



# UNDERSTANDING YOUR MEDICARE OPTIONS

# HISTORY OF MEDICARE

Throughout the years, the coverage has evolved and changed to cover more people than it did in its early years.

## TODAY

Medicare provides health insurance coverage to 65 million people in the U.S., including 57 million older adults and nearly 8 million younger adults with disabilities.

## 2003

President George W. Bush signs the Medicare Prescription Drug, Improvement, and Modernization Act, which expands Medicare by creating Part C (Medicare Advantage) plans and Part D (prescription drug) plans.

## 1972

Medicare is expanded to cover people with disabilities and people with end-stage renal disease (ESRD).

## 1965

President Lyndon B. Johnson signs legislation creating the Medicare and Medicaid programs.

# WHAT IS MEDICARE?

- Medicare is a federally run health insurance program for people 65 and older and with certain disabilities and health conditions under 65.
- Medicare provides coverage for a wide range of medically necessary services, preventative services, and more.
- You enroll in Medicare through the Social Security Administration.

# WHO QUALIFIES FOR MEDICARE?

- ✓ Age 65 or older
- ✓ Under 65 and disabled
- ✓ Citizen or U.S. Residents
- ✓ End-Stage Renal Disease (ESRD)

# WHEN TO ENROLL IN MEDICARE?

IEP

**INITIAL ELECTION PERIOD**

When you first become eligible at age 65

GEP

**GENERAL ENROLLMENT PERIOD**

Between January 1 – March 31 each year  
Coverage starts the 1st day of the month after sign up

SEP

**SPECIAL ENROLLMENT PERIOD**

Eight months after your employment or  
employer group health insurance ends

*NOTE: SPECIAL ENROLLMENT PERIODS MAY DIFFER FOR MEDICARE PART A & B AND MEDICARE ADVANTAGE PLANS*

**FOR EDUCATIONAL PURPOSES ONLY**



# MEDICARE COSTS AT A GLANCE

## MEDICARE



**PART A**  
HOSPITAL INSURANCE

## PREMIUM & DEDUCTIBLE

**PREMIUM-FREE**  
FOR MOST PEOPLE

**\$1,632**

DEDUCTIBLE PER  
BENEFIT PERIOD

## COINSURANCE

DAYS 1-60 = \$0  
DAYS 61-90 = \$408  
DAYS 91+ = \$816  
PER "LIFETIME RESERVE  
DAYS." BEYOND "LIFETIME  
RESERVE DAYS" = ALL COSTS.



**PART B**  
MEDICAL INSURANCE

**\$174.70**  
(varies based on  
income and when you  
first enrolled in Part B)

**\$240**  
PER YEAR

ABOUT **20% OF THE**  
**MEDICARE-APPROVED**  
**AMOUNT** FOR MOST  
DOCTOR SERVICES



**PART C**  
MEDICARE ADVANTAGE

**PART D**  
PRESCRIPTION DRUG PLAN

**MEDICARE SUPPLEMENT**  
MEDIGAP PLAN

PART C, PART D, AND MEDIGAP  
PLANS ARE OFFERED BY PRIVATE  
INSURANCE COMPANIES. PREMIUMS,  
DEDUCTIBLES, COPAYS AND  
COINSURANCE VARY BY PLAN.

*NOTE: FIGURES ARE FOR 2024 AND CHANGE ANNUALLY.*

# THE PARTS OF MEDICARE

The Medicare health insurance program is divided into 4 parts: Parts A, B, C, and D.  
PARTS A AND B ARE KNOWN AS ORIGINAL MEDICARE.



## PART A: HELPS COVER THE BIG STUFF LIKE

- **Hospitalization**
- **Skilled nursing facility**
- **Hospice care**
- **Home health care**

Most people will be eligible for Part A thanks to payroll deductions taken during your working years. When you're turning 65 and anytime after, you're eligible for Part A even if you're still working. If you aren't automatically enrolled, you can sign up for free Part A, if you're eligible.



