

# Understanding Medicare

A guide to help you navigate this federal health insurance program



Whether you are just turning 65, or you have been on Medicare for years, the Medicare program can be confusing. There is a lot to know—and it's important to understand all of your options so you can choose the coverage that's right for you.

Fallon Health has created this guide to help answer some of your questions about the Medicare program. If you have any other questions or would like more information, please visit [medicare.gov](https://www.medicare.gov) or call 1-800-MEDICARE (1-800-633-4227).

# Table of contents

<b>What is Medicare?</b> .....	4
Am I eligible?.....	4
Planning to retire?.....	4
<b>How does Medicare work?</b> .....	5
Medicare coverage options .....	5
Original Medicare (Medicare Parts A and B).....	6
How much does it cost? .....	7
<b>Want more coverage?</b> .....	8
Medicare Advantage Plans (Part C).....	9
Special Needs Plans .....	10
Medicare Prescription Drug Plans (Part D).....	11
Medicare Supplement Insurance Plans (Medigap Plans) .....	12
<b>Enrolling in Medicare</b> .....	13
When to sign up.....	13
How to enroll in Medicare.....	13
When will my Medicare coverage begin? .....	14
What if I enroll late?.....	16
How to switch my current Medicare coverage.....	18
Plan to work after age 65? .....	19
For more information .....	19
<b>Glossary of terms</b> .....	20

# What is Medicare?

Medicare is a federal health insurance program that covers medical and hospital expenses.

## Am I eligible?

You are eligible for Medicare if you are:

- Age 65 or older
- Under age 65 with certain disabilities
- Any age with End-Stage Renal Disease (ESRD), which is permanent kidney failure requiring dialysis or a kidney transplant

## Planning to retire?

Some employers and union groups offer health care coverage to their retired employees. You should always check with your employer/union group to see what options are available to you.

## Not sure if you qualify?

Contact the Social Security Administration (SSA) to find out if you're eligible for Medicare coverage.



**SSA**  
1-800-772-1213  
TTY: 1-800-325-0778  
ssa.gov

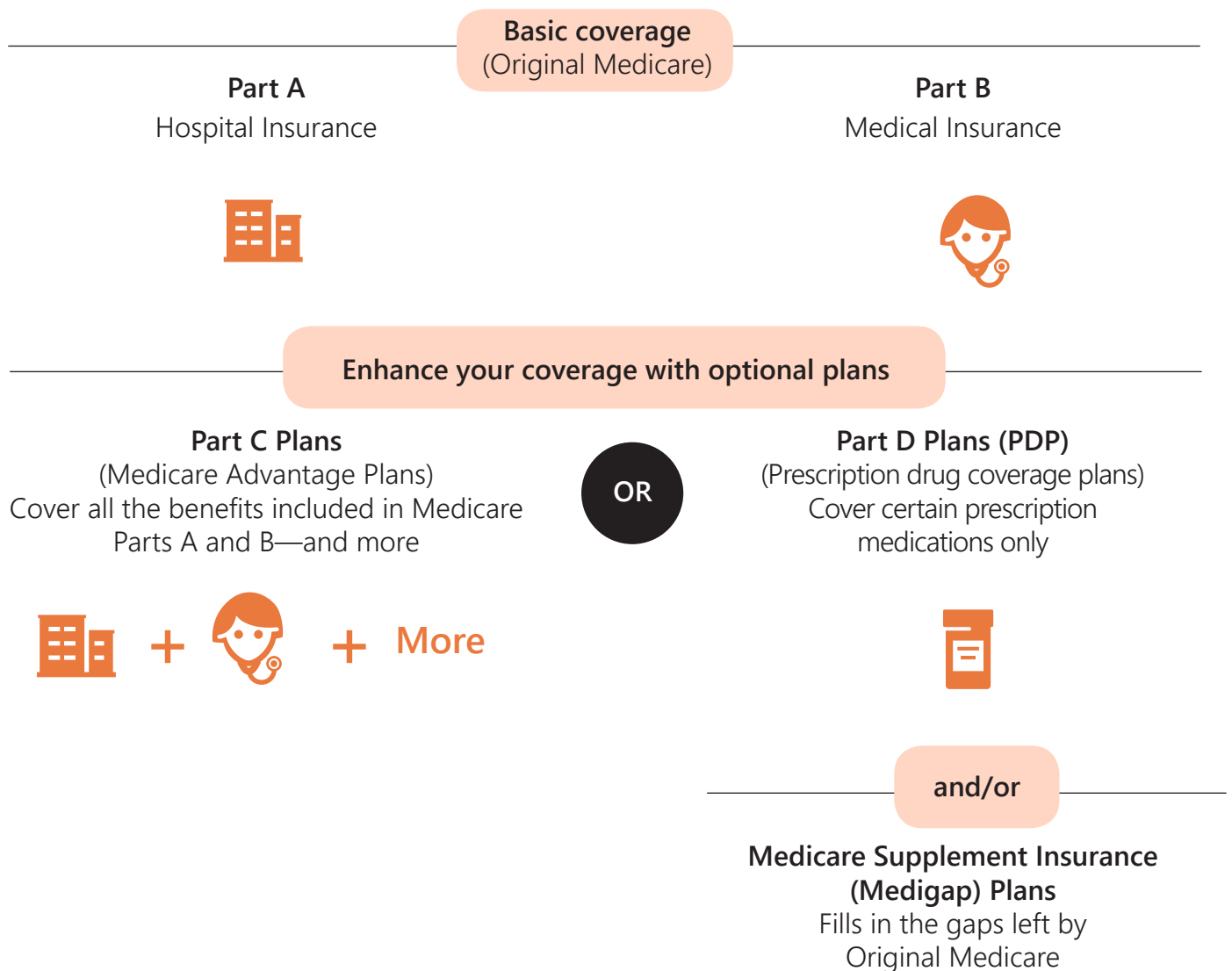
# How does Medicare work?

