



Medicare 101

What is the difference between Medicare and Medicaid?

Medicare is a national health insurance program administered by the federal government that provides health insurance coverage to most people who are age 65 and over or who meet other special criteria. Eligibility for this program is not based on income/asset guidelines. There are four parts to Medicare: Part A, Part B, Part C, and Part D.

Medicaid, also known as Medical Assistance, is a state-run program that provides hospital and medical coverage for people with low income and little or no resources.

What is Medicare Part A?

Medicare Part A is hospital insurance. Most people do not pay a premium for Part A (if you or your spouse worked at least 40 Social Security quarters - 10 years). Services included under Part A are hospitalization, skilled nursing facility care, home health care, hospice care, and blood in a hospital/skilled nursing facility (*co-pays, deductibles, and coinsurance apply*).

What is Medicare Part B?

Medicare Part B is medical insurance. There is a premium of \$99.90 per month (Year 2012) for Part B. In addition, if your income is more than \$85,000 as a single person or \$170,000 as a couple, you will pay more for Part B. Services included under Part B are physician services, outpatient surgery, ambulance, and durable medical equipment (*co-pays, deductibles, and coinsurance apply*).

What is Medicare Part C?

Medicare Part C is known as Medicare Advantage. You only have Part C if you enroll in a Medicare Advantage Plan. When you enroll in a Medicare Advantage Plan, Medicare transfers the responsibility of administering the Medicare Part A and Part B benefits to the plan. At a minimum, plans must provide all Medicare Part A and Part B covered benefits. Most plans provide additional coverage. Most plans also include Medicare Part D outpatient prescription drug coverage in at least some of their plan options.

What is Medicare Part D?

Medicare Part D is a voluntary program that helps cover outpatient prescription drug costs. Unlike Medicare Part A and Part B, you do not apply for Part D through Social Security. Instead, Medicare Part D is offered by private companies that contract with Medicare. These private companies include:

- (1) Medicare Advantage Plans that include coverage to fill in the gaps of Medicare Part A and Part B and also include Part D. These plans are referred to as MA-PDs.
- (2) Stand-alone Part D plans that only provide Part D. These plans are referred to as PDPs.

If I don't use any prescription drugs, do I need to take Medicare Part D?

If you do not enroll in Medicare Part D when first eligible for Medicare Part A or Part B, you may have to pay a penalty and wait until the next Annual Election Period to apply if you decide you want it at a later date. The Part D penalty is calculated as 1% of the current national base beneficiary premium for each full, uncovered month that you were eligible to enroll in a Part D plan but did not. The national base beneficiary premium for Year 2012 is \$31.08. This penalty is applied monthly and continues for as long as you have Part D.

There are some situations when the penalty would not be applied, including, but not limited to: (1) If you qualify for Extra Help for Medicare Part D; (2) If you have maintained creditable drug coverage (at least as good as Medicare's). Examples of

creditable coverage include drug coverage through the Veterans Administration and prescription drug coverage offered by many (but not all) employer group plans.

Exception: If you do not take Medicare Part D when first eligible because you are on a group employer plan, you will have a Special Election Period to enroll in Part D when your group plan ends and during the two months after your coverage ends.

When and how do I enroll in Medicare?

Even though the retirement age for full Social Security benefits is increasing, you can still get Medicare at age 65 (if qualified).

If you are receiving Social Security benefits prior to age 65, you should automatically receive your Medicare card approximately three months before your 65th birthday. Your Medicare Part A and Part B will start on the first of the month of your birthday (unless your birthday falls on the first, then it will start on the first of the previous month).

If you are not drawing Social Security benefits prior to age 65, you will need to contact Social Security (not Medicare) at 1-800-772-1213 (TTY 1-800-325-0778) to enroll in Medicare on the date first eligible. *(Note: For Railroad retirees, the Railroad Retirement Board handles this enrollment at 1-800-833-4455. TTY users call 312-751-4701.)* Sign up early to avoid a delay in getting coverage for Part B. To get Part B coverage the month you turn 65, you must sign up during the three months before the month you turn 65. If you wait until the last four months of your Initial Enrollment Period to sign up for Part B, your start date for coverage will be delayed.

If you are not drawing Social Security and plan to continue to work past the date you are eligible for Medicare and you are covered by your employer's group plan, you do not need to sign up for Medicare Part A or Part B until you want this coverage to begin (see next question below to learn how to enroll at the time you become an inactive employee or lose group coverage - whichever occurs first).

