

Medicare 101

Medicare can be complicated—even confusing—with its multiple parts and the many choices it offers. Learning the basics and following the advice below will help you make the most of it.

Medicare is a government program that helps cover certain healthcare costs. It doesn't cover all healthcare needs. For example, it generally doesn't pay for long-term care, or routine dental care. And it doesn't always pay the entire cost of everything. Medicare beneficiaries may be responsible for deductibles, co-pays, and coinsurance for many services and items.

Medicare Has Four Parts

MEDICARE PART A

Medicare Part A is hospital insurance that helps cover the cost of inpatient care in hospitals, rehabilitation care in skilled nursing facilities and hospice, as well as home health care after hospitalization. If you or your spouse paid Medicare taxes while working, you probably contributed enough that you don't have to pay a monthly premium (fee) for Part A. However, if you *don't* qualify for premium-free Part A coverage, you may be able to get Part A insurance by paying a premium.

MEDICARE PART B

Medicare Part B helps cover doctors' and other healthcare professionals' services, outpatient care, durable medical equipment, and some home healthcare. It also helps cover some preventive services that can help you stay healthy and keep certain illnesses from getting worse. You pay a monthly premium for Part B. Together, parts A and B are known as "**traditional Medicare**."

MEDICARE PART C

Also known as **Medicare Advantage**, Medicare Part C includes health plans provided by Medicare-approved private insurance companies that offer the benefits and services covered under both Parts A and B. Most Medicare Advantage Plans also offer Medicare prescription drug coverage. And some plans provide additional benefits at an extra cost.

MEDICARE PART D

Medicare Part D is prescription drug insurance offered by Medicare-approved private insurance companies. It helps cover the cost of medications.

Supplemental health insurance policies known as **Medigap** are sold by private insurance companies, and are not part of Medicare. They do, however, help cover certain healthcare costs that Medicare doesn't. Usually, you have to have Part A and B coverage in order to buy a Medigap policy.

If you join a Medicare Advantage Plan, you won't need, and can't be sold, a Medigap policy.

What is **not covered** by Medicare Part A:

- Long-term care (also called custodial care)
- Most dental care
- Eye examinations related to prescribing glasses
- Dentures
- Cosmetic surgery
- Acupuncture
- Hearing aids and exams for fitting them
- Routine foot care
- Observation status in the hospital (even if you stay overnight in a regular hospital you might be classified as an outpatient)

Getting Started

Decide Between Traditional and Medicare Advantage Coverage

When first deciding what coverage is best for you, consider whether “traditional Medicare” (Parts A and B) or Medicare Advantage (Part C) coverage better meets your needs. When you enroll in Medicare for the first time, you'll automatically be signed up for traditional Medicare. If you decide to switch to a Medicare Advantage plan, you can do this during the annual “Open Enrollment Period” that runs from October 15 to December 7 every year.

About Medicare Advantage Plans

All Medicare Advantage plans must include everything that traditional Medicare covers. In addition, all Medicare Advantage plans limit out-of-pocket costs and, as mentioned above, most also include Part D drug coverage. (If you choose a Medicare Advantage plan that doesn't include Part D, and you want drug coverage, you'll have to sign up for that coverage separately.) Some Medicare Advantage plans charge lower copays than traditional Medicare, but may also charge an extra monthly premium, and may require members to see healthcare providers in the plan's network.

You can change your Medicare coverage every autumn during Medicare's Open Enrollment Period.

Getting Started (cont'd)

A good way to decide between traditional Medicare and a Medicare Advantage plan is to visit the Centers for Medicare and Medicaid Services' (CMS) Medicare website, www.medicare.gov. You can easily compare plans offered in your area by visiting www.medicare.gov/find-a-plan and clicking on Medicare Plan Finder or calling 800-633-4227 (TTY 877-486-2048).

Sign Up at the Start of Your “Initial Enrollment Period”

Some people—including those who started to receive Social Security or other benefits before turning 65—are automatically signed up for Medicare Parts A and B. Everyone else has to enroll on their own. Make sure you sign up for Medicare coverage as soon as you're eligible by enrolling early in your initial enrollment period. This seven-month initial period includes: the three months before the month you turn 65; the month you turn 65; and the three months following that birthday. If you enroll during the first three months of your enrollment period, your coverage will begin sooner than if you sign up later in the enrollment period. Enroll by visiting your local Social Security office or calling Social Security at 800-772-1213 (TTY 1-800-325-0778).

Consider Signing Up for Part D Even if You Don't Take Many Drugs

If you're planning to enroll in a traditional Medicare plan, or a Medicare Advantage plan that doesn't cover prescriptions, consider signing up for Part D (Medicare's prescription drug plan) right from the start—even if you don't take many medications right now. If you wait, you may end up having to pay a higher premium when enrolling in Part D later.

Apply for Extra Help

If you have limited income and resources, you may qualify for the federal Extra Help program, which helps people cover their Medicare costs. If you're already enrolled in Medicaid, Supplemental Security Income, or a Medicare Savings Program, you automatically qualify for Extra Help. If you're not enrolled in those programs, you can apply by contacting the Social Security Administration or at your local Medicaid office. Call 800-633-4227, and say, “Medicaid” when prompted. TTY users can call 877-486-2048.

Reevaluate Your Medicare Choices Every Fall

Every September or October, check whether your current plan is still the best fit for you. If a new plan will better meet your needs, you can switch once the open enrollment period begins in October. Your circumstances may have changed over the course of the year so that your current plan isn't as good a fit as it was before.

Additional Advice If You Choose Traditional Medicare

If You'll Need to Pay a Premium for Part A, Sign Up and Save

If you're not eligible for premium-free Part A (because you didn't pay enough in Medicare taxes while working) you should sign up for Part A without delay. If you don't buy it as soon as you're eligible, you'll have to pay a higher premium later.

Weigh the Pros and Cons of Part B Coverage and When to Get It

When signing up for traditional Medicare, most people can choose to get Part A coverage only, and skip Part B and the monthly premium that goes along with it. If you think you'll eventually want Part B, however, signing up for it as soon as you're eligible could also save you money. If you don't enroll in Part B when first eligible you may have to pay a late enrollment penalty when you finally do join. (There are some exceptions: If you have health coverage through your or your spouse's employer, for example, you may be able to defer enrolling in Part B without paying a late enrollment penalty. For more information, visit www.medicare.org.)

If You Have Traditional Medicare, Sign Up for Medigap Coverage Within Six Months of Becoming Eligible

During the six-month Medigap Open Enrollment Period—which starts once you turn 65 and enroll in Part B—the private companies that sell Medigap insurance cannot deny you coverage, regardless of your health. After those six months, they can deny you coverage. According to the nonprofit Medicare Rights Center, Medigap coverage is generally a good idea if you have traditional Medicare because the deductibles and co-pays you're responsible for can add up.

Medicare's "Medicare and You" is an easy to understand, comprehensive guide to Medicare. You can find it online at <http://www.medicare.gov/Publications/Pubs/pdf/I0050.pdf>, or order a free printed copy by calling 1-800-MEDICARE.