## PART B HELPS COVER ROUTINE CARE LIKE

- **Doctor appointments**
- **Outpatient care**
- **Many preventive services**
- **Durable medical equipment**
- **Occupational/physical therapies**
- **Home health care**

To qualify for Part B, you must enroll when you're turning 65 and pay a monthly premium to avoid paying extra or having a gap in your coverage. Most people choose to have their Part B premium automatically withdrawn from their monthly social security check.

# THE PARTS OF MEDICARE

The Medicare health insurance program is divided into 4 parts: Parts A, B, C, and D.  
PART C - MA/MAPD AND PART D - PDP



## PART C: MEDICARE ADVANTAGE

- Cost of prescription drugs
- Part D coverage may be offered as a stand-alone or as part of a Medicare Advantage with Prescription Drug (MAPD) plan.
- All plans must meet the minimum coverage level set by Medicare.

Similar to Part B, if you don't sign up for Part D when you're first eligible, the premium amount will increase each month until you enroll. These plans are offered by private companies approved by Medicare.



## PART D: PRESCRIPTION DRUG COVERAGE

- Plans must include all Part A and Part B benefits.
- Many plans have no or low monthly premiums.
- Many plans include extra benefits and services like prescription drug plan, dental, vision, and wellness.
- Plans usually have lower out-of-pocket expenses than Parts A and B.
- Plans are reviewed and approved by Medicare.

# WHAT ARE YOUR MEDICARE OPTIONS?

When you first sign up for Medicare, and during certain times of the year, you can choose how you get your Medicare coverage. There are 2 main ways to get Medicare:

## ORIGINAL MEDICARE

- Original Medicare includes Medicare Part A and Part B
- You can join a separate Medicare drug plan to get Medicare drug coverage (Part D).
- You can use any doctor or hospital that takes Medicare, anywhere in the U.S.
- To help pay your out-of-pocket costs in Original Medicare (like your 20% [coinsurance](#)), you can also shop for and buy supplemental coverage.

Part A



Part B



You can add:

Part D



You can also add:

Supplemental coverage



This includes Medicare Supplement Insurance ([Medigap](#)) Or, you can use coverage from a current employer or union, or [Medicaid](#).

## MEDICARE ADVANTAGE (PART C)

- Medicare Advantage is a Medicare-approved plan from a private company that offers an alternative to Original Medicare for your health and drug coverage. These “bundled” plans include Part A, Part B, and usually Part D.
- In many cases, you can only use doctors who are in the plan’s network.
- In many cases, you may need to get approval from your plan before it covers certain drugs or services.
- Plans may have lower or higher out-of-pocket costs than Original Medicare. You may also have an additional [premium](#).
- Plans may offer some extra benefits that Original Medicare doesn’t cover— like certain vision, hearing, and dental services .

Part A



Part B



Most plans include:

Part D



Supplemental Benefits

Some plans also include:

Lower out-of-pocket costs



# WHAT ARE YOUR MEDICARE OPTIONS?

## OPTION 1: ORIGINAL MEDICARE

Original Medicare helps to cover the big stuff in Part A, like hospitalization, and in Part B, like doctor appointments. But **Original Medicare only covers 80% of your Part B**. You are responsible for the remaining 20%, which can add up.

### Part A helps cover the big stuff, like:

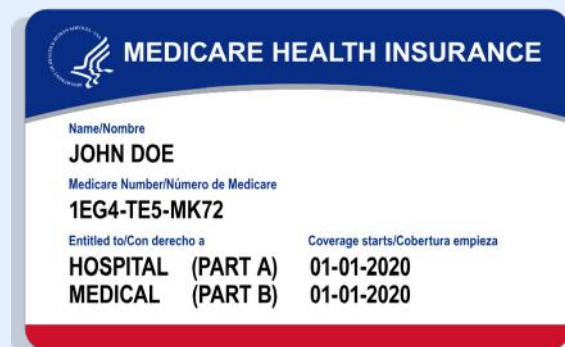
- Hospitalization
- Skilled nursing facility
- Hospice care
- Home health

### Part B helps cover routine care like:

- Doctor appointments
- Outpatient care
- Preventive services
- Occupational / physical therapies
- Home health

