



# Medicare Made Clear Answer Guide



**Medicare can be confusing. How do you find the best options to fit your needs? This guide has some answers that may be helpful.**

## **In this guide, you'll find:**

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## **Useful Symbols**

Throughout this answer guide, we have placed symbols to help you find more information about a topic.



Call for service



Get answers



Visit the Web  
address



Financial  
help



## We're Here to Help

Medicare helps millions of Americans get the health care they need. Just as important, it offers you a choice of how you want to receive your benefits.

Choosing Medicare coverage can be difficult. Your choice is important to your health and your budget. We want to help you make the best decision for you.

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### Want to know more?



This answer guide is designed to help you understand the basics of Medicare, Parts A to D, and more. It also includes a summary of Medicare programs that may be available to you.

If you want to learn more, that's easy. Just go to **MedicareMadeClear.com** or call **1-866-568-0918**, TTY **711**, 8 a.m. – 8 p.m. local time, 7 days a week.



## Medicare Made Clear – an Overview

You probably know that Medicare is a federal health insurance program for people 65 and older and others with disabilities.

- Medicare Parts A and B are considered Original Medicare.
- Part A pays for hospital care and Part B pays for doctor visits.

### Medicare doesn't cover everything.

Medicare helps you get the coverage you need, but you should expect to pay some of the costs. If you choose Parts A and B, you'll find gaps in the coverage. Many people enroll in another Medicare plan to help pay for costs and benefits that aren't covered.

- Medicare Part C (Medicare Advantage plans) covers all the services that Parts A and B cover. It may also include prescription drugs; vision, hearing and dental; and preventive services.
- Medicare Part D plans help with prescription drug costs.
- Medigap (Medicare supplemental insurance) policies help cover costs that Parts A and B don't cover.

### It's easy to know if you're eligible.

If you're turning 65, you can enroll in a Medicare plan. You can enroll three months before the month you turn 65, the month of your birthday and three months after. If you wait to enroll in a plan, there is a chance you'll have fewer choices and may have to pay more.

### When are you eligible?

**You are eligible for Medicare if:**

1

You're 65 or older or have a qualified disability.

2

You're a U.S. citizen or legal resident for at least five consecutive years.

### Your plan choices don't have to be permanent.

If your health care needs change over time, so will the health plans you want to choose. You're not locked into one plan permanently. You'll have an opportunity to change plans at least once a year.

# Understand Your Options

Your biggest decision — and one that is a good idea to make first — is whether you want Original Medicare (Parts A and B) or a Medicare Advantage plan. They cover the same basic services, but work very differently. Your choice depends on your needs.

