

The Basics of Medicare



Medicare is a health insurance program for:

- People age 65 or over;
- People under 65 who have certain disabilities; and
- People of all ages with end-stage renal disease (permanent kidney failure requiring dialysis or kidney transplant).

There are four parts to Medicare

- Part A – Hospital Insurance
- Part B – Medical Insurance
- Part C – Medicare Advantage Plans
- Part D – Prescription Drug Coverage

Medicare Part A

What is Medicare Part A?

Medicare Part A is your hospital insurance. It helps cover your inpatient care in hospitals, (includes critical access hospitals and inpatient rehabilitation facilities), and inpatient stays in a skilled nursing facility (not custodial or long-term care). It also helps cover some hospice care services and some home health care services. You must meet certain conditions to receive these benefits.

How much does Part A cost?

Most people don't pay a monthly premium for Part A because they or a spouse paid Medicare taxes while working. If you (or your spouse) did not pay Medicare taxes while you worked and you are age 65 or older, you may be able to buy Part A. To confirm whether or not you have Part A coverage, look on your red, white, and blue Medicare card for "Hospital (Part A)."

Hospital Deductible for 2010

The Medicare beneficiary pays:

- \$1,100 deductible for a hospital stay of 1-60 days

- \$275 per day for days 61-90
- \$550 per day for days 91-150
- All costs after 150 days

Skilled Nursing Coinsurance 2010

The Medicare beneficiary pays:

- \$0 coinsurance for the first 20 days
- \$137.50 per day for days 21-100
- All costs after 100 days

When can I sign up for Part A?

Many people automatically get Part A. If you get benefits from Social Security or the Railroad Retirement Board (RRB), you automatically get Part A starting the first day of the month you turn age 65. If you are under age 65 and disabled, you automatically get Part A after you get disability benefits from Social Security or certain disability benefits from the RRB for 24 months. You will get your Medicare card in the mail about 2 months before your 65th birthday or your 25th month of disability.

Some people need to sign up for Part A. If you aren't getting Social Security or RRB benefits when you turn age 65 (for instance, because you are still working), you will need to sign up for Part A, even if you are eligible for premium-free Part A. You should contact Social Security 3 months before you turn age 65. If you worked for a railroad, contact the RRB to sign up.

Medicare Part B

What is Medicare Part B?

Medicare Part B (medical insurance) is optional and helps cover medically-necessary services like your doctors' services and outpatient care. It also covers some other medical services that Part A doesn't cover, such as some of the services of physical, occupational, and speech therapists, some home health care, and preventive services.



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How much does Part B cost?

Most people pay \$96.40 for Part B in 2010. Some, including new enrollees, will pay the standard premium amount of \$110.50 for 2010. In some cases, your monthly premium amount may be higher if you didn't sign up for Part B when you were first eligible. Also, some people pay a higher premium based on their modified adjusted gross income. If you are single and your annual adjusted gross income is more than \$85,000, or if you are married with an annual adjusted gross income of more than \$170,000, your Part B premium may be higher than the standard premium. The 2010 annual deductible is \$155. After you meet the deductible, you will pay 20 percent of the Medicare-approved amount for Part B-covered services. To confirm whether or not you have Part B coverage, look on your red, white, and blue Medicare card for "Medical (Part B)."

When can I sign up for Part B?

Many people automatically get Part B. If you get benefits from Social Security or the Railroad Retirement Board (RRB), you automatically get Part B starting the first day of the month you turn age 65. If you are under age 65 and disabled, you automatically get Part B after you get disability benefits from Social Security or certain disability benefits from the RRB for 24 months. You will get your Medicare card in the mail about 2 months before your 65th birthday or your 25th month of disability. If you don't want Part B, follow the instructions that come with the card, and send the card back. If you keep the card, you keep Part B and will pay Part B premiums.

Note: If you are not already getting benefits, you should call Social Security at 1-800-772-1213 three months before your 65th birthday, even if you plan to continue working.

