

# Medicare Step-by-Step

A guide to your  
benefits, choices  
and next steps.



Regence

Regence BlueCross BlueShield of Oregon is an Independent Licensee of the Blue Cross and Blue Shield Association.

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# The right Medicare choices start here

If you're like most people turning 65, you have lots of questions. Should you retire or keep working? Will Original Medicare be enough to pay for the high cost of health care? And what are your options?

**We have answers.** This booklet will help you understand the various Medicare choices available to you, and help you make informed and confident decisions. To learn more about Medicare or the Medicare solutions from Regence, please call us at **<1-888-REGENCE> (TTY users call 711)**, <8 a.m. to 5 p.m.>, <Monday through Friday>, or visit us at [www.regence.com/medicare](http://www.regence.com/medicare)

## Things you should know about Medicare

Medicare was signed into law in 1965, giving an important health safety net to Americans age 65+ and younger people with disabilities. Today, it's the nation's largest health insurance program, with 47 million beneficiaries in 2012.\* Yet most people don't know what Medicare covers or what it costs. Before you can *understand* Medicare, let's look at some things you need to know:

- ▶ **Medicare doesn't cover everything.** It was never intended to cover all of your medical expenses.
- ▶ **Medicare isn't free.** While most people don't pay a premium for Part A, there are other costs you need to be aware of.
- ▶ **Medicare isn't simple.** Medicare benefits are offered in different ways. You have the choice to receive your benefits straight from the government or through private insurance plans.

The good news is, Medicare provides real, valuable protection against high medical costs. **And Regence is here as a reliable resource to help you every step of the way.**

\* Centers for Medicare and Medicaid Services (CMS)

## Step 1:

# Understand Original Medicare

Medicare was originally created in two parts: Hospital Insurance (Part A) and Medical Insurance (Part B). These are the benefits referred to when you hear or read about “Original Medicare.”



## Medicare Part A—Hospital Insurance

### What it helps cover:

- ▶ Inpatient care in hospitals, including the room, nursing services and supplies
- ▶ A stay in a skilled nursing facility (SNF)
- ▶ Home health and hospice care if they are medically necessary

### What it doesn't cover:

Before Medicare Part A benefits kick in, you are responsible for paying a deductible. Your deductible must be met each benefit period, which begins the day you're admitted to a hospital or SNF. The benefit period ends when you haven't received any hospital care or skilled care for 60 days in a row. If you are admitted to a hospital or SNF after one benefit period has ended, a new benefit period begins. You are also responsible for paying some of the costs after the deductible is met.

Your share of the Part A costs in <2014>:

- ▶ <\$1,216> deductible for days 1 – 60 each benefit period
- ▶ <\$304> per day copay for days 61 – 90 of hospitalization
- ▶ <\$608> per day copay for days 91 – 150 of hospitalization

### What it costs:

There is no cost for Part A as long as you or your spouse paid into Social Security for at least 10 years.

## Medicare Part B—Medical Insurance

### What it helps cover:

- ▶ Services doctors provide in their offices and in the hospital
- ▶ Services from other health care providers
- ▶ Outpatient care and home health care
- ▶ Durable medical equipment like wheelchairs and walkers

### What it doesn't cover:

You must meet an annual deductible before Medicare begins to pay benefits, and you also pay a share of the cost for services.

Your share of the Part B costs in <2014>:

- ▶ **<\$147> deductible**
- ▶ **<20%> of the Medicare-approved amount** for covered services
- ▶ **There's no yearly limit** on your out-of-pocket costs

### What it costs:

You pay a monthly premium, which in <2014> starts at <\$104.90> and increases on a sliding scale based on income. People with annual incomes over <\$85,000> will pay more. The premium is usually taken out of your Social Security check.

#### ***What is the "Medicare-approved amount"?***

Each year, the Centers for Medicare and Medicaid Services (CMS) lists the amounts it will cover for hospital and medical services. Most doctors accept these amounts and will charge you the Medicare-approved rate. If you use a doctor who charges more than the Medicare-approved rate, you will be responsible for paying the difference—up to 15% over the Medicare-approved rate—as well as the usual Medicare deductible and coinsurance costs.

## What does this mean to YOU?

Original Medicare is a wonderful program that can save you thousands of dollars and help ensure that you get the care you need. But you could be left with thousands of dollars to pay from your own pocket.