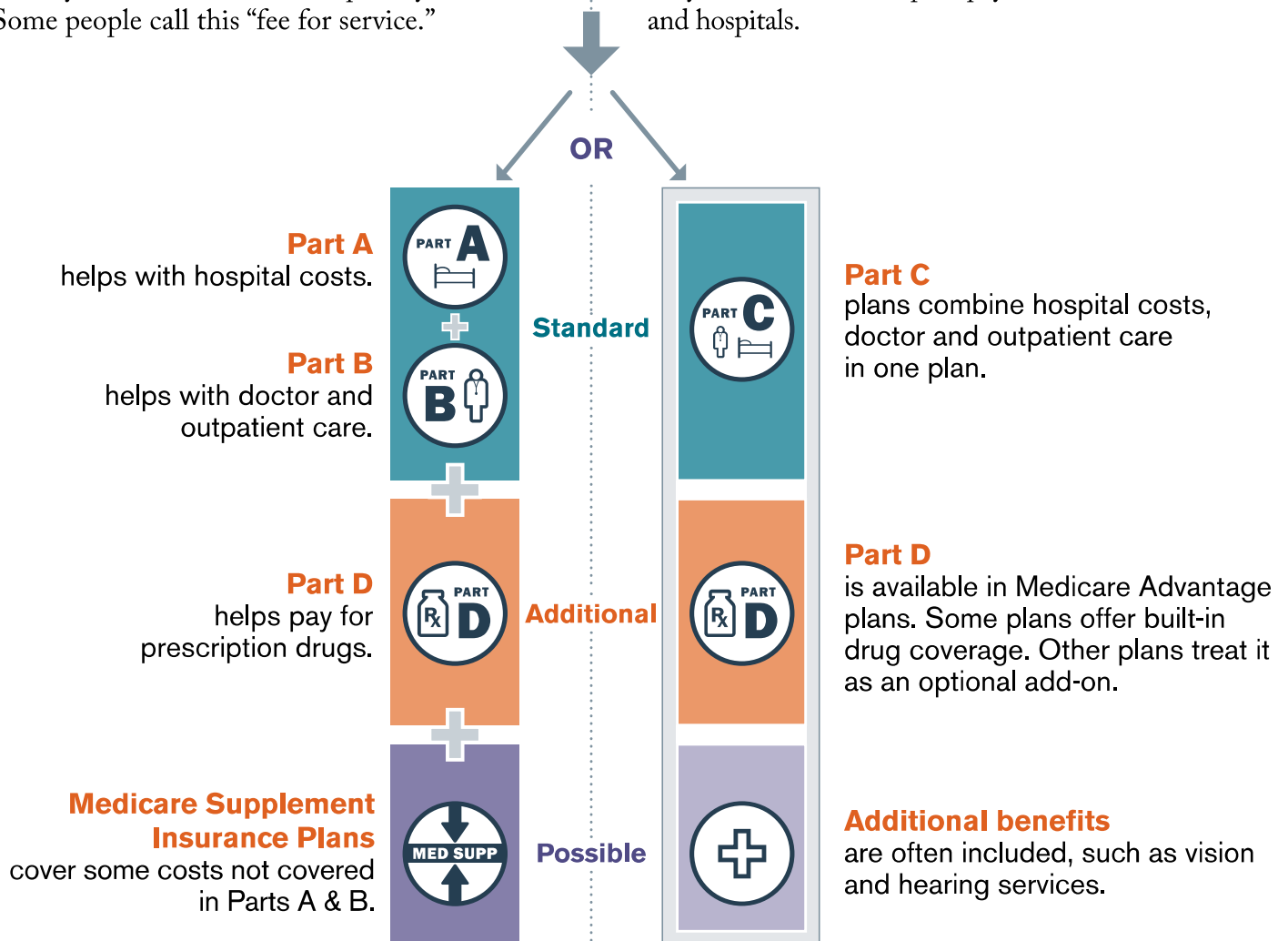
Once you make that decision, there are other choices. If you pick Original Medicare, you'll need to decide whether to buy a prescription drug plan or a Medigap policy. If you choose Medicare Advantage, you'll also have to pick a specific plan from a specific company.

## 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.”

## 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.





# Medicare Part A

Part A helps with the cost of inpatient hospital stays and skilled nursing after a hospital stay. It also helps with hospice care for the terminally ill and some skilled care for the homebound.

## How it works.

### What providers can I see?

You can choose any qualified provider in the United States that has been accepted by Medicare and who is accepting new patients.

### Coverage limits.

If you're hospitalized or in a skilled nursing facility for a long time (more than 90 days at one time), there are limits.

### What isn't covered.

Doctor services in the hospital are covered by Part B, not Part A. And Part A won't pay for personal in-hospital costs, like a television or telephone calls, or for "custodial care" — help with eating, bathing or dressing.

### Costs.

**Premiums.** Part A has no out-of-pocket costs, if you or your spouse have made payroll contributions to Social Security for at least 10 years. If you haven't, the premium in 2010 is \$461 a month.

### Your share of the costs.

**Deductible.** You have to pay a deductible before Part A starts paying a share of your costs. In 2010, it's \$1,100 for each hospital stay, subject to certain limits.

**Copay.** After staying a certain number of days, you pay a copay. For 2010, it's \$275 per day (days 61 through 90) and \$550 per day (days 91 through 150).

**Coinsurance.** You pay a small coinsurance for inpatient respite care for hospice patients.

## Enrollment

**When can I join?** As soon as you become eligible for Medicare.

**How do I sign up?** If you're getting Social Security, you're automatically enrolled. You can also sign up at your local Social Security office.

**Can they refuse to cover me or delay coverage?** Not if you're eligible for Medicare. You can't be refused Part A because of your medical history or a pre-existing illness.