### Has deductibles and coinsurance Does not cover prescription drugs:

- You'll have to pay another monthly premium for drug coverage

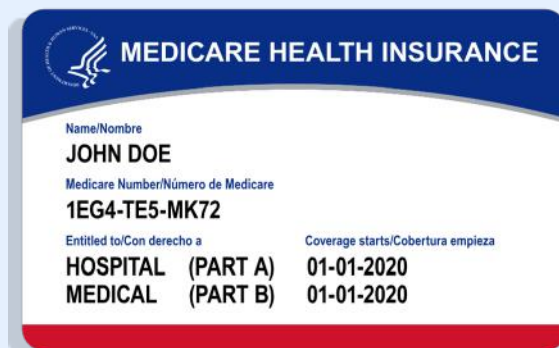


# WHAT ARE YOUR MEDICARE OPTIONS?

## OPTION 2:

### ORIGINAL MEDICARE + PART D (PRESCRIPTION DRUG PLAN)

If you have Original Medicare and need coverage for prescription drugs, you may need to enroll in a Medicare Part D prescription drug plan, often called a “stand-alone PDP.” Prescription drug plans are only offered by private insurance companies, so you will need to pay an additional monthly premium.



+ PART D

Medicare Part D is coverage for prescription drugs. You don't automatically get this coverage when you become eligible for Medicare, yet many Americans rely on prescription drugs to maintain their health and well-being. It's important to consider whether you need a plan with prescription drug coverage. Medicare Part D covers brand-name and generic prescription drugs. You generally pay less – or nothing at all – for generic drugs. A formulary lists the drugs your plan covers.

# UNDERSTANDING THE NEW PART D DRUG PLAN PHASES (2025)

1

## DEDUCTIBLE PHASE

**\$590** Annual Deductible

Insured pays **100%** of their gross covered prescription drug cost until deductible is met.

2

## INITIAL COVERAGE PHASE

The member pays up to **25%** Coinsurance for covered Part D Drugs. This phase ends when the member has reached the **out-of-pocket maximum threshold of \$2,000**.

3

## CATASTROPHIC PHASE

The member pays **no cost-sharing** for covered Part D drugs

# WHAT ARE YOUR MEDICARE OPTIONS?

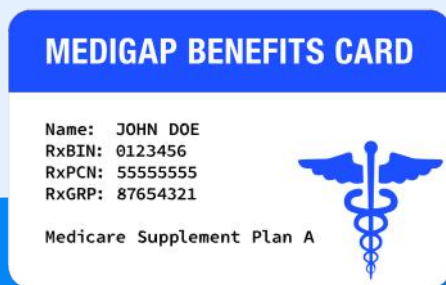
## OPTION 3: ORIGINAL MEDICARE, MEDIGAP, AND A PRESCRIPTION DRUG PLAN

Original Medicare only covers 80% of your Part B expenses. Many people buy Medicare Supplement Insurance, also known as “Medigap,” from private insurance companies to cover the remaining 20%.

Medigap plans cover some or most of the costs that Original Medicare doesn’t pay. These plans come with an additional monthly premium.

Usually, the more coverage you want, the higher the monthly plan premium you’ll pay. This could add up to several hundred dollars per month in premiums.

Medigap plans are standardized, which means plan A from one company is the same as plan A from another company.



### MORE PREMIUMS TO PAY AND MORE CARDS TO CARRY

With Option 3, you would need to pay an additional monthly plan premium for both your Medigap plan and your prescription drug plan and you would have to carry three cards: an Original Medicare card, a Medicare Supplement Insurance (Medigap) card, and a prescription drug card.

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## BUT WHAT IF YOU ALSO WANT BENEFITS LIKE DENTAL, HEARING, VISION, AND WELLNESS?

Medigap plans do not include prescription drugs, dental, vision, hearing, wellness, over-the-counter items, and non-emergency transportation. You can purchase separate or additional plans to cover prescription drugs, dental, vision, and hearing.

## THINGS TO KEEP IN MIND IF YOU ARE CONSIDERING A MEDIGAP PLAN:

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Medigap plans are known to have high premiums, and rate increases are common.



A Medigap plan must be combined with the Original Medicare plan.



