

ALL ABOUT MEDICARE

Medicare is a federal government program that provides health insurance to people aged 65 and over. This is an effort to simplify the essentials. However, you should always check at www.Medicare.gov for any specific questions you may have.

Two groups of people are eligible for Medicare benefits: adults aged 65 and older, and people under age 65 with certain disabilities. The program was created in the 1960s to provide health insurance for senior citizens. If you are eligible for Medicare, your coverage may include:

- **Part A: Hospital Insurance**—Part A covers inpatient hospital care, skilled nursing facilities and some home health care. Most people do not have to pay a monthly premium for Part A coverage. Part A does have an annual deductible and additional co-payments.
- **Part B: Medical Insurance**—Part B covers doctor visits, medically necessary supplies and equipment, physical and occupational therapy, outpatient mental health services and other outpatient hospital services. It also includes certain preventive benefits like mammograms and cardiovascular screenings. While Part B is optional, most people enroll when first eligible as there are higher premium costs for those enrolling later. Co-payments also apply to most Part B services.
- **Part D: Prescription Drugs**— While Part D is an optional program, if you do not enroll in Part D when you choose Parts A and B, you may be subject to an annual penalty.

Part A and Part B cover ~ 80% of your expected medical expenses. The remaining 20% can be covered either with a Medicare Advantage Plan or a Medicare Supplement.

- **Detail on Medicare Part D**—Your Part D insurance card will be separate from your Medigap plan and may be separate from your Advantage Plan.

Medicare Part D plans all follow federal guidelines. Each insurance carrier must submit its plan outline to the Centers for Medicare and Medicaid Services annually for approval. There are 4 stages to a Part D drug plan, as follows:

- **Annual Deductible**—You will pay the network discounted price for your medications until your plan tallies that you have satisfied the deductible. After that, you enter initial coverage.
 - o Now(!) Do not misunderstand this. You will not be paying the full cost for your drugs. Your plan will provide significant discounts. You will be paying the discounted price until you meet the Part D deductible. In this period, **the benefit of your drug plan at this point is the discount.**
- **Initial Coverage**— during this stage of Part D drug coverage, you will pay a copay for your medications based on the drug formulary. Each drug plan will separate its medications into tiers. Each tier has a copay amount that you will pay. The insurance company tracks the spending by both you and the insurance company until you have together spent **the Initial Coverage Limit**.
- **The Coverage Gap**— after you've reached the initial coverage limit for the year, you enter the coverage gap. During the gap, you will pay only 25% of the retail cost of your medications. Your gap spending will continue until your total out of pocket drug costs have reached. Please note that to get into the gap, Medicare tracks the total costs of what you and the insurance company have spent, but to get OUT of the gap, they are counting only what you have paid in deductibles, copays and gap spending that year, plus manufacturer discounts. They do not count anything the federal government contributes.
- **Catastrophic Coverage**— after you've reached the end of the coverage gap, your plan will kick in to pay 95% of the costs of your formulary medications for the rest of the year. This feature in Part D drug plans helps you limit your potential spending if you have expensive medications.