



# Focused on **MEDICARE**

A newsletter provided by the Physicians' Benefits Trust to help you understand Medicare and your health coverage options.

*Never before have we Americans had more options when it comes to health care coverage than when we turn 65. Having so many choices can be both a good and a bad thing all at the same time. It's good because we can compare plans based on personal criteria like price, type of plan coverage, and carrier. It can be bad because so many options can lead to confusion, a feeling of helplessness, and that sinking feeling that we may have enrolled in a plan simply because we were running out of time.*

*The purpose of this newsletter is to provide you some fundamental information on Medicare, a description of the various health care plans available to you, and a timeline that you can follow to help you make an informed health care decision.*

## What is Medicare?

Medicare is a federal health insurance program for people who are 65 and over, for some younger people with disabilities, and for people with end-stage kidney disease.

### Medicare is composed of four parts:

- 1. Medicare Part A** (hospital insurance) helps cover your inpatient care in hospitals. It also helps cover skilled nursing facility, hospice, and home health care if you meet certain conditions.
  - a. When you sign up for Medicare, you will automatically get Part A with no monthly premium if you or your spouse paid Medicare taxes while you were working.
- 2. Medicare Part B** (medical insurance) helps cover medically necessary services like doctors' services and

outpatient care. Part B also covers some preventive services to help maintain your health and to keep certain illnesses from getting worse.

- a. Unlike Part A, Medicare Part B is optional. You have to enroll in Part B and you will have to pay a monthly premium for Part B. The monthly premium is based upon your "modified adjusted gross income."

You can be billed directly for the premium or opt to have the monthly premium deducted from your Social Security check. You can sign up when you first go on Medicare, turn down the coverage, or wait to sign up at a later date.

Why would you wait to sign up for Part B? If you are working and already have group health insurance from your employer or your spouse's employer, you might not need Part B right away.

**3. Medicare Part C** (Medicare Advantage Plans) is another way to get your Medicare benefits. Part C combines Part A, Part B, and sometimes Part D (prescription drug) coverage. Medicare Advantage Plans are managed by private insurance companies who have been approved by the Centers for Medicare and Medicaid Services (CMS). CMS is a federal agency which administers Medicare, Medicaid, and the State Children's Health Insurance Program.

- a. Medicare Advantage Plans must cover medically-necessary services. However, these plans can charge different co-payments, coinsurance, or deductibles for these services.

**4. Medicare Part D** (Medicare prescription Drug Coverage) helps cover prescription drugs.

- a. All people on Medicare can enroll in this voluntary drug coverage regardless of their income, health or

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how they pay for prescription drugs today. Medicare-approved prescription drug plans are offered through private insurance companies.

- b. Your costs (deductible, premiums, and co-payments) will vary depending on which plan you choose. You can first join three months before or three months after the month your Medicare coverage started. If you do not join when you start Medicare, you may have to pay a penalty if you decide to join during a future open enrollment period (November 15 to December 31 each year).
- c. Generally if you have creditable coverage or coverage as good as Medicare's from an employer or union, you can keep that coverage. Later, if you discontinue or lose your drug coverage, you can join a Medicare prescription drug plan without incurring a penalty.

## What Are My Coverage Options?

You have a choice of how you get your health care in Medicare. You can always choose the Original Medicare Plan. Or, you may be able to choose a Medicare Advantage Plan. Medicare Advantage Plans are health plans offered by private insurance companies that provide your Medicare benefits. You can also choose a Medicare Drug Plan to help reduce the costs of your prescription medications.

