

Guide to Medicare

MEDICARE BASICS

Presented by

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Medicare Basics

What Is Medicare?

Medicare is health insurance for the following:

- People 65 or older
- People under 65 with certain disabilities
- People of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant)

The Different Parts of Medicare

The different parts of Medicare help cover specific services:

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Medicare Part A (Hospital Insurance)

- Helps cover inpatient care in hospitals
- Helps cover [skilled nursing facility](#), hospice, and home health care

See pages 26–28.



Medicare Part B (Medical Insurance)

- Helps cover doctors' services, hospital outpatient care, and home health care
- Helps cover some [preventive services](#) to help maintain your health and to keep certain illnesses from getting worse

See pages 29–45.



Medicare Part D (Medicare Prescription Drug Coverage)

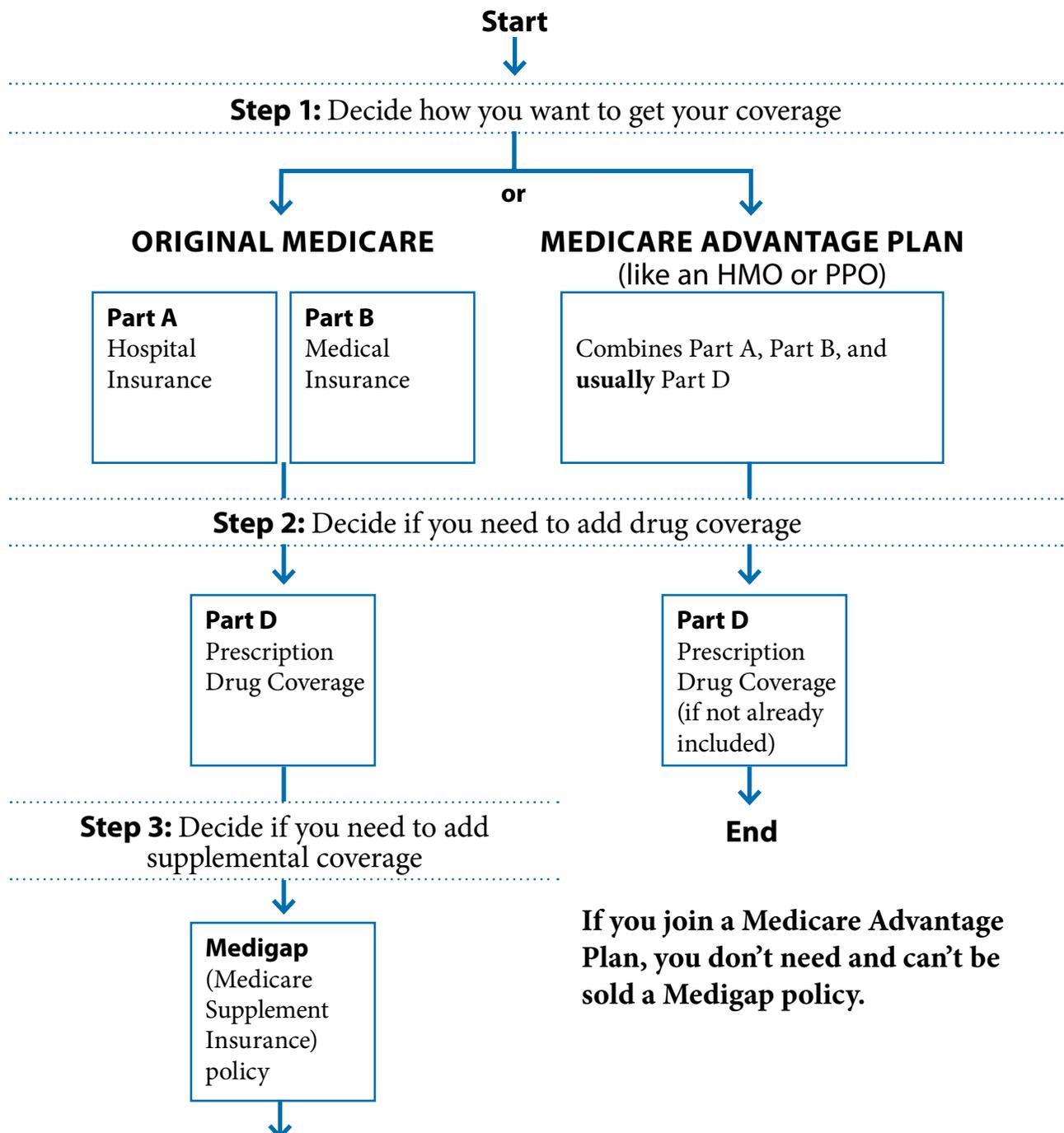
- A prescription drug option run by Medicare-approved private insurance companies
- Helps cover the cost of prescription drugs
- May help lower your prescription drug costs and help protect against higher costs in the future

