



# Medicare 101:

Understanding How Medicare Works and  
Your Coverage Options

# Topics Covered:

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- What Medicare is and how it works
- The different parts of Medicare
- How and when to sign up for Medicare
- The additional coverage options are available to you

# What is Medicare and How Does it Work?

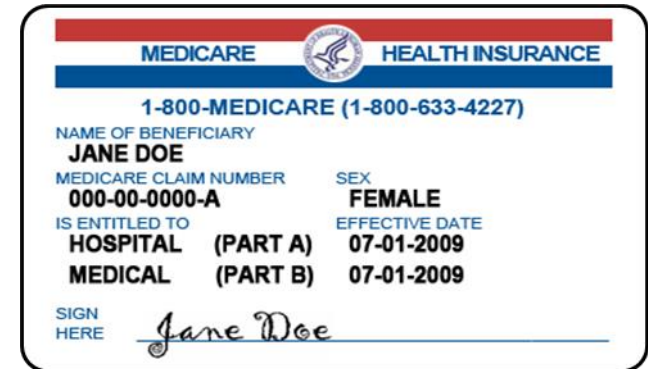
Medicare is federal government insurance program for people who:

- Are 65 or older
- Are under 65 with certain special needs

Once enrolled you'll receive a Medicare card in the mail from the government

## Important Medicare Coverage Information:

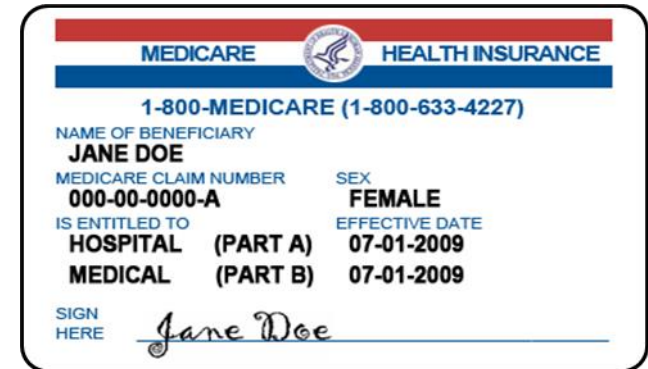
- **No** annual out-of-pocket maximum
- **No** Coverage outside of the United States
- When enrolled in Medicare you can see any doctor that accepts Medicare and do not need referrals
- Can defer enrollment if you have equivalent coverage through your employer or spouse
- Coverage is broken into 4 parts



(Example of Medicare card)

# What is Medicare and How Does it Work? ? (cont.)

- **Overview of the 4 Parts of Medicare Coverage**
  - Coverage provided by Federal Government through Medicare Program
    - **Parts A & B**
      - Often referred to together as “Original Medicare”
      - Covers percentage of hospital and medical services
    - Additional coverage provided through private insurance companies contracted with Medicare (Must be enrolled in A & B to qualify)
      - **Part D**
        - Prescription drug coverage
      - **Part C**
        - Also known as “Medicare Advantage Plans”
        - Includes all the coverage of Parts A & B, along with additional benefits and cost limits not offered by Original Medicare
        - Part D can be included in your Part C coverage; it is optional



(Example of Medicare card)

# Medicare Part A

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## PART A



### Hospital Insurance

Covers hospital and nursing home stays, and hospice care.

- **Premium:** \$0 for *Most People*
  - If you or your spouse (or former spouse) paid Medicare taxes for 40 calendar quarters (10 years), you qualify for what is typically referred to as “Premium-Free Part A,” which has a \$0 premium.
- **Deductible:** \$1,316 per *Benefit Period*
  - Benefit Period: Starts when you enter a hospital or skilled nursing facility for an overnight stay and ends when you have been out for 60 days in a row. The Part A deductible applies to each benefit period, so it is possible to have to pay multiple deductibles per year.
- **No Annual Out-of-Pocket Maximum**

# Medicare Part B

## PART B



### Medical Insurance

Covers doctor services, outpatient hospital care, durable medical equipment, and other medical services.