### Medicare plans include:

#### 1. The Original Medicare Plan (sometimes called the "traditional" plan).

- a. Managed by the Federal government, Original Medicare provides Part A and Part B coverage and is a fee-for-service health plan. This means that your doctor, hospital or other health care provider gets paid for each service you receive. Under this plan, you can go to almost any doctor or hospital in the country that accepts Medicare.
- b. In the Original Medicare Plan, Medicare pays its share of the doctor or hospital bill, and you pay your share. Original Medicare Plan pays for many health care services and supplies, but it doesn't pay all of your health care costs. For this reason many people with Original Medicare also purchase a Medicare Supplement plan to help offset the expenses not fully covered by Medicare (Parts A and B).
- c. If you choose Original Medicare and a Medicare Supplement plan and also want prescription drug coverage, you will need to enroll in a Medicare prescription drug plan (often referred to as 'Stand-Alone') through a Medicare-approved private insurance company. Remember, Medicare Supplement plans are no longer permitted to offer prescription drug coverage as a plan benefit.



**2. Medicare Advantage Plans** are plans approved by Medicare and offered by private insurance companies. These plans pay for the same health care as the Original Medicare Plan. Some plans also offer other benefits that the Original Medicare Plan doesn't cover. These benefits can include prescription drug coverage, check-ups, vision care, and hearing aids. However, be aware that these plans can change their benefits from year to year.

#### *There are five main types of Medicare Advantage Plans:*

1. **Health Maintenance Organizations (HMOs).** In a Medicare HMO, you can only go to doctors, specialists, and hospitals in the plan's network. You usually need to choose one doctor, such as a family doctor or internist, to be your main or primary care doctor. Your primary care doctor will coordinate all of your health care and send you to a specialist when you need one. Your primary doctor can also admit you to the hospital.
2. **Preferred Provider Organizations (PPOs).** A Medicare PPO also has a network of doctors, specialists and hospitals. However, in a PPO, you can go to doctors, specialists and hospitals outside the plan's network, but you will pay more for your care.
3. **Private Fee for Service (PFFS).** With a Private-Fee-For-Service Plan, there are no doctor or hospital networks that you are required to use. You can choose any doctor or hospital willing to accept the plan's payment. The insurance company pays its share of your doctor and hospital bills, and you pay your share. However, the private insurance company, not Medicare, decides how much you pay for your care. This means you might pay more for your health care than if you were in the Original Medicare Plan.

Some PFFS Plans include prescription drug coverage and some do not. Unless your prescription drugs are covered through the PFFS Plan or elsewhere, you may need to select a Medicare prescription drug plan.

4. **Medicare Medical Savings Account (MSA).** Medicare Medical Savings Account (MSA) plan is a type of Medicare Advantage plan that combines a high-deductible health plan with a medical savings account. You can initially use your savings account to help pay for health care, and then have coverage through a high-deductible insurance plan once you reach your deductible. Medicare MSA plans provide

Medicare beneficiaries with more control over health care utilization, while still providing coverage against catastrophic health care expenses.

**5. Regional Preferred Provider Organizations (RPPOs).** A Regional Preferred Provider Organization (RPPO) is structured like a Preferred Provider Organization (PPO) and has a contracted network but serves an entire region or regions. Regions are defined and determined by CMS.

**3. Medicare Supplement Insurance Plans** Often referred to as MediGap plans, Medicare Supplement insurance plans are designed to work in concert with Medicare Part A and Part B by helping to pay for some of the costs (deductibles, co-payments, etc.) not covered or not fully covered by Medicare.

Due to confusion in marketplace, Congress, in the early 90's, created 12 plans (Plans A through L) with standardized benefits. Private insurance companies wishing to market Medicare Supplement plans were required to offer the standardized benefit plans that were approved at the individual state level by the state's Department of Insurance. However, private insurance companies could select the plans they wanted to offer even if a state approved all ten plans.

The purpose of the standardization was to remove various plan designs and force the private insurance companies to compete for business based solely on price.

Today, none of the previous Medicare Supplement Plans (H, I, and J) that offered prescription drug coverage are permitted to do so due to the advent of Medicare Part D.

In addition to Medicare Supplement Plans, private insurance companies can also market standardized Medicare Select plans. Through these plans you can gain some premium savings by using the plan's hospital network.