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# WHAT ARE YOUR MEDICARE OPTIONS?

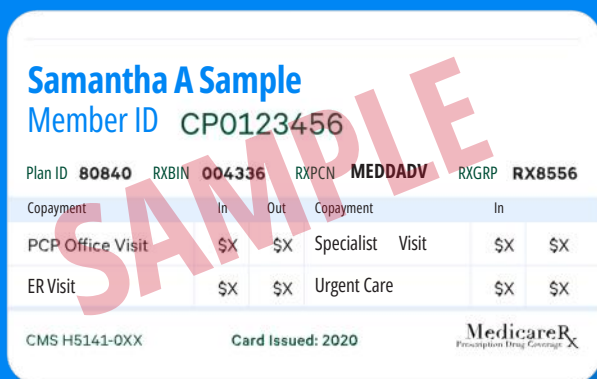
## OPTION 4: MEDICARE ADVANTAGE

There may be an easier way to get your Medicare—through a Medicare Advantage plan. Medicare Advantage plans are offered through private companies, which has contract with Medicare. These plans must include all the same benefits that you'd get with Original Medicare (Parts A and B).

With many Medicare Advantage plans, you get a health plan, prescription drug coverage, and additional benefits, like dental, vision, hearing, wellness, and more, all with \$0 or low monthly premiums. Plus, Medicare Advantage plans usually have lower out-of-pocket expenses. With Medicare Advantage you wouldn't need a high-premium Medigap plan.

**Medicare Advantage - 1 plan, 1 card, 1 premium, and 1 company.**

That's why more than 30 million Medicare beneficiaries already have one.



**1** PLAN  
CARD  
PREMIUM  
COMPANY

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# PEACE OF MIND WITH MEDICARE ADVANTAGE

When you choose a Medicare Advantage plan from a private insurance company, you can have peace of mind knowing...

- **You are still enrolled in Medicare**
- **Every Medicare Advantage company has a contract with Medicare**
- **Every plan includes all Part A and Part B benefits**
- **Plans have a yearly limit on what you pay out-of-pocket for Medicare Part A and B - covered services**
- **Every plan is reviewed and approved by Medicare yearly**

You must be enrolled in both Medicare Part A and Part B to be eligible to join a Medicare Advantage plan. Your new plan is then used for your healthcare needs. With Medicare Advantage, you choose to have your benefits administered by a private company.



# BENEFITS OF MEDICARE ADVANTAGE

MEDICARE ADVANTAGE PLANS MUST INCLUDE ALL PART A AND PART B BENEFITS.

BENEFITS	ORIGINAL MEDICARE	MEDICARE ADVANTAGE
DOCTORS VISITS	✓	✓
SPECIALIST VISITS	✓	✓
HOSPITALIZATION	✓	✓
HOSPITAL CARE	✓	✓
SKILLED NURSING FACILITY	✓	✓
NURSING HOME CARE	✓	✓
HOSPICE	✓	✓
HOME HEALTH SERVICES	✓	✓
PREVENTIVE SERVICES	✓	✓

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SOME MEDICARE ADVANTAGE PLANS INCLUDE ADDITIONAL BENEFITS IN THEIR PLANS THAT MANY OF ITS MEMBERS ENJOY:

BENEFITS	ORIGINAL MEDICARE	MEDICARE ADVANTAGE
PRESCRIPTION DRUG COVERAGE		✓
OUT-OF-POCKET MAXIMUMS		✓
DENTAL		✓
VISION		✓
HEARING		✓
TRANSPORTATION BENEFITS		✓
WORLDWIDE EMERGENCY COVERAGE		✓
OVER-THE-COUNTER (OTC) ITEMS		✓
MEAL PLAN AFTER HOSPITALIZATION		✓
FITNESS/GYM MEMBERSHIP		✓
NURSING HOTLINE		✓
WELLNESS PROGRAMS		✓
ACUPUNCTURE		✓

*\*Extra benefits vary by plan.*

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# HOW MEDICARE ADVANTAGE WORKS?

With a Medicare Advantage plan, Medicare pays a private insurance company a set amount each month to administer the plan. These companies each have a contract with Medicare and must submit their Medicare Advantage plans annually to Medicare for review and approval.