# Medicare Part B



You don't have to sign up for Part B, but most people do. It helps with the cost of doctor visits and other medical services, including outpatient care at hospitals and clinics, laboratory tests, some diagnostic screenings, and some skilled nursing care.



## How it works.

### What providers can I see?

You can choose any qualified provider who is eligible to participate in Medicare and who is accepting new patients.

### Coverage limits.

There are limits on a few services, for example, the amount Part B will pay for occupational therapy, and screening are covered only for specific times.

### What isn't covered.

Part B covers eyes, teeth or hearing only in certain situations. It usually doesn't cover care outside the United States or help with things like bathing or getting dressed.

### Costs.

**Premium.** This depends on your yearly income. It can be automatically deducted from your Social Security benefits. For 2010, premiums range from \$96.40 to \$353.60 a month.

### Your share of the costs.

**Deductible.** Before Part B starts paying a share of your costs, you first have to pay a deductible. In 2010, it's \$155 for the year.

**Copay.** In 2010, outpatient hospital services copays range from a few dollars up to \$1,100.

**Coinsurance.** After you pay your deductible, Part B generally pays 80%.

## Enrollment

**When can I join?** As soon as you become eligible for Medicare. You can also join later on, but only at certain times of the year.

**How do I sign up?** If you're getting Social Security, you'll be automatically enrolled. Otherwise, you can sign up at your Social Security office.

**Can they refuse to cover me or delay coverage?** Not if you're eligible for Medicare. You can't be refused Part B because of your medical history or a pre-existing illness.



# Medicare Part C: Medicare Advantage



Medicare Advantage plans are run by private companies. They combine help with hospital costs, doctor visits, and other medical services in one plan. You can also include prescription drug coverage, often with no added premium.

## How it works.

### What providers can I see?

In some plans, you choose a primary care doctor who manages the care you get from specialists and hospitals. In others, you can go to any Medicare-eligible provider who accepts the plan's terms, conditions and payment rates.

Medicare Advantage plans have appointed service areas and offer nationwide emergency coverage.

### Coverage limits.

Plans vary. Check the limits and exclusions.

### What isn't covered.

Part C plans cover the same services as Parts A and B, except hospice care.

### Costs.

You'll continue to pay your Part B premium. And in many cases Part C may have its own premium too. Premiums vary widely.

**Your share of the costs.** Some plans have deductibles. Some don't. Many charge copays or coinsurance. Look at the plan for details.

**Out-of-pocket limits.** Some plans limit the amount you have to spend.

**Coverage gap.** If you have prescription drug coverage, there's a coverage gap when the plan doesn't help you.

## Enrollment

**When can I join?** As soon as you're eligible for Medicare. You must also join Parts A and B.

**How do I sign up?** Each company handles its enrollment process. These plans renew automatically as long as you pay your premiums.

**Can they refuse to cover me or delay coverage?** Not if you have joined Parts A and B, and they are accepting new members.

**Can I change my coverage later?** Yes, you have a chance to change your coverage each year.

# Medicare Part D: Prescription Drugs



Part D plans help with the cost of prescription drugs. They're optional, and if you don't sign up when you become eligible, you may pay a higher premium. Some Medicare Advantage plans include prescription drug coverage. Part D is sold by private companies. Plans offer different costs and different drug lists. The federal government sets the guidelines.



## How it works.

### What pharmacies can I use?

Some plans limit your choice by area. Some offer nationwide coverage. Some also offer mail order service.

### Coverage limits.

Terms vary widely. Plans offer various levels of cost sharing until you spend a stated amount in a year. In 2010, it's \$4,550.

### What isn't covered.

You get help paying the cost of a drug only if it's covered by the plan. Most plans also have a coverage gap or "donut hole," during which you have to pay all costs.

### Costs.

While plans may cover some of the same drugs, their monthly premiums may vary. In October each year, they announce their premiums for the coming year. You may pay a premium penalty set by Medicare if you don't sign up for Part D coverage as soon as you're eligible.

**Your share of the costs.** Some plans have a deductible, some don't. Some charge a copay. Others charge a percentage of the cost. In the coverage gap, you'll pay the entire cost.

## Enrollment

**When can I join?** As soon as you're eligible for Medicare. Your coverage renews automatically year to year.

**How do I sign up?** Each company handles this. But you can join online at [medicare.gov](http://medicare.gov) or by contacting a plan provider.