# A Guide to Help You Decide Which Medicare Health Plan You Want

Plan	Do I need to choose a primary care doctor?	Can I get my health care from any doctor or hospital?	Do I have to see a primary care doctor to get a referral to see a specialist?	Are prescription drugs covered?	What else do I need to know?
<b>Medicare Advantage HMO</b>	Yes	No	In most cases, yes	Yes if you enroll in an HMO that offers drug coverage	If your doctor the plan network your plan will notify you and you'll be able to choose another doctor in the plan.
<b>Medicare Advantage PPO</b>	No	Yes. You can go outside the network for covered services, usually at a higher cost	In most cases, no	Yes if you enroll in an PPO plan that offers drug coverage	You may be able get extra benefits for additional premium
<b>Medicare Advantage RPPO</b>	No	Yes. You can go outside the network network for covered services, usually at a higher cost	In most cases, no	Yes if you enroll in an PPO plan that offers drug coverage	You may be able get extra benefits for additional premium
<b>Medicare Advantage PFFS</b>	No, but your doctor must agree to the plan's terms and conditions	In most cases, yes. You can go to any Medicare approved doctore or hospital if they agree to the plan's terms and conditions before treating you	No	Yes if you enroll in in an PFFS plan that offers drug coverage	<ul style="list-style-type: none"> <li>- PFFS have different rules from other Medicare Advantage Plans</li> <li>- PFFS are offered by private insurance companies. The private company, not Medicare, decides how you will pay for services</li> </ul>
<b>Medicare Advantage MSA</b>	No	Yes. Some plans have doctors and hospitals.	No	No. You will need to join a Prescription Drug Plan.	<ul style="list-style-type: none"> <li>- MSA plans have two parts: a high deductible health plan and a bank account.</li> <li>- Medicare gives the plan an amount each year for your health care, and the plan deposits a portion of this money into your account</li> <li>- you can use the money in your account to pay your health cost</li> <li>- Any money left in your account at the end of year is carried forward.</li> </ul>
<b>Medicare Supplement Plans</b>	No	No	No.	You will need to join a Prescription Drug Plan.	<ul style="list-style-type: none"> <li>- Plan coverage is portable – it travels with you.</li> <li>- Some plans cover you when you travel abroad.</li> <li>- Benefits are standardized. All insurance companies are required to offer the same benefits for the plans they offer.</li> </ul> <p><b>Shop price!</b></p>

# If you are turning 65 here are few steps to follow:

## Step 1 Nine months before you turn 65.

Learn about your options by gathering plan information. Find out as much as you can about each Medicare plan you are considering. Don't only rely on information from the plan alone.

Starting now will give you time to compare and contrast the various plans, their benefits, and their costs. Above all, you want to be an informed and educated consumer. Visit [www.medicare.gov](http://www.medicare.gov). The site allows you to compare and contrast Medicare Advantage and Prescription Drug Plans available in your zip code/county. You can also view insurers who offer Medicare Supplement insurance plans.

## Step 2. Three months before you turn 65.

Visit your local Social Security Office and apply for your Social Security benefits. You can also apply for your Medicare Part B coverage at this time. If

you can't make it to the Social Security Office, you can visit [www.socialsecurity.gov](http://www.socialsecurity.gov) and apply for your benefits and Medicare online by clicking on "What You Can Do Online" under "Retirement."

## Step 3. Two months before you turn 65.

There is no need to rush! The more you learn about your Medicare choices, the better prepared you will be to make the choice that is right for you. By now, you should have narrowed down your options down based on your personal health care needs. This is a good time to make a final review of the information you have gathered just to make sure you are making the right choice. The following can serve as a guide to help you with your coverage selection.