- Premium: \$134.00 - \$428.60 per month (depending on income)
- Annual Deductible: \$183
- What do you pay in coinsurance:

#### Medicare Part B Pays:

**80%**

of the Medicare-approved amount for a specific medical procedure

#### You Pay

the remaining

**20%**

(called coinsurance)

- **No Annual Out-of-Pocket Maximum**

# How and When Can You Enroll in Medicare? (cont.)

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## Who is Automatically Enrolled?

You will be automatically be enrolled in Medicare Parts A and B if you:

- **Are already getting benefits from Social Security**
  - Starts the 1<sup>st</sup> day of the month you turn 65
  - The Part B premium is automatically deducted from your Social Security payment
- **Are under 65 and a person with certain special needs**
  - You'll be automatically enrolled after you get disability benefits from Social Security
- **Have ALS (Amyotrophic Lateral Sclerosis)**
  - You'll automatically be enrolled the month your Social Security disability benefits begin

# How and When Can You Enroll in Medicare? (cont.)

## When to Manually Enroll

If you are not automatically enrolled in Medicare you will need to contact Social Security during an Enrollment Period to sign up.

- **The Initial Enrollment Period (IEP)**

- A 7-month sign-up window around your 65<sup>th</sup> birthday:



\*Coverage begins based on when you sign up in

- If you are still working **you can defer signing up** for Medicare during your IEP
  - Must have insurance coverage equivalent to Parts A and B through either you or your spouse's employer or union; or you may draw a penalty from Medicare if/when you enroll
  - Many people choose to sign up for part A and defer Part B at this time because they qualify for the \$0 Part A premium



# How and When Can You Enroll in Medicare? (cont.)

## ■ Special Enrollment Periods (SEPs)

- Times outside of IEP when you can sign up for Medicare under special circumstances.
  - **Most common SEP Scenario:** You continued to work past 65, deferred Part B and/or Part A and are now getting ready to retire. You can:
    - Enroll in Medicare Part B and/or Part A any time while you're covered under you or your spouse's employer/union's insurance
    - Wait and enroll in Medicare Part A and/or Part B any time during an 8-month period that begins the month your employer/union coverage ends or the month your employment ends, whichever comes first.



**Note:** If you do not enroll by the end of the 8-month period, you will have to wait until the next General Enrollment Period

# How and When Can You Enroll in Medicare? (cont.)

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- **General Enrollment Period(GEP)**

- If you did not sign up for Medicare during your Initial Enrollment Period (IEP) and do not qualify for, or missed, your Special Election Period (SEP) you have to wait until the General Enrollment Period (GEP) to sign up.
- Coverage starts later and you may have to pay penalties.

- **When is the GEP?**

*General Enrollment Period*



*Coverage Begins*



# How and When Can You Enroll in Medicare? (cont.)

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- **What are the Penalties?**
  - **Part A\*:** 10% penalty on your Part A premium for twice the number of years you could have been enrolled in Part A but were not.
  - **Part B\*:** 10% penalty on your Part B premium for each 12-month period you were eligible for, but did not enroll in, Part B. Paid as long as you are on Medicare.
  - **Note:** If you are still working and have equivalent coverage through an employer, union or a spouse and defer Medicare Part B and/or A enrollment, you will qualify for a Special Enrollment Period and not be subject to a late enrollment penalty

# Additional Coverage Options

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- Medicare does **NOT** cover all of your expenses
  - Part B 20% coinsurance, plus deductibles and coinsurance associated with Part A, etc.
- What other options are available that provide you with additional coverage?
  - **Medicare Part D - Prescription Drug Coverage**
    - Stand-alone prescription drug coverage provided via private insurance companies contracted with Medicare.
  - **Medicare Supplement Plans (Medigap Plans)**
    - Medicare remains your primary insurer.
    - Covers the out-of-pocket costs associated with Medicare Parts A and B.
    - Does not include prescription drug coverage
  - **Medicare Part C – Medicare Advantage Plans**
    - Provided through private insurance companies contracted with Medicare.
    - The insurance company is your primary insurer.
    - Includes all coverage of Parts A and B, optional Part D prescription coverage, as well as additional benefits not provided by Medicare alone