When you receive care, the Medicare Advantage plan is responsible for paying those claims. The plan, not Medicare, processes and pays your claims. The plan also works with your doctors, hospitals, and pharmacies on your behalf to ensure you receive the care you deserve.

## U.S. GOVERNMENT MEDICARE FUNDS



### MEDICARE PART A (HOSPITAL)

Paid for in part by payroll taxes from you and your employer



### MEDICARE PART B (MEDICAL)

Paid for in part by money taken out of your social security check



### MEDICARE ADVANTAGE PLANS (PARTS C+D)

Federal government pays private insurance companies to administer your Medicare benefits



DOCTORS



ADMINISTRATION



HOSPITALS



OTHER PROVIDERS



PHARMACIES

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# TYPES OF MEDICARE ADVANTAGE PLANS



## **HMO** HEALTH MAINTENANCE ORGANIZATION

A preferred group of doctors, specialists, and hospitals ('network') provide your healthcare, and a primary care physician (PCP) manages your care and refers you to specialists as needed.

## **PFFS** PRIVATE FEE-FOR-SERVICE

You may use any Medicare-approved doctor or service provider that accepts the plan's payment terms and agrees to treat you.

## **PPO** PREFERRED PROVIDER ORGANIZATION

Similar to an HMO, you have a preferred group of doctors, specialists, and hospitals ('network'); however, you don't need a referral to see a specialist. You may use providers outside the preferred network, but your costs may be higher.

## **SNP** SPECIAL NEEDS PLAN

This type of plan provides benefits and services to people with specific diseases, certain healthcare needs, or limited incomes. SNPs tailor their benefits, provider choices, and drug formularies to best meet the specific needs of the groups they serve.

# WHEN YOU CAN SIGN UP FOR MEDICARE?

THE INITIAL WINDOW FOR ENROLLING IN MEDICARE PART A AND/OR PART B IS 7 MONTHS LONG. THIS PERIOD IS ALSO KNOWN AS THE INITIAL ENROLLMENT PERIOD (IEP). FOR MOST PEOPLE IT'S WHEN THEY TURN 65.

## INITIAL ENROLLMENT PERIOD (7 MONTH PERIOD)



## IF YOU CONTINUE WORKING PAST AGE 65

- If you have health insurance through your (or your spouse's) employer and your company employs 20 or more individuals, you can postpone enrolling in Medicare Part B past age 65.
- However, because Medicare Part A is free for most people, it pays to enroll in Part A as soon as you're eligible, even if you have existing coverage. When you're turning 65 and anytime after, you're eligible for Part A even if you're still working. If you aren't automatically enrolled, you can sign up for free Part A, if you're eligible, at any point during or after your Initial Enrollment Period.
- If you're covered by employer-based health insurance at the time you're first eligible for Medicare, you'll qualify for an 8-month Special Enrollment Period that starts either the month your employment ends or the month after employer coverage ends, whichever comes first.

# MEDICARE ADVANTAGE ENROLLMENT PERIODS

ONCE YOU'RE ENROLLED IN MEDICARE, THERE ARE 3 ENROLLMENT PERIODS IN WHICH YOU CAN JOIN OR CHANGE YOUR MEDICARE ADVANTAGE PLAN:



## ANNUAL ENROLLMENT PERIOD (AEP)

OCTOBER 15–DECEMBER 7

- Allows Medicare Advantage enrollees to either switch to Original Medicare (plus a Part D plan) or switch to a different Medicare Advantage plan.
- Allows those who are on Original Medicare or a Medicare Supplement Insurance (Medigap) plan to switch to a Medicare Advantage plan.



## OPEN ENROLLMENT PERIOD (OEP)

JANUARY 1–MARCH 31

- Allows individuals enrolled in a Medicare Advantage plan a one-time option to go to either a different Medicare Advantage plan or Original Medicare.
- If you have Original Medicare only, you cannot use the Open Enrollment Period to select a Medicare Advantage plan.