See pages 72–83.

Medicare Advantage Plans (like an HMO or PPO) are health plans run by Medicare-approved private insurance companies. Medicare Advantage Plans (also called “Part C”) include Part A, Part B, and usually other coverage like Medicare prescription drug coverage (Part D), sometimes for an extra cost. See pages 60–69.

Your Medicare Coverage Choices at a Glance

There are two main ways to get your Medicare coverage: Original Medicare or a Medicare Advantage Plan. Use these steps to help you decide which way to get your coverage.



If you join a Medicare Advantage Plan, you don't need and can't be sold a Medigap policy.

<u>2013</u>			
<u>MEDICARE COVERAGE</u>	<u>PART B</u>	<u>MEDICARE PAYS</u>	<u>SUPPLEMENT PLAN F PAYS</u>
<u>Outpatient hospital care & medical care:</u> Outpatient hospital services & inpatient & out-of-hospital physician's services, plus other medical services & supplies, physical & speech therapy, ambulance services, etc.		80 % of Medicare approved amount, after \$147 annual Part B deductible	\$147 annual Part B deductible and 20% of Medicare-approved amount, plus the Part B Excess (additional charges up to the Charge Limit) *
Foreign travel: Emergency hospital, physician and medical care provided in a foreign country during the first 60 days of each trip.		Nothing	After \$250 annual deductible, 80% of charges, up to a lifetime maximum of \$50,000
At-home recovery: Short-term assistance with bathing, dressing and similar activities of daily living, along with or right after Medicare-approved skilled home health care.		Nothing	Nothing

Monthly premium

Most drug plans charge a monthly fee that varies by plan. You pay this in addition to the Part B [premium](#). If you're in a Medicare Advantage Plan (like an HMO or PPO) or a Medicare Cost Plan that includes Medicare prescription drug coverage, the monthly premium may include an amount for prescription drug coverage.

Note: Contact your drug plan (not Social Security or RRB) if you want your premium deducted from your monthly Social Security payment. If you want to stop premium deductions and get billed directly, contact your drug plan.

Important!

What you pay for Part D coverage could be higher based on your income. This includes Part D coverage you get from a Medicare Prescription Drug Plan, a Medicare Advantage Plan, a Medicare Cost Plan, or employer group Medicare Advantage Plan that includes Medicare prescription drug coverage. If your income is above a certain limit, you'll pay an extra amount in addition to your plan premium. Usually, the extra amount will be deducted from your Social Security check or billed by the RRB if you get benefits from the RRB. If you're billed the amount by Medicare or the RRB, you must pay the extra amount to Medicare or the RRB and not your plan. If you have to pay an extra amount and you disagree (for example, you have a life event that lowers your income), call Social Security at 1-800-772-1213. [TTY](#) users should call 1-800-325-0778. For more information, visit www.socialsecurity.gov/pubs/10536.pdf to view the fact sheet "Medicare Premiums: Rules for Higher-Income Beneficiaries."



Yearly deductible

This is the amount you must pay before your drug plan begins to pay its share of your covered drugs. Some drug plans don't have a [deductible](#).

Copayments or coinsurance

These are the amounts you pay for your covered prescriptions after the [deductible](#) (if the plan has one). You pay your share and your drug plan pays its share for covered drugs. These amounts may vary.