### Decide Which Medicare Health Plan You Want

Original Medicare Plan	OR	Medicare Advantage Plan (Like an HMO or PPO)
Part A (Hospital Insurance) & Part B (Medical)		Part C – Includes <b>BOTH</b> Part A (Hospital Insurance) and Part B (Medical Insurance)
<ul style="list-style-type: none"> <li>• Medicare provides this coverage</li> <li>• You have your choice of doctors</li> <li>• Generally, Medicare pays 80% of covered costs. You pay 20% after you satisfy the Part B deductible</li> </ul>		<ul style="list-style-type: none"> <li>• Private insurance companies approved by Medicare provide this coverage</li> <li>• In most plans, you must see plan doctors</li> <li>• You usually pay a copayment for covered services</li> <li>• Costs, extra benefits, and rules vary by plan</li> </ul>

### Decide If You Want Prescription Drug Coverage (PART D)

<ul style="list-style-type: none"> <li>• If you want this coverage, you must choose and join a Medicare Prescription Drug Plan</li> <li>• These plans are run by private companies approved coverage, by Medicare</li> </ul>	<ul style="list-style-type: none"> <li>• Most Medicare Advantage Plans include prescription drug coverage (Part D), usually for an extra cost</li> <li>• If you choose a Medicare Advantage Plan that does not offer prescription drug you will have to choose and join a Medicare Prescription Drug Plan</li> </ul>
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### Decide If You Want Supplemental Coverage

If you want to get private coverage that helps fills the gaps in Part A and Part B	
<ul style="list-style-type: none"> <li>• You can choose to buy private supplemental coverage, like a Medigap (Medicare Supplement) policy</li> <li>• Plan benefits are standardized across insurance companies</li> <li>• Costs vary by plan and carrier</li> </ul>	

**Step 4. One month before you turn 65.** Choose your plan and enroll. Now is the best time to enroll because you want your coverage to be in place on the 1st day of the month you turn 65. That way you won't have any gaps in coverage.

## Who's Eligible?

Citizens and permanent residents are eligible for Medicare benefits at age 65. You need to apply for Medicare Parts A and B if you are not receiving Social Security Benefits three months before you turn 65. That's the beginning of your 7-month initial enrollment period. By applying early, you'll avoid a possible delay in the start of your Part B coverage. You apply by contacting your local Social Security Administration office. One month before your 65th birth month, you'll receive your Medicare ID card.

If you continue to work after age 65 and have medical coverage either through your employer or your spouse's employer, you can delay enrollment in Medicare Part B. You must contact your local Social Security Office and inform them of your decision. Even if you delay Medicare Part B coverage you do have some choices:

- You may enroll in Part B at any time while you are covered by the group health plan; or
- You can enroll in Part B during the 8-month enrollment period that begins the month employment ends or the month you are no longer covered under the employer plan, whichever comes first.

Medicare Part A coverage is as available without having to pay premiums to those who are under age 65 and:

- Have received Social Security disability benefits for 24 months.
- Are a kidney dialysis or kidney transplant patient.

## When Should I Begin the Enrollment Process?

The most important thing for you to do is to look ahead and take charge of your health care coverage before you turn 65. Insurers will begin contacting you well before you reach your 65th month with offers that will include Medicare Supplement plans, Medicare Advantage plans, Medicare Advantage plans with Prescription Drug coverage, and 'Stand-Alone' prescription drug plans.

Only you can determine which plan option is right for you because only you know what your health care needs are. If you do your research now, before the time to enroll arrives, you'll be in a better position to make an informed and educated decision about your health care.

## Important Resources

[www.medicare.gov](http://www.medicare.gov)  
[www.mymedicare.com](http://www.mymedicare.com)  
[www.socialsecurity.gov](http://www.socialsecurity.gov)  
[www.pbtinsurance.com](http://www.pbtinsurance.com)  
[www.isdsinsurance.com](http://www.isdsinsurance.com)

**ISMS/CMS** - 1-800-621-6748

**ISDS** - 1-866-898-0926

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