

MY BENEFIT  
ADVISOR



# Medicare Products and Services





# What is Medicare?

Medicare is a federal health insurance program for people who are 65 or more years old, have certain qualifying disabilities, or have End Stage Renal Disease.



**Part A**  
Hospital  
Insurance



**Part B**  
Medical  
Insurance



**Part C**  
Medicare Advantage  
Plans



**Part D**  
Prescription Drug  
Coverage

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- **Part A** - Covers inpatient hospital stays, skilled nursing facilities, hospice care and some home health care.
  - **Part B** - Covers certain doctor services, outpatient care, medical supplies, and preventative services.
  - **Part C** - A medical plan offered by a private company (contracted with Medicare) to offer you Part A and Part B benefits.
  - **Part D** - Adds Prescription Drug coverage.



# Eligibility & Enrollment

## ■ You may qualify for Medicare and automatically be enrolled if:

- You are already receiving retirement benefits from Social Security or the Railroad Retirement Board, or
- You are under 65 and have been receiving Social Security disability benefits for 24 months or qualify because of ALS, also known as Lou Gehrig’s disease.

## ■ You may need to sign up for Part A and B:

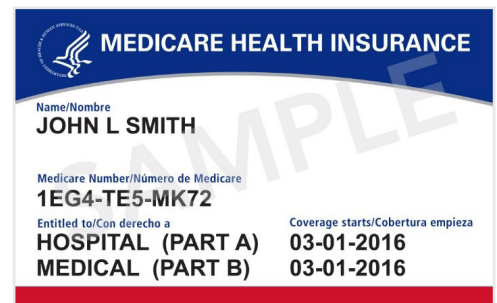
- If you are not receiving Social Security or Railroad Retirement Board Benefits, or
- If you qualify for Medicare because you have End-Stage Renal Disease

To sign up for Part A and B you can apply online with Social Security, call (800) 772-1213, or visit your nearest Social Security office. If you worked for a railroad, you can call the Railroad Retirement Board at (877) 772-5772.

**Important:** If you don’t want Part B, follow the instructions on your card and send it back. If you keep the card, you keep Part B and will be responsible for paying the Part B premiums.

If you are automatically enrolled, you will receive your red, white and blue Medicare card in the mail approximately three months prior to your 65th birthday.

Between April 2018 and April 2019, new cards will be mailed out. In order to help protect your identity, new cards will have a unique Medicare Number rather than a Social Security Number.





# Medicare Advantage Plans

These plan types are available through private companies that contract with Medicare, they cover all of the benefits in Part A and Part B, and often include additional benefits.

Medicare Advantage Plans may offer several varieties of coverage, including, Health Maintenance Organizations (HMO's), Preferred Provider Organizations (PPO's), Private Fee-for-Service Plans, Special Needs Plans, and Medicare Medical Savings Account Plans. If you enroll in a Medicare Advantage Plan, your Medicare services will be covered through the Advantage Plan, not under Original Medicare. Additionally, most Medicare Advantage Plans offer prescription drug coverage as well.

## The Two Most Popular Plans

### ■ HMO Plans

In a typical HMO plan, you are required to visit a doctor and other providers that are in the plan's network, except for emergency care. Most plans require you to choose a "Primary Care Physician" and obtain a referral for specialty care.

### ■ PPO Plans

In a PPO plan, there are typically less out-of-pocket expenses when you utilize the plan's network of providers. You will incur a greater cost if you go outside of the network. Unlike HMO plans, a PPO plan typically does not require you to select a Primary Care Physician.

# Medigap Plans

When you need help paying for the copays, coinsurance, and deductibles remaining after Medicare coverage, a Medigap (also known as Medicare Supplement) plan can fit your needs.

These Medicare supplement plans are only available if you have Original Medicare. They do not wrap around or supplement Medicare Part C (Medicare Advantage Plans) or Medicare Part D (prescription drug plans). Medigap plans wrap around Medicare Part A (hospital insurance) and Medicare Part B (medical insurance). It does not cover Medicare Part C (Medicare Advantage Plans), Medicare Part D (prescription drug plans) or any other private health insurance, Medicaid, Veterans' Administration benefits, or TRICARE.

Medicare supplement plans are available through private insurance companies. The Medigap policy must be clearly identified as "Medicare supplement insurance." There are 10 different Medigap coverage options to choose from. The plans are labeled A, B, C, D, F, G, K, L, M and N to differentiate among the benefits of each plan. You may have seen or heard of plans E, H, I and J at one time, but these plans are no longer available.



Medigap Plans: Plan benefits are the same regardless of the carrier you choose

Regardless of the Medigap insurance carrier, the covered benefits provided by each of these plan types are always the same in your state, due to government regulations. Although the benefits are identical by plan type, there are differences between carriers to consider before deciding which insurance carrier to select. Important questions about the carrier include:

- Does the carrier offer the benefit plan that best fits your needs?
- Does the carrier offer a competitive premium for that plan?
- Does the carrier provide good service?

\*In Massachusetts, Minnesota, and Wisconsin, Medigap policies are standardized in a different way.

# Medicare Part D: Prescription Drug Coverage

Available to those who reside in the U.S. and are enrolled in either Medicare Part A and/or Part B. If you don't enroll in Medicare Part D, you could be subject to a late enrollment penalty when you enroll later.

Part D is only available through a private insurance company that is contracted with Medicare to provide these plans. Each carrier offers different plans, so your out-of-pocket expenses for prescription drugs (copayments, coinsurance, and deductible) will vary, as will your cost for the plan. It is best to compare the coverage offered by various carriers to decide which plan is best for you.

## ■ How Does Part D Work?

- Your Part D monthly premium is paid to the insurance carrier you select to administer the plan.
- Each year after you satisfy the plan deductible (if your plan has a deductible), you will share in the cost of prescription drugs purchased at the pharmacy. Your share of the cost is called a copayment or coinsurance. Your share of prescription drug costs may change as you enter each stage of your Part D drug plan.

## ■ The Four Stages of Part D

1. **The Deductible Period:** If your Part D plan has an annual deductible, you will pay for your prescriptions up to that amount at the pharmacy before the Part D plan begins to pay.
2. **The Initial Coverage Period:** during this period, your share of each drug's cost depends on your plan's benefits. Your share of the cost can be no more than 25% of price for the prescription; the insurance carrier will pay the remainder of the cost.
3. **The Coverage Gap (donut hole):** during this period, the cost for your prescription drugs will be shared by you, the Part D plan insurance carrier, and the drug manufacturer. Your share of the drug's cost can be no more than 25% for brand name drugs or 37% for generic drugs, plus a small pharmacy dispensing fee.
4. **The Catastrophic Benefit Period:** during this period, your share of the drug cost is the greater of either 5% coinsurance or a \$3.40 copay for generic drugs and \$8.50 for brand or non-preferred drugs, which will continue for the remainder of the calendar year.

# Medicare Part D: Prescription Drug Coverage

## ■ Choosing a Part D Plan

Medicare Part D plans are all required by the federal government to offer at least a minimum level of benefits and to cover prescription drugs from each of five required categories. Medicare Part D plans differ in several ways, including:

- monthly premium amount,
- benefit deductible, copayments, and coinsurance amounts,
- the plan's covered prescription drugs or list of formulary drugs, and
- the plan's network of contracted and preferred pharmacies.

All of these factors are important to compare and consider when selecting a Part D plan.

## ■ Annual Enrollment Period

If you are unhappy with your Part D plan, you are allowed to switch to a new plan during the Annual Enrollment Period, which is between October 15 and December 7. New plans take effect on January 1 of the following year.



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