**Can they refuse to cover me or delay coverage?** If you are entitled to Part A or are enrolled in Part B, you can't be refused.

**Can I change my coverage later?** Yes, you have a chance to change your coverage each year.



# Medicare Supplemental Insurance Plans (Medigap)

Private insurance companies offer this type of coverage to help pay some or all of the costs that Medicare Parts A and B don't cover. There are ten standardized plans, labeled "A" through "N."

## How it works.

### Coverage limits.

Medigap policies provide 365 more days of hospital care during your lifetime. They don't offer more days in a skilled nursing facility.

### When I won't get help.

These policies help cover the costs not covered by Parts A and B; for instance, deductibles, copays or coinsurance. They don't cover long-term care; routine vision, dental, or hearing care; hearing aids or eyeglasses; or private-duty nursing.

### Costs.

As a general rule, the more generous the coverage, the higher the premium. Premiums vary widely. And they may rise over time.

### Your share of the costs.

**Deductible.** Some plans pay your Medicare Part B deductible and some companies offer high-deductible versions.

**Copay.** Some plans require Part B copays for doctor visits and emergency room trips.

**Coinsurance.** Some plans use coinsurance to split costs between you and the insurance company until you reach your out-of-pocket limit.

## Enrollment

**When can I join?** You can buy a Medigap policy any time after you reach 65 and join Medicare Part B. They can't consider your medical health history in setting your premium if you sign up during the 6 months after you turn 65. Depending on where you live, plans may be available to persons on Medicare due to a disability.

**How do I sign up?** Each private company that offers Medigap policies handles its own enrollment. To join, you'll need to contact the company and ask how to join.

**Can they refuse to cover me or delay coverage?** Once your open enrollment period ends (up to six months after turning 65), insurers can refuse coverage, charge you a higher premium based on your health, or make you wait to get coverage for an illness you currently have. In limited situations, you have the right to buy a plan, regardless of your health, after your open enrollment period ends.

**Can I change my coverage later?** You can drop your policy and apply for another one at any time.

**How does renewal work?** Medigap policies must be "guaranteed renewable." That means the policy must be renewed automatically from year to year, so long as you pay the premium on time.