### Examples of your costs with Original Medicare:

Type of Care	Amount YOU Pay
1-day hospital stay	<\$1,216> Part A deductible
150-consecutive-day stay in a hospital	<\$46,816>
100-consecutive-day stay in a skilled nursing facility	<\$12,160>
Doctor visits and outpatient surgeries	<\$147> Part B deductible plus <20%> coinsurance

In addition, some services are not covered at all by Original Medicare. These include:

- ▶ Most prescription drugs
- ▶ Hearing aids
- ▶ Routine vision care
- ▶ Routine dental care
- ▶ Extended long-term care

## What if I continue to work past 65?

If your employer has 20 or more employees, you can delay enrolling in Medicare Parts A and B as long as you are covered by your employer's group health insurance.

- ▶ The employer's insurance must cover doctor visits, outpatient services and have a prescription drug program that is considered creditable by Medicare.
- ▶ Once you retire or leave work, you will be entitled to a special enrollment period of up to 8 months to sign up for Parts A and B without incurring a late penalty.

**If your employer has fewer than 20 employees, you may be required to sign up for Medicare Parts A and B when you turn 65—even if you are still working.** Medicare would become your primary coverage, and your employer coverage would pay secondary to Medicare. This could leave you with higher out-of-pocket costs.

Consult your employer's benefit manager for more information. Or call us to discuss your specific situation. Remember, if you work for an employer with fewer than 20 employees, there may be consequences if you don't enroll when you turn 65.

### Step 2:

## Explore Your Medicare Options

Because Original Medicare doesn't cover everything, most people choose additional coverage to help protect themselves from high medical costs. Optional coverage is offered by private insurance companies that contract with the federal government.



## Medicare Part C—Medicare Advantage Plans

### How it works:

Medicare Advantage plans combine Medicare Part A and Part B coverage into one plan offered by a private insurance company, so you get all your hospital and medical benefits from one source. Most Medicare Advantage plans are either Health Maintenance Organization (HMO) plans or Preferred Provider Organization (PPO) plans.

### What it covers:

You get all the benefits of Original Medicare, and most plans also include Part D prescription drug coverage. They may also cover extra days in the hospital; dental, vision and hearing benefits; fitness program memberships; and other wellness benefits. Benefits, plan coverage areas, and provider networks can vary widely.

### What it costs:

To enroll in a Medicare Advantage plan, you must enroll in Parts A and B and pay your Part B premium. You may also pay a premium for the Medicare Advantage plan. You will pay a percentage of some costs, and can usually save money by using providers in the plan's network.

### Think About...

#### What's most important to you?

##### Coordinated care and cost savings

- ▶ Your primary care physician is your partner in health
- ▶ Typically lower premiums
- ▶ Affordable copays for doctor visits

***An HMO plan may be right for you.***

##### Flexibility and freedom of choice

- ▶ Access to in-network and out-of-network doctors
- ▶ No referrals necessary
- ▶ Coverage when you travel

***A PPO plan may be right for you.***

## Medicare Part D—Prescription Drug Coverage

### How it works:

Medicare Part D helps make prescription medicines affordable. Once you are entitled to Medicare Part A or enrolled in Part B, you can also enroll in a Medicare Part D plan. You can add a stand-alone Part D plan to Original Medicare benefits or choose a Medicare Advantage plan that includes Part D coverage.

### What it covers:

Benefits vary by plan provider. Each drug plan has a list of drugs it covers, called a formulary, as well as different rules and costs. Here are Medicare's standard benefits in <2014>:

- ▶ Some drug plans have a yearly deductible.
- ▶ After that, Medicare pays <75%> of costs up to <\$2,850>.
- ▶ You pay a majority of costs between <\$2,850> and <\$4,550>. This coverage gap is known as the donut hole.
- ▶ Medicare pays <95%> of costs over <\$4,550>.

Many plans offer richer benefits, and most people never reach the donut hole.

### What it costs:

If you add a stand-alone Part D plan to Original Medicare, you will pay a monthly premium. Premiums vary by plan provider. If you choose a Medicare Advantage plan, Part D coverage may be included in your plan premium.

### Think About...

If you don't choose a Medicare Part D plan when you are eligible, and don't have other creditable drug coverage, there will be a penalty for every month you could have enrolled but didn't. So it may pay to enroll even if you don't use prescription drugs now.

Picking a plan with the fewest restrictions, even if it costs a little more, could reduce possible delays and paperwork required to receive your preferred drugs.

## Medicare Supplement Plans—“Medigap”

### How it works:

Medigap plans help “close the gaps” in Original Medicare by paying for some of the costs that Original Medicare doesn’t cover, like copays, coinsurance and deductibles. There are no networks, so you have the freedom to choose your own providers as long as they accept Medicare.