# Medicare Part D Details

## Medicare Part D Prescription Drug Plan

<b>PART D</b>	 <b>Prescription Drug Plan</b> <p>Insurance offered by Medicare-approved private companies to cover the cost of prescription drugs for anyone who has Original Medicare (Part A and B) or a Medicare Supplement plan.</p>
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**Original Medicare  
with Drug Plan**

- **Penalty\*:** Not enrolling in Part D when you are first eligible for Medicare, or going 63 days or more without continuous Part D or equivalent drug coverage MAY result in a late enrollment penalty being added to your Part D premium when you do enroll.
- **Coverage is broken into 4 stages**
  - Each stage based on year-to-date prescription drug spending by both you and your insurer
  - Out-of-pocket costs determined by the stage you are in

\* If you are still working and have equivalent drug coverage through an employer, union or a spouse you will not be subject to a late enrollment penalty.

# Medicare Part D Details (cont.)

- **The 4 Part D Coverage Stages**

<b>Deductible Stage</b>	<b>Initial Stage</b>	<b>Coverage Gap Stage</b>	<b>Catastrophic Stage</b>
In this stage you must pay your Plan D's deductible, the amount you are required to pay before your plan will pay its share of your covered drugs (not all plans have deductibles).			
Ends when your plan's deductible is met.			

# Medicare Part D Details (cont.)

- **The 4 Part D Coverage Stages**

Deductible Stage	Initial Stage	Coverage Gap Stage	Catastrophic Stage
<p>In this stage you must pay your Plan D's deductible, the amount you are required to pay before your plan will pay its share of your covered drugs (not all plans have deductibles).</p>	<p>In this stage, you will pay co-pays for your Prescriptions based on your Plan's Cost sharing schedule. Your Plan pays the rest of the cost after co-pay is made.</p>		
<p>Ends when your plan's deductible is met.</p>	<p>Ends when the total cost of your prescriptions, (co-pays and remaining cost by Plan), reach <b>\$3,310</b>.</p>		

# Medicare Part D Details (cont.)

- **The 4 Part D Coverage Stages**

Deductible Stage	Initial Stage	Coverage Gap Stage	Catastrophic Stage
<p>In this stage you must pay your Plan D's deductible, the amount you are required to pay before your plan will pay its share of your covered drugs (not all plans have deductibles).</p>	<p>In this stage, you will pay co-pays for your Prescriptions based on your Plan's Cost sharing schedule. Your Plan pays the rest of the cost after co-pay is made.</p>	<p>Also known as the "<b>Donut Hole</b>", in this stage, you will pay 51% of the cost of generic drugs and 40% of brand name drugs</p>	
<p>Ends when your plan's deductible is met.</p>	<p>Ends when the total cost of your prescriptions, (co-pays and remaining cost by Plan), reach <b>\$3,700</b>.</p>	<p>Ends when your total-out-of-pocket drug costs reaches <b>\$4,950</b>.</p>	



