contact if you have questions about your Medicare bill, a complaint and more.

Also, the federal government has created 1-800-MEDICARE to provide information about Medicare coverage and costs, as well as health plan options.



\* Medicare has neither reviewed nor endorsed this information.