### What it covers:

You have a range of plans and benefits to choose from. Medigap plans are standardized, and are identified by the letters A through N.

- ▶ **IMPORTANT:** Medigap plans do not include prescription drug coverage, so you will need to add a Medicare Part D plan to avoid a penalty.
- ▶ For a side-by-side comparison of standardized plans, go to [Medicare.gov](https://www.Medicare.gov).
- ▶ Not all plans may be available in your area.

### What it costs:

Costs vary widely, depending on the plan you choose and the insurance company you buy from. Depending on the plan you select, Medigap plans typically cost more than Medicare Advantage plans.

### *Think About...*

No matter which insurance company you buy from, the plans are exactly the same. When you shop, focus on price, reputation and service.

If you have a Medicare Advantage plan, you can’t also have a Medigap policy. You would have to disenroll from your Medicare Advantage plan and return to Original Medicare before buying a Medigap policy.

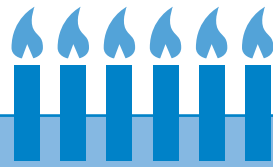
## Step 3:

# Choose Your Plan and Enroll

Now that you’ve reviewed your Medicare benefits and options, you’re ready to take the next step. Learn about the best times to enroll so you can avoid penalties and get the type of plan you want.



MONTH 1 MONTH 2 MONTH 3



BIRTHDAY MONTH

MONTH 5 MONTH 6 MONTH 7

*Your Initial Enrollment Period is a seven-month window—from three months before your birthday month to three months after your birthday month.*

### When to enroll in a Medicare plan:

Your Initial Enrollment Period begins three months before your 65<sup>th</sup> birthday month and ends three months after your 65<sup>th</sup> birthday month. Parts A and B coverage can begin as soon as the first day of the month you turn 65.

- ▶ **IMPORTANT:** You must enroll in Original Medicare Parts A and B before you enroll in a Medicare Advantage, Medigap and/or Part D prescription drug plan.
- ▶ If you already receive Social Security benefits, enrollment in Medicare Parts A and B is automatic.
- ▶ If you're under 65 and disabled, you'll automatically get Part A and Part B after you get disability benefits from Social Security for 24 months.

### Avoid the common pitfalls

#### *If you choose a Medicare Advantage plan:*

Your Initial Enrollment Period is the same as enrolling in Original Medicare: the seven-month window that takes place before, during and after the month of your 65<sup>th</sup> birthday. If you do not enroll during this time, you will have to wait until the Annual Enrollment Period at the end of the year.

#### *If you choose a stand-alone Part D plan:*

Unless you already have creditable prescription drug coverage through an employer, union, VA or other means, you must obtain Part D coverage when you are first eligible (during your Initial Enrollment Period when turning 65). You could incur a late enrollment penalty if you choose to enroll later.

### *If you choose a Medigap plan:*

The best time to buy a Medigap plan is when you're first eligible. Coverage can begin the same day your Part B coverage starts. You are guaranteed acceptance within six months of your Part B effective date, regardless of any pre-existing conditions. If you sign up after that, you could be subject to underwriting and may not qualify for the plan you want, or may have to pay higher premiums.

### How to enroll:

#### *To enroll in Original Medicare:*

- ▶ **By Phone:** Call Social Security toll-free at <1-800-772-1213 (TTY 1-800-325-0778)>.
- ▶ **In Person:** Take proof of your age and W-2 forms for the past two years to any Social Security office. Your local phone directory will list the office location nearest you.
- ▶ **Online:** Apply online at [www.ssa.gov](http://www.ssa.gov).

#### *To enroll in a Medicare Advantage, Medigap or Part D plan:*

Sign up directly with the plan you choose. Most will walk you through enrollment by phone, or you can request a visit from a sales representative. Call or visit the plan's website for more information. You may also contact your local agent.





- ▶ We offer a variety of Medicare plan options to fit an array of health care needs, lifestyles and budgets.
- ▶ Whether an HMO, PPO or Medigap plan is right for you, you'll get the quality coverage you want from Regence. Enjoy a large provider network, outstanding local service, and benefits to help you stay healthy and save money.
- ▶ Whenever you call, we'll take time to listen and truly understand your needs and the situation behind your questions.

### ***Still have questions?***

We're here to help. Please call for personal assistance from a Medicare sales advisor.

**Call <1-888-REGENCE> (TTY users call 711)  
<8 a.m. to 5 p.m.>, <Monday through Friday>**

Or visit us online at <[www.regence.com/medicare](http://www.regence.com/medicare)>

You can also learn more by calling 1-800-MEDICARE or visiting Medicare.gov.