Some people need to sign up for Part B. If you didn't sign up for Part B when you were first eligible at age 65, you may be able to sign up during one of these times:

- **General Enrollment Period** – Between January 1 - March 31 each year. Your coverage will begin on July 1. The cost of your Part B will go up 10% for each full 12-month period you could have had Part B but didn't sign up for it. You may have to pay this late enrollment penalty as long as you have Part B unless you qualify for a Special Enrollment Period (see below).
- **Special Enrollment Period** – If you didn't take Part B when you were first eligible because you or your spouse was working and you had group health coverage based on that work, you can sign up for Part B during a Special Enrollment Period. People who sign up for Part B during a Special Enrollment Period can do so without a penalty. You can sign up:
 - Any time you are still covered by the group health plan OR
 - During the 8 months following the month when the group health plan coverage ends, or when the employment ends (whichever is first).

Medicare Assistance Programs

If you have Medicare, and your monthly income and financial resources meet one of the standards given below, the state of Oklahoma may help pay your Medicare Part A and/or Part B premiums, deductibles and co-payments. The three programs available to help with these costs are known as Medicare Savings Programs. They are: Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB) and Qualifying Individuals (QI). The benefits provided by each program and the eligibility guidelines for each can be found in the chart below:

PROGRAM BENEFITS

Qualified Medicare Beneficiary (QMB)

Pays Medicare Part B monthly premium of \$110.50
Pays Medicare Part D monthly premium up to \$32.31
Pays Medicare co-payments and deductibles
In some cases, pays the Part A premium

Specified Low-Income Medicare Beneficiary (SLMB)

Pays Medicare Part B monthly premium of \$110.50
Pays Medicare Part D monthly premium up to \$32.31

Qualifying Individuals (QI)

Pays Medicare Part B monthly premium of \$110.50
Pays Medicare Part D monthly premium up to \$32.31

ELIGIBILITY GUIDELINES

Single: monthly income less than \$903 and assets less than \$6,600
Married: monthly income less than \$1,215 and assets less than \$9,910

Single: monthly income less than \$1,083 and assets less than \$6,600
Married: monthly income less than \$1,457 and assets less than \$9,910

Single: monthly income less than \$1,219 and assets less than \$6,600
Married: monthly income less than \$1,640 and assets less than \$9,910

Asset Guidelines Have Increased. More People Qualify.



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Medicare Part C

What is Medicare Part C?

Medicare Advantage Plans are part of the Medicare Program and are sometimes called “Part C.” These are health plan options that are approved by Medicare and offered by private companies. Medicare Advantage Plans provide all of your Part A and Part B coverage. This means they must cover at least all of the services that Original Medicare covers. They generally offer extra benefits, and many include Medicare prescription drug coverage. The plan may have special rules that you need to follow, such as seeing doctors that belong to the plan or going to certain hospitals for services.

How much does Part C cost?

If you join a Medicare Advantage Plan, you still pay the Medicare Part B premium and you may also pay an additional premium for the Medicare Advantage Plan. Each Medicare Advantage Plan can charge different out-of-pocket costs. These are usually co-payments but can also be coinsurance and deductibles. It’s important to call any plan before joining to find out the plan’s rules, what your costs will be, and to make sure the plan meets your needs.

When can I join, switch or drop a Medicare Advantage Plan?

To join a Medicare Advantage Plan, you must have both Medicare Part A and Part B and live in the plan’s service area. You can join, switch, or drop a Medicare Advantage Plan at these times:

- When you first become eligible for Medicare (3 months before you turn 65 to 3 months after the month you turn age 65).
- If you get Medicare due to a disability, you can join during the 3 months before to 3 months after your 25th month of disability.
- Between November 15 – December 31 each year. Your coverage will begin on January 1 of the following year.

You can dis-enroll from a Medicare Advantage Plan and return to Original Medicare:

- Between January 1 – February 15 of each year. During this period you can also join a prescription drug plan if you had Medicare prescription drug coverage through your Medicare Advantage Plan.



Medicare Part D

What is Medicare Part D? Medicare offers outpatient prescription drug coverage (Medicare Part D) for everyone with Medicare. To get Medicare drug coverage, you must join a plan run by an insurance company or other company approved by Medicare. Once you choose a Medicare drug plan, you may join by completing a paper application, calling the plan, or enrolling online. If you want Medicare drug coverage, you need to choose a plan that works with your health coverage. You can get your Medicare prescription drug coverage either through Medicare Prescription Drug Plans which add drug coverage to Original Medicare or through Medicare Advantage Plans that include Medicare Prescription drug coverage.

