

On the Road to

MEDICARE

a clear

EDUCATIONAL GUIDE



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THE PARTS OF MEDICARE

PART A covers inpatient hospital visits and supplies, like having surgery. Part A also covers Skilled Nursing Facility care, Hospice, and Home Health Services.



PART B covers outpatient care, ER visits, and preventive medical services. Services and supplies needed to diagnose and treat a medical condition or to prevent an illness are covered by Part B. Preventive services are usually free.



PART C is a modernized version of Parts A and B, but often with additional coverage. These Medicare Advantage (or Part C) plans cover hospital and doctor visits, as well as all Medicare covered items. Part C plans typically provide prescription, some dental and vision, and sometimes hearing aid coverage all in one package.



PART D covers prescription medications. These plans vary by county and by medications. Each drug has a different tier level, which determines their price. If you do not enroll in a prescription plan when you start Medicare, you will pay a small penalty for every month that you do not have prescription coverage for the rest of your life unless you had prior creditable coverage.

THE PARTS OF MEDICARE

Part A This part of Medicare is essentially inpatient hospital insurance with a \$1,288 deductible. You are allowed up to 150 covered days in the hospital.

Part A is free to anyone who has lived and worked in the U.S. & paid Medicare taxes.

PART B After you have paid your deductible, Medicare will pay 80% of Medicare approved charges.

Part B has a \$166 deductible with an 80% benefit once met. The standard Part B premium is \$104.90 newer entrants pay \$121.80.

High income earners pay a surcharge with their Part B premium.

“

Parts A and B of Original Medicare usually aren't enough coverage for Medicare beneficiaries. Luckily, there are other affordable options that can provide up to 100% of coverage.

Keith Nabb Medicare Educator, AMS

MEDICARE ADDITIONS

PART C

Medicare Advantage plans are separate, all-inclusive primary health plans that are supplied by private insurers. A variety of network providers are associated with these plans like HMO, PPO, and POS. Additional chronic illness and care coordination coverage is provided.

There are comprehensive plans for \$0-\$75 per month, but you must still pay your Part B premium.

You will pay copays for doctor visits, surgery, the emergency room, high-tech tests, hospital stays, and more.

PART D

This part of Medicare offers extensive prescription drug coverage. All plans vary by county, and can be significantly different depending on generic vs brand name drugs. All plans use different formularies, and they typically change each year. Each of these factors can affect the price you pay.

Part D plans can range from \$20 - \$95 per month. Higher income earners pay a surcharge with their Part D premium.

More options are available, but these are the most common combinations

1

Original Medicare parts A and B in addition to a Part D prescription drug plan is one option, but offers the least amount of coverage, and can leave you financially exposed.

2

A Medicare Advantage plan includes hospital, medical, and prescription drug coverage, and often results in reduced out-of-pocket costs with low premiums.

3

Similar to option 1, option 3 includes a Medicare Supplement plan in addition to Original Part A and B. It is highly advised to purchase a Part D plan also. These plans have higher premiums, but low out-of-pocket costs for medical services.

3 COVERAGE OPTIONS

These options are available to anyone eligible for Medicare. One option is not necessarily better than the other. In order to find the right Medicare plan for you, you must compare your coverage needs vs your financial needs.

SUPPLEMENT VS ADVANTAGE

ORIGINAL

PART A

PART B

MEDIGAP

PART D

What is a Medicare Supplement? A *Medigap* policy picks up the costs of coverage that Original Medicare doesn't offer. Some of these costs include copays, coinsurance, and deductibles. A Medigap Plan doesn't cover prescription drugs (you can buy a Part D Plan separately), dental, vision, or hearing. You must have Original Medicare parts A and B to buy a Medigap policy. Original Medicare will pay its share of the predetermined approved amount of covered health costs, then your supplemental plan will pay its share too. Essentially, a Supplement plan fills in the coverage gaps of Original Medicare, hence the nickname "Medigap."

What is Medicare Advantage? A Medicare Advantage plan, sometimes called an MAPD plan, is Part C of Medicare. Medicare Advantage is a single comprehensive plan. Therefore, you are only paying one premium in addition to your Part B premium. This type of plan covers doctors visits, hospital coverage, prescription drugs, and the costs in between. Medicare Advantage plans often cover routine dental, vision, and hearing, but can be limited with in-network providers. You can use out-of-network providers, but you will pay more. Out-of-network providers aren't an option with HMO plans.

ADVANTAGE

PART A

PART B

PART C
WITH
PART D

EXTRAS

WHAT IS THE DONUT HOLE?

The donut hole is the 2nd coverage period throughout Part D Medicare. You enter this period when your total drug costs reach **\$3,310**.

HOW DO I GET OUT?

You get out of the donut hole once you reach the catastrophic coverage level. You reach this 4th period once your out-of-pocket drug costs reach **\$4,850**.

Your pharmacy costs increase while in the donut hole, and you will pay about 50% of your drug costs.



PRESCRIPTION DRUG PLANS

In 2016, Part D deductibles will be raised to \$360. Keep in mind that not all plans have deductibles.

For every month that you do not have a drug plan while on Medicare, you will build up an approximate 30 cent penalty charge that you will pay for the rest of your life.

On average, an annual Medicare review can save beneficiaries \$600 per year on their medications.

(Based on findings of a 2014 Kaiser Family Foundation study.)

87% of seniors don't annually review their drug plans.

4 Key Points About Medicare Enrollment That You Need to Know

1 Generally, you qualify at age 65. Some people qualify early if they are considered disabled under Social Security.

2 You should sign up for Parts A and B through Social Security 3 months before you turn 65. If you sign up after your 65th birthday, you may not qualify until a later date.

3 Part A of Medicare is free if you or your spouse have paid Medicare taxes for 10 years.

4 There is an annual enrollment period to change or review Medicare Advantage & Part D plans from October 15 to December 7. You can change a Medigap plan any time of the year if you medically qualify.

WHAT MEDICARE DOESN'T COVER

01

Dental & Vision Insurance

Medicare will cover medical services related to dental or vision, like eye surgery. Regular preventive dental and vision insurance is only covered in some Medicare Advantage plans. You can add full coverage separately.

02

Critical Illness & Hospital Copays

Medicare doesn't cover cash payouts for cancer, strokes, heart attacks, and other accidents. It also doesn't cover your daily copays for each day spent in the hospital or skilled nursing facilities.

03

Long Term Care Insurance

Although Medicare helps pay for skilled nursing facilities, it doesn't cover help with assisted living facilities or most in-home care (custodial care).

04

Life Insurance & Final Expenses

Medicare doesn't offer any help with estate taxes and gifting, nor the unexpected costs of one's final days.

IN HOME CARE BENEFITS

There is no copay for Medicare covered home health care, but you must qualify. You are qualified for a Medicare-approved home health agency if a doctor declares that you are “homebound,” and need specialized medical services.

Medicare provides great hospice care. However, you have to trade in curative treatments for your illness, and a doctor has to certify that you have a life-limiting illness.

Home Health Care provides medical services. Homecare is assistance with meals, dressing, and bathing.

Skilled nursing facility care is 100% covered for 20 days following an inpatient hospital stay of at least 3 nights. After the 20th day, there are daily copays, which may be covered under some insurance plans.





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