# Medicare Part D Details (cont.)

- **The 4 Part D Coverage Stages**

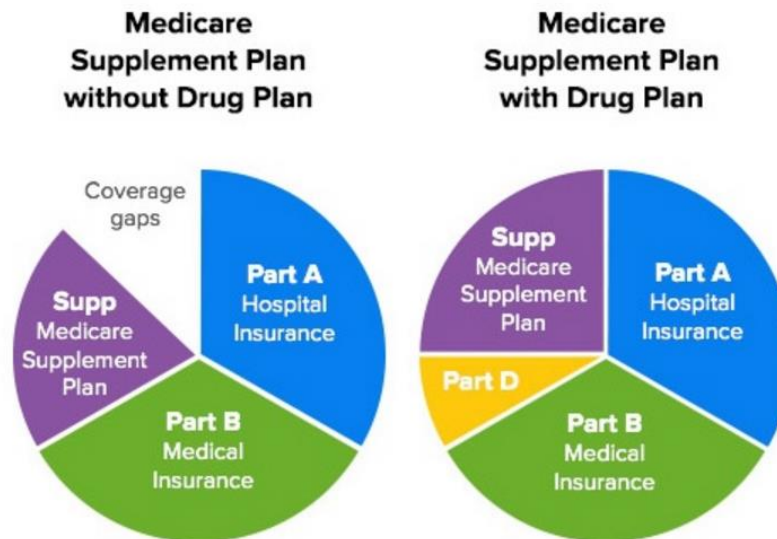
Deductible Stage	Initial Stage	Coverage Gap Stage	Catastrophic Stage
In this stage you must pay your Plan D's deductible, the amount you are required to pay before your plan will pay its share of your covered drugs (not all plans have deductibles).	In this stage, you will pay co-pays for your Prescriptions based on your Plan's Cost sharing schedule. Your Plan pays the rest of the cost after co-pay is made.	Also known as the " <b>Donut Hole</b> ", in this stage, you will pay 51% of the cost of generic drugs and 40% of brand name drugs	This is the final stage of a Part D Drug Plan. You pay the greater of 5% of the cost of the drug, or \$3.30 for generic drugs and \$8.25 for brand name drugs
Ends when your plan's deductible is met.	Ends when the total cost of your prescriptions, (co-pays and remaining cost by Plan), reach <b>\$3,700</b> .	Ends when your total-out-of-pocket drug costs reaches <b>\$4,950</b> .	Final Stage of a Part D Plan. Individual will stay in this Stage until new year begins

- Most Part D plan providers will track your progress through these stages over the course of the year.

# Medicare Supplement (Medigap) Plans

## ■ Medicare Supplement Plans

- Cover the out-of-pocket costs of Medicare, like deductibles, copays and coinsurance.
- Must have Parts A and B to enroll.
- Can enroll any time.
- Medicare is your primary insurer.
- Accepted anywhere Medicare is accepted – no network.
- Does not come with Part D prescription drug coverage – must be purchased separately.



# Medicare Part C (Medicare Advantage Plans)

## PART C



### Medicare Advantage

Insurance offered by Medicare-approved private companies to provide all the benefits of Part A and Part B, optional Part D coverage, plus additional things that Medicare doesn't cover.

Medicare Advantage  
without Drug Plan



Medicare Advantage  
with Drug Plan



- Must have Parts A and B to enroll.
- The private insurance company providing the Medicare Advantage plan becomes your primary insurer.
- Coverage includes everything Parts A and B provide as well as additional benefits and features not covered by Medicare. These may include:
  - Annual out-of-pocket spending maximums and lower copays/coinsurance for medical/hospital services
  - Vision coverage
  - Hearing coverage
  - Prescription drug coverage can be included as part of the plan; optional coverage

# Medicare Part C (Medicare Advantage Plans) cont.

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- **When can you enroll in a Medicare Part C Medicare Advantage Plan?**

- During your Initial Enrolment Period (IEP)
- During a Special Enrollment Period (SPE).
- During the Annual Enrollment Period (AEP)
  - October 15<sup>th</sup> – December 7<sup>th</sup>
  - Coverage begins January 1<sup>st</sup>
- 5-Star Rated Plans
  - Enroll any time from December 1<sup>st</sup> – November 30<sup>th</sup>

- **Enrollment Eligibility**

- Must be on Original Medicare (Parts A and B) or be switching from another Medicare Advantage or Supplement Plan
  - **Note:** You can not have a stand-alone Part D prescription drug plan and a Part C Medicare Advantage plan. You must select a Part C Medicare Advantage plan with, or without, drug coverage.

# Wrapping Up

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- **What should you consider before enrolling in Medicare?**
  - What can you afford?
  - What benefits do you want and need?
  - What plans do your providers accept?
  
- **Where can you get more information?**
  - [TuftsMedicarePreferred.org](https://tuftsmedicarepreferred.org) or [THPMP.org](https://thpmp.org)
  - [Medicare.gov](https://www.medicare.gov)
  - [SSA.gov](https://www.ssa.gov)

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**Thank You for Watching**