## SPECIAL ENROLLMENT PERIOD

YEAR-ROUND (IF YOU QUALIFY)

You may be able to join, switch, or drop a Medicare Advantage or prescription drug plan outside the basic enrollment periods in certain situations, for example:

- Left coverage from an employer or union
- Need extra help paying for prescription drugs
- Moved to a new address that is not in your plan's service area

*NOTE: THIS IS NOT A COMPLETE LIST OF SPECIAL ENROLLMENT PERIOD QUALIFYING CIRCUMSTANCES.*

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# WHAT TO CONSIDER WHEN CHOOSING A PLAN?



## COST

What will I pay for premiums, deductibles, coinsurance, and copays? What is the out-of-pocket maximum?



## BENEFITS

Does the plan have all the benefits I'm looking for, like prescription drug coverage? What about dental care or eyeglasses?



## CONVENIENCE

Are the plan's in-network providers (PCPs, specialists, and hospitals) near?



## HEALTH HISTORY

Do I have a chronic condition? How many prescription drugs do I take? Do I need more coverage than Original Medicare?

PRIOR TO SELECTING A PLAN, ASK YOURSELF:

- **What type of health plan do I have?**
- **What do I like about my coverage?**
- **How much am I able to pay out of pocket for my healthcare and prescription medicines?**
- **What would I add to my current coverage to make it ideal and maximize my benefits?**
- **Who can I depend on to help me make decisions about my coverage?**

Knowing the answers to these questions will give you the knowledge and confidence to make the right decision.

Keep in mind, if you're already enrolled in Original Medicare, no matter which plan you choose you'll still be in the Medicare program and will continue to pay your Medicare premiums.

# UNDERSTANDING INSURANCE TERMS

**COINSURANCE** An amount you may be required to pay as your share of the cost for services after you pay any deductibles. Coinsurance is usually a percentage (for example, 20%).

**COPAY** An amount you may be required to pay as your share of the cost for a medical service or supply, like a doctor's visit, hospital outpatient visit, or prescription drug.

**DEDUCTIBLE** The amount you must pay out of pocket for healthcare or prescriptions before your insurance plan "kicks in" to start paying.

**FORMULARY** A list of prescription drugs (also called a drug list) covered by a prescription drug plan or another insurance plan offering prescription drug benefits.

**OUT-OF-POCKET COSTS** Health or prescription drug costs that you must pay on your own because they aren't covered by Medicare or other insurance.

**PREMIUM** The periodic payment to Medicare, an insurance company, or a healthcare plan for health or prescription drug coverage.

**REFERRAL** A written order from your primary care doctor for you to see a specialist or get certain medical services. In many health maintenance organizations (HMOs), you need to get a referral before you can get medical care from anyone except your primary care doctor.

**TIERS** Groups of drugs that have a different cost for each group. Generally, a drug in a lower tier will cost you less than a drug in a higher tier.



# HELPFUL RESOURCES

## THE CENTERS FOR MEDICARE & MEDICAID SERVICES (CMS)

- 1-800-MEDICARE (1-800-633-4227)
  - 1-877-486-2048 (TTY)
  - [www.medicare.gov](http://www.medicare.gov)
- The “Medicare & You” handbook, published each fall by CMS

## SOCIAL SECURITY

- 1-800-772-1213
- 1-800-325-0778 (TTY)
- [www.socialsecurity.gov](http://www.socialsecurity.gov)

Sign up for Medicare, apply for extra help, or report a change in address online.

## YOUR STATE HEALTH INSURANCE PROGRAM (SHIP)

## YOUR STATE MEDICAID OFFICE

An elderly couple is shown outdoors, smiling and looking at a smartphone held by the man. The man has a white beard and is wearing a light blue button-down shirt. The woman has short white hair, wears glasses, and a yellow sweater. The background is a bright, sunny outdoor setting with trees and a clear sky.

## A FEW WORDS OF WISDOM

- **Select the plan with the coverage and costs that work for you.**
- **Be informed of premiums, copays, and coinsurance.**
- **Medicare Advantage plans:**
  - Cover everything Original Medicare does
  - Are reviewed and approved by Medicare each year
  - Usually include prescription drug coverage and other extra benefits