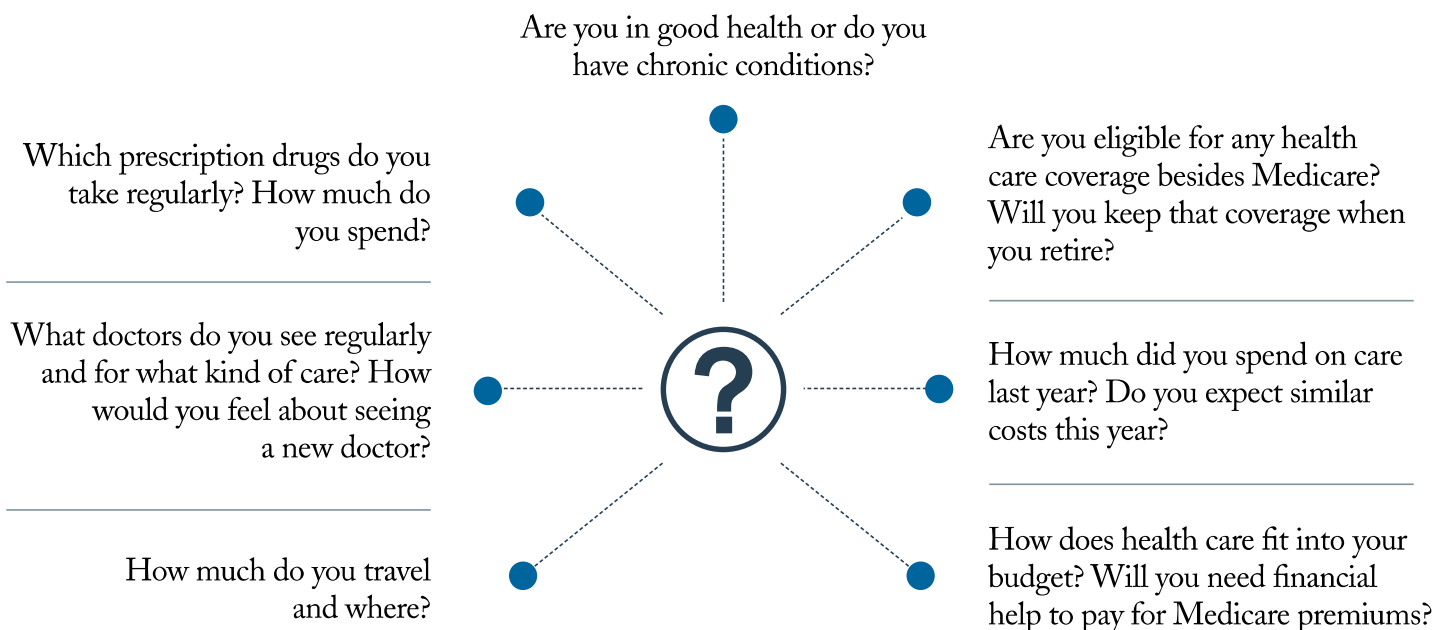
# Make a Confident Choice

## It's a good idea to research your options.

To learn what plans and policies are available in your area, you can visit **medicare.gov** or contact your State Health Insurance Assistance Program (SHIP).



## What's important to you?



## Look for a plan that's the right fit for you.

There's no "one size fits all." There are lots of choices, for instance:

- ☒ Do I want only Original Medicare (Parts A and B)?
- ☒ How about Original Medicare with (or without) a stand-alone Prescription Drug plan (Part D) or Medicare Advantage plan (Part C)?
- ☒ If I get a Medicare Advantage plan, do I want it with or without prescription drugs?

## Enroll as soon as you become eligible.

If you wait, you could end up paying more in premiums.

## If you need it, you can get extra help.

There is extra financial help available to pay for Medicare for those with lower incomes (see page 13).



# Ten Things You Should Know About Medicare

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## 1 **There are two ways to get Medicare.**

You can choose Original Medicare (Parts A and B) or a Medicare Advantage plan (Part C). Once you've made that decision, there are other things to consider. You have your choice of plans as well as your choice of private insurance companies that offer them.

## 2 **There is drug coverage available.**

Medicare now includes prescription drug coverage (Part D). This coverage is optional. You can get prescription drug coverage through a Medicare Advantage plan. Some of them include drug coverage. Or you can enroll in a stand-alone Part D prescription drug plan to go with your Original Medicare coverage.

This is important to know: If you don't sign up for Part D prescription drug coverage as soon as you become eligible for Medicare, you may pay a penalty on your premium unless you qualify for an exception.

## 3 **You'll pay a share of the cost.**

Medicare helps you get the health care you need when you're sick, but you'll still be expected to pay a share of the cost. You've already contributed to Medicare by paying taxes while you worked. Now that you're starting to use your Medicare benefits, you'll pay a share of the costs of the care you receive.

## 4 **Your share may be larger than you expect.**

If you choose Medicare Parts A and B, you'll find that there are some expenses Medicare doesn't cover. If you are seriously ill, these gaps create big bills. That's why many people who choose Medicare Parts A and B also buy a Medicare supplement insurance policy. Another alternative is to choose a Medicare Advantage plan that can also help you avoid these gaps.



## 5 **Where you live makes a difference.**

Medicare Parts A and B are the same across the United States. But other parts of Medicare (Parts C and D) are offered by private companies and may be available in specific counties, states or regions and not in others. There are Part C or Part D plans that offer nationwide coverage. Medicare supplement policies are offered by private companies, offer nationwide coverage and are available by state.

## 6 **Medicare doesn't cover all your expenses.**

You'll find that each part of Medicare has things it doesn't cover.

## 7 **Start by looking at what you have now.**

Look at your current health coverage. For example, if you have group coverage from your job, or retiree insurance from a former employer, you'll want to see how this coverage fits with Medicare.

## 8 **You won't want to put this off.**

Timing matters when you're choosing Medicare coverage. Your enrollment window begins just before you turn 65 or when you become eligible for Medicare due to disability. If you wait to join, you may find you'll pay more and have fewer choices.