What if I already have other prescription drug coverage?

If you have another source of drug coverage, such as through an employer or union, you should check with your current provider to determine how your coverage compares to Medicare Part D. Unless your other drug coverage is considered “creditable” coverage, meaning that it is at least as good as Medicare prescription drug coverage, it’s important for you to join a Medicare prescription drug plan when you are first eligible. Postponing enrollment may mean higher premiums due to a penalty that you will have to pay as long as you have Medicare prescription drug coverage.

How much does Part D cost?

Most people will pay a monthly premium for Medicare prescription drug coverage. You will also pay a share of the cost



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of your prescriptions, including a deductible, co-payments, and/or coinsurance. Your costs will vary depending on the drugs you use, the plan you choose, and whether you go to a pharmacy in your plan's network. If you have limited income and limited resources, Medicare Part D's Extra Help or Low-Income Subsidy program can help you receive full or partial financial assistance to pay for premiums, deductibles, and co-payments. (See related information, below.)

When can I join, switch or drop a Medicare Part D Plan?

You can join, switch, or drop a Medicare Part D prescription drug plan at these times:

- When you first become eligible for Medicare.
- Between November 15 - December 31 each year. Your coverage will begin on January 1 of the following year.
- Special Enrollment Period - In certain situations, including if you involuntarily lose your creditable prescription drug coverage, you may get a Special Enrollment Period. You can sign up for Part D and won't have to pay a late enrollment penalty as long as you join a Medicare drug plan within 63 days of losing your creditable coverage.
- If you are eligible for and receive the extra financial help for Part D costs, you have a continuous Special Enrollment Period and can change your Medicare drug plan at any time.

How do I qualify for the Extra Help?

You automatically qualify for the Medicare Part D extra financial help if you have Medicare and Medicaid, Medicare and Supplemental Security Income (SSI) without Medicaid, or if the state helps pay your Medicare premiums. If you don't automatically qualify, you may qualify for the extra help if you meet certain income and resource guidelines that may change each year. For 2010, the income limit for a single person is \$1,353 in monthly income and \$12,510 in assets. The amount for a married couple is \$1,821 in joint monthly income and \$25,010 in joint assets.

How can I get more information about my Medicare benefits, Medicare Advantage plans, Medigap plans, the extra help or about Medicare Part D prescription drug plans?

Call the Senior Health Insurance Counseling Program (SHIP) at LIFE Senior Services, sponsored by the Oklahoma Insurance Department at (918) 664-9000 or (866) 664-9009 for unbiased, up-to-date information on your Medicare benefits and assistance in applying for the extra help with drug plan costs and selecting a Part D plan. You may also contact Medicare toll-free at 1-800-MEDICARE (800-633-4227) or visit Medicare's Web site at www.medicare.gov

Medicare Coverage Options

With Medicare, you can choose how you get your health and prescription drug coverage. Your costs vary depending on your plan, coverage and the services you use.

Original Medicare Plan	Medicare Advantage Plan (like an HMO or PPO)
Part A: Hospital Insurance Part B: Medical Insurance	Part C (includes both Part A: Hospital Insurance and Part B: Medical Insurance)
<ul style="list-style-type: none"> • Medicare provides this coverage. • You have your choice of doctors. • Generally, you pay deductibles and coinsurance. • You pay a monthly premium for Part B. • You can join a Medicare Part D prescription drug plan to add drug coverage. • You can buy a Medigap (Medicare Supplement Insurance) policy - sold by private insurance companies - to help fill the gaps in Part A and Part B coverage. 	<ul style="list-style-type: none"> • Private insurance companies approved by Medicare provide this coverage. • In most plans, you must see plan doctors. • Costs, extra benefits, and rules vary by plan. • You usually pay a monthly premium in addition to your Part B premium. • If you want drug coverage, you must get it through your plan (in most cases). • You don't need a Medigap policy.