Coverage gap

Most Medicare drug plans have a coverage gap (also called the “donut hole”). This means that there’s a temporary limit on what the drug plan will cover for drugs. The coverage gap begins after you and your drug plan have spent a certain amount for covered drugs. In 2013, once you enter the coverage gap, you pay 47.5% of the plan’s cost for covered brand-name drugs and 79% of the plan’s cost for covered generic drugs until you reach the end of the coverage gap. Not everyone will enter the coverage gap.

These items all **count** toward you getting out of the coverage gap:

- Your yearly [deductible](#), [coinsurance](#), and [copayments](#)
- The discount you get on covered brand-name drugs in the coverage gap
- What you pay in the coverage gap

The drug plan [premium](#) and what you pay for drugs that aren’t covered **don’t count** toward getting you out of the coverage gap.

Some plans offer additional coverage during the gap, like for generic drugs, but they may charge a higher monthly premium. Check with the plan first to see if your drugs would be covered during the gap.

In addition to the discount on covered brand-name prescription drugs, there will be increasing coverage for drugs in the coverage gap each year until the gap closes in 2020. For more information, visit www.medicare.gov/publications to view the fact sheet “Closing the Coverage Gap—Medicare Prescription Drugs Are Becoming More Affordable.” You can also call 1-800-MEDICARE (1-800-633-4227) to find out if a copy can be mailed to you. [TTY](#) users should call 1-877-486-2048.

Definitions of [highlighted](#) words are in the Definitions section.

Catastrophic coverage

Once you get out of the coverage gap, you automatically get “catastrophic coverage.” Catastrophic coverage assures that you only pay a small coinsurance amount or copayment for covered drugs for the rest of the year.

Note: If you get [Extra Help](#), you won’t have some of these costs. (More info)

The example below shows costs for covered drugs in 2013 for a plan that has a coverage gap.

Ms. Smith joins the ABC Prescription Drug Plan. Her coverage begins on January 1, 2013. She doesn't get **Extra Help** and uses her Medicare drug plan membership card when she buys prescriptions.

Monthly Premium—Ms. Smith pays a monthly premium throughout the year.

1. Yearly deductible

Ms. Smith pays the first \$325 of her drug costs before her plan starts to pay its share.

2. Copayment or coinsurance (what you pay at the pharmacy)

Ms. Smith pays a copayment, and her plan pays its share for each covered drug until their combined amount (plus the deductible) reaches \$2,970.

3. Coverage gap

Once Ms. Smith and her plan have spent \$2,970 for covered drugs, she's in the coverage gap. In 2013, she pays 47.5% of the plan's cost for her covered brand-name prescription drugs and 79% of the plan's cost for covered generic drugs. What she pays (and the discount paid by the drug company) counts as out-of-pocket spending, and helps her get out of the coverage gap.

4. Catastrophic coverage

Once Ms. Smith has spent \$4,750 out-of-pocket for the year, her coverage gap ends. Now she only pays a small **coinsurance** or copayment for each covered drug until the end of the year.

Important!

To get specific Medicare drug plan costs, call the plans you're interested in. Visit the Medicare Plan Finder at www.medicare.gov/find-a-plan to get plan contact information and to compare costs. For help comparing plan costs, contact your State Health Insurance Assistance Program (SHIP). (More info.) You can also call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Medicare Part D Summary

From \$0 – Deductible (up to \$325)

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You pay **FULL COST**

From Deductible - \$2,970 Total Cost You pay **COPAYS**

From \$2,970 Total Cost - \$4,750 Out of Pocket .. Coverage Gap

You pay **47.5% FULL COST**

After \$4,750 Out of Pocket . . . Catastrophic Coverage

(out of pocket cost includes deductible, copays & 100% of drug costs in coverage gap)

You pay **5% FULL COST**

IMPORTANT NOTE:

Arch Brokerage, Inc does not represent All of the 30 Drug plans in the state of Missouri.

We provide complimentary drug plan analysis, recommendations and assistance with enrollment to our supplement clients. We will recommend the best plan you're you regardless if it is a plan we represent or not. *There is an annual fee for this service for non-clients.*

After enrollment, we are unable to work with the drug plans we do not represent on your behalf.