Medicare consists of different parts, and each part provides different coverage. So, it's important to think about what type of coverage you would like, and what type of coverage you may need now and in the future.

Let's start exploring the options available to you.

## Medicare coverage options

With Medicare, you can receive basic coverage or you can enhance that basic coverage with optional plans.



## Original Medicare (Medicare Parts A and B)

First, let's look at Medicare's basic coverage options—Parts A and B, also known as Original Medicare.

### Part A

Medicare Part A helps pay for:

- Hospital care
- Skilled nursing facility stays
- Hospice care
- Home health care

### Part B

Medicare Part B helps pay for medically necessary services like:

- Doctor office visits and outpatient hospital care
- Preventive services such as screenings and flu shots
- Ambulance rides and services
- Lab tests and X-rays
- Medical equipment

### What's NOT covered by Parts A and B

- Most dental care, including routine cleaning and exams
- Hearing aids
- Routine hearing exams
- Routine foot care
- Routine vision care
- Worldwide emergency care
- Most prescription drugs

## Important notes about Original Medicare

- You receive coverage directly from the Medicare program, not a private health plan.
- You may see any provider, anywhere, who accepts Medicare and you as a patient.
- You do not have to elect a primary care provider (PCP).
- Referrals are not required, in most cases.

## How much does it cost?



If you have Original Medicare as your only health care coverage you may be responsible to pay a monthly plan premium. You will also have to pay some out-of-pocket costs, such as a deductible or copayments/coinsurance, for certain services you receive.

The chart shows examples of some costs you will pay for specific covered services, with Original Medicare as your only coverage.

Medicare coverage option	2017 monthly plan premium	Other out-of-pocket costs	Cost to you per benefit period in 2017
<b>Part A</b>	<p>\$0 for most people*</p> <p>\$227/month for those who worked between 7.5 and 10 years</p> <p>\$413/month for those who worked less than 7.5 years</p>	<ul style="list-style-type: none"> <li>• Deductible</li> <li>• Coinsurance</li> <li>• Copayments</li> </ul>	<ul style="list-style-type: none"> <li>• Hospital stays                             <ul style="list-style-type: none"> <li>- \$1,316 deductible for days 1-60</li> <li>- \$329 per day for days 61-90</li> <li>- \$658 per day for days 91 and beyond**</li> </ul> </li> <li>• Skilled Nursing Facility stays                             <ul style="list-style-type: none"> <li>- \$0 a day for days 1-20</li> <li>- \$164.50 a day for days 21-100</li> <li>- 100% of the costs for days 101 and beyond</li> </ul> </li> </ul> <p><i>Note: You are covered only after a qualifying 3-day hospital stay.</i></p>
<b>Part B</b>	\$109-\$134***	<ul style="list-style-type: none"> <li>• Deductible</li> <li>• Coinsurance</li> </ul>	<ul style="list-style-type: none"> <li>- \$183 annual deductible</li> <li>- 20% coinsurance for Medicare-covered services, like doctor office visits, lab tests and X-rays</li> </ul>

\* You will pay a \$0 Part A monthly plan premium if you or your spouse worked and paid into Social Security for at least 10 years.

\*\* After you are in the hospital for 90 consecutive days, you may begin to receive coverage using your "lifetime reserve days." Under Original Medicare, you have 60 reserve days that you are able to use over your entire lifetime.

\*\*\* You will pay a higher monthly Part B plan premium if you are single and your income is \$85,000/year or more, or if you're married and your combined income is \$170,000/year or more.

What are deductibles, coinsurance and benefit periods? See the Glossary of Terms on page 20.

# Want more coverage?

If you decide that you would like more coverage than Original Medicare alone provides, you have options. There are plans that will cover some or all of the out-of-pocket costs you are responsible for with Original Medicare, leaving you with little to no out-of-pocket costs. There are also plans that cover the items and services that Original Medicare does not cover, like routine vision and hearing services and prescription drugs. Keep in mind that you have to be enrolled in both Medicare Parts A and B to receive coverage from the options described on the following pages.