If I plan to work past age 65 and I am covered by my employer's group plan, do I have to enroll in Medicare Part A and Part B?

Related to Part A, although you are entitled to start at that time you are not required to do so. When you want Part A to start, you need to contact Social Security and they will make the start date of your Part A six month retroactive.

Related to Part B, when eligible for Medicare, if you have coverage through you or your spouse's active employer group plan you may waive Medicare Part B in order to avoid paying the Part B monthly premium. Active means you (or your spouse) are currently working for the company you are covered by. If the employer has 20 or fewer employees, check with the employer regarding how their coverage would interact with Medicare. When employment ends or you leave the employer group coverage (whichever occurs first), you can apply for Part B to start on the first of the following month after termination using a Special Enrollment Period for Part B. If not done prior, once active employment or group coverage ends, you have up to eight months to apply for Part B. If you apply for Part B within this timeframe, no Part B penalty will apply. If you choose to stay on a COBRA plan, please note that you must enroll in Part B within this eight month period or you will have to wait until the General Enrollment Period to apply for Part B (apply between 1/1 - 3/31 for 7/1 effective) and a penalty may apply.

Do I need more coverage than Original Medicare?

The term "Original Medicare" refers to the combination of the two original parts of Medicare that started in 1965 which are Part A and Part B. Together, these two parts are designed to provide coverage for approximately 50% of your overall health needs. Some people think it provides 80% coverage because it does provide 80% coverage of some services, but that is after a deductible is met. Plus, there are many services that are not covered by Original Medicare. So, if you are satisfied with 50% coverage of your overall health services, you do not need to get anything else. However, if you want more coverage, then you will need to choose another plan.

What are the different types of plans that fill in the gaps of Medicare?

There are a few different types of plans that fill in the gaps of Medicare. On a high level:

- There are Medigap plans that include both Supplements and Select plans. These plans pay second to Medicare and only pay on Medicare-approved services, unless specifically noted. Medigap plans are regulated by the Department of Commerce in the State. Since these plans are not regulated by Medicare, you need to purchase a stand-alone prescription drug plan (or

PDP) if you want coverage for prescription drugs. Also, you would be subject to health screening after you were on Part B for six months.

- There are Medicare Advantage plans that provide all the Part A and Part B benefits, plus provide additional coverage all coordinated in one package. This means you will have virtually no paperwork. In addition, most plans have options that include Medicare Part D prescription drug coverage. There is typically more coverage for preventive care. There is no health screening, except for end-stage renal disease (means on or needs kidney dialysis).

How do I compare plans?

First, you should write down benefits or services that are important to you. You should request information packets from a select number of health plans that meet your criteria. If you are currently on employer coverage, you may want to find out if they offer plans to supplement Medicare. Then, ask friends, relatives, and neighbors about their level of satisfaction with their health plans. Create a checklist to help you compare plan options. If you still feel you need help, you can seek insurance counseling (available at no cost) through your State Health Insurance Assistance Program (SHIP). In Minnesota, the SHIP is called the Senior LinkAge Line[®]: 1-800-333-2433 (TTY 711). In Wisconsin, the SHIP is called the State Health Insurance Assistance Program of Wisconsin: 1-800-242-1060 (TTY 711).

I turn age 65 in June, but heard I have to enroll in a plan only during certain timeframes. When can I enroll in a plan?

At any time during the year, if you become eligible for Medicare (either by age or disability), you are allowed an election to enroll in a Medicare Advantage Plan during the Initial Coverage Election Period (ICEP). If you take both Part A and Part B when first eligible, this period is a seven month period (the three months before, the month of, and the three months after you become eligible). If you have had Part A and are just applying for Part B, this period is limited to the three months prior to your enrollment in Part B.

I am having trouble meeting all my financial obligations. Is there any help available?

You may be eligible for one of the Medicare Savings Programs available to individuals that meet certain income/asset levels.

You may also be able to get Extra Help to pay for your prescription drug premiums and costs. To see if you qualify for these programs, call:

- 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048, 24 hours a day/7 days a week.
- Social Security Administration at 1-800-772-1213. TTY users call 1-800-325-0778. Open 7 a.m. to 7 p.m., Monday - Friday.
- Your State Medicaid Office or County Human Services Office.
- Your state SHIP program:
 - Minnesota: Senior LinkAge Line[®], 1-800-333-2433 (TTY 711)
 - Wisconsin: State Health Insurance Assistance Program of Wisconsin, 1-800-242-1060 (TTY 711)