## 9 **It's smart to review your choices once a year.**

Once you choose your Medicare coverage, you're not locked into that choice forever. You'll have the chance to change your choices at least once a year. That's why it makes sense to check your coverage every year to make sure it still fits your health needs.

## 10 **Don't be afraid to ask for help.**

There's help available for everyone making Medicare choices. And there's extra help with the cost of Medicare for people with little income and few assets.

# Extra Help is Available



If you have a lower income and fewer assets, you may qualify for help. Less than half of those who would qualify actually sign up. So don't hesitate to apply.

## Here's how to apply:

Contact your local Social Security Administration office or your state's Medical Assistance or Medicaid office.

- **Medicaid** helps pay costs not covered by Medicare. It may also include some added benefits that Medicare doesn't cover.
- **Medicare Savings Program** helps you pay your Parts A and B premiums, deductibles, and coinsurance.
- **Programs of All-Inclusive Care for the Elderly (PACE)** combines medical, social, and long-term care services for frail, elderly people who live in the community, not a nursing home. It's not available in some states.
- **Prescription drug premium assistance programs** help pay some or all of a person's Medicare Part D premiums, deductibles, and copays or coinsurance.
- **Other programs may be available in your state.**

### Who's eligible?

It depends on your income. Your income includes money you get from retirement benefits or other money that you report for tax purposes. Also your assets; for example, property other than your house. The income eligibility average is close to \$16,245 a year for an individual or \$21,855 for a couple.

### Want to learn more?

Contact your local Social Security Administration office or the state Medical Assistance or Medicaid office.



## Resource Guide

### Get answers –

Go to **MedicareMadeClear.com**  
or call **1-866-568-0918**, TTY **711**.



### Where to get more answers.

#### Medicare Helpline

For questions about Medicare and detailed information about plans and policies in your area, call: **1-800-MEDICARE** (1-800-633-4227), TTY **1-877-486-2048**, 24 hours a day, 7 days a week. Or go to: **medicare.gov**.

#### Medicare & You 2010

The official Medicare handbook for Medicare programs is updated each year. You can download a copy at the Medicare website or call the Medicare Helpline to request a copy. For online tools to find and compare drug plans, Medicare Advantage plans and Medigap policies, go to: **medicare.gov**.

#### Social Security Administration

For help with questions about eligibility for and enrolling in Medicare or Social Security retirement benefits and disability benefits, and for questions about your eligibility for help with the cost of Medicare coverage, call: **1-800-772-1213**, TTY **1-800-325-0778**.

#### Administration on Aging

For help in finding local, state and community based organizations that serve older adults and their caregivers in your area, call: **1-800-677-1116**. Or go to: **eldercare.gov**.

#### Your current health plan

Your health plan's customer service center can answer any questions you may have about your current coverage; call the number on your identification card.

#### AARP

For information about Medicare and other programs for seniors, go to: **aarp.org**. The AARP website offers educational materials about Medicare in its health section. You can also order publications online.

### Your state's resources.

#### Your state's Medical Assistance or Medicaid office

To learn if you are eligible for help with the costs of Medicare, call your state's Medical Assistance or Medicaid office. They can answer questions about programs like PACE (Programs of All-Inclusive Care for the Elderly) and the Medicare Savings Program.

You can also call the Medicare Helpline and ask for the number for your state's Medical Assistance or Medicaid office.

#### Your State Health Insurance Assistance Program (SHIP)

For help with questions about buying insurance, choosing a health plan, buying a stand-alone prescription drug plan or Medigap policy and your rights and protection under Medicare, call your State Health Insurance Assistance Program. This program offers free counseling for decisions about Medicare coverage. In some states, this program is called the Health Insurance Counseling and Advocacy Program (HICAP).

#### Your state's hospice organizations

For information about hospice care programs in your area, call your state's hospice care organization. Call the Medicare Helpline to get the number.



Questions?  
**1-866-568-0918, TTY 711**  
8 a.m. – 8 p.m. local time, 7 days a week.

 **MedicareMadeClear.com**

## Looking for more information?

Download our comprehensive easy-to-use reference guide to understanding Medicare and its coverage options. It's helpful for anyone interested in Medicare. The guide covers topics on understanding Medicare Parts A, B, C, D and more. It's available online at **MedicareMadeClear.com**.



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Medicare made clear.**

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