## Get more coverage than Original Medicare alone

### Medicare Advantage Plans (Part C Plans)

Cover all the benefits included in Medicare Parts A and B, plus more



May cover additional benefits such as Part D prescription drug medications, routine vision care, hearing services, hearing aids, dental care, wellness programs and worldwide emergency care



OR

### Medicare Part D Plans (PDP)

Cover prescription drug medications only



and/or

### Medicare Supplement Insurance (Medigap) Plans

Cover all the benefits included in Medicare Parts A and B, and fills in the coverage and cost "gaps" left by Original Medicare



**Although you can't be a member of a Medicare Part D Plan and a Medicare Advantage Plan at the same time, you may have coverage for Medicare Part D prescription drugs **through** a Medicare Advantage Plan.**



## Medicare Advantage Plans (Part C)

Medicare Advantage Plans, also called Medicare Part C Plans, are offered by private health insurance companies that are contracted with the Medicare program. These plans provide all the coverage offered through Medicare Parts A and B, plus more, like: worldwide emergency coverage, routine hearing exams, routine vision care and fitness benefits. In many cases these plans also provide drug coverage offered through Part D (prescription drug coverage) Plans.

### Things to keep in mind about Medicare Advantage Plans

- These plans offer similar coverage and cost-sharing structure as many traditional insurance plans offered by employers.
- You will only have one insurance card (health plan provides Medicare benefits).
- These plans offer all the coverage of Original Medicare—plus more.
- There are different types of Medicare Advantage plans, like:
  - Health Maintenance Organization (HMO) plans
  - Health Maintenance Organization plans with a Point-of-Service (HMO-POS) option
  - Preferred Provider Organization (PPO) plans
  - Special Needs Plans (SNP)
- If you are enrolled in a Medicare Advantage Plan, you cannot be enrolled in a Medicare Supplement or a Part D Plan at the same time.

## Special Needs Plans (SNP)

A Special Needs Plan (SNP) is a Medicare Advantage (MA) Plan that provides focused care for specific groups of people that have special needs. There are three types of SNPs:

- Chronic Condition SNP (C-SNP)—for individuals with a severe or disabling chronic condition
- Institutional SNP (I-SNP)—for individuals who live in an institution like a nursing home
- Dual Eligible SNP (D-SNP)—for individuals who have both Medicare and Medicaid (dual eligible) coverage

## Do you have MassHealth (Medicaid)?

If you do, you may be eligible for even more coverage options such as a Medicare Advantage Dual Eligible Special Needs Plan (D-SNP) or a Massachusetts Senior Care Options (SCO) program. With D-SNP and SCO options, you can enroll for the first of any month (as long as you are eligible). You can also disenroll anytime, effective the month after your request.

### Dual Eligible Special Needs Plan (D-SNP)

D-SNPs are approved by Medicare and run by private companies. When you join a D-SNP you get all of your Medicare hospital, medical care and prescription drug coverage through that plan. They will also coordinate and often cover your Medicaid benefits and provide additional benefits. With these plans, you may need to see network providers, select a PCP and get referrals for specialty care (except in special circumstances).

### Massachusetts Senior Care Options (SCO) program

Senior Care Options programs are voluntary coverage plans offered by private health insurance companies to individuals who are 65 or older, have MassHealth Standard and live in a specific service area. **You do not need to be enrolled in Medicare to join a SCO.**

SCOs cover all the MassHealth Standard benefits, services and items, plus those covered by Medicare (even if you don't have Medicare)—at no cost to you. A team of medical professionals works with you to develop a plan of care to meet your health goals. With SCOs, you must choose a PCP and see network providers when you need health care and services (except in special circumstances).

Many D-SNP and SCO programs also offer extras like preventive and comprehensive dental care, coverage for eyewear, rides to medical appointments and the grocery store, and cards that are preloaded with money to help you pay for certain over-the-counter, health-related items.

If you are age 65 or older and meet certain income guidelines, you may qualify for MassHealth. To learn more about these coverage options, or to see if you qualify for MassHealth, call MassHealth Customer Service at the number listed on page 19.

## Medicare prescription drug plans (Part D)

Medicare prescription drug plans are offered by private companies that are contracted with the Medicare program. These types of plans provide coverage for your prescription medications only. Both you and the plan share the cost of prescription drugs. Members of these plans are often responsible for monthly plan premiums and may be responsible for deductibles, copayments and/or coinsurance. Your out-of-pocket costs are determined by the coverage stage you are in during any particular time.

Here's a look at how a typical Medicare Part D Plan may work—what's covered and what you will have to pay at each stage of coverage.

Level of Coverage	What is this stage?	Your costs for 2017
Deductible	When you pay the full cost of your drugs until your deductible is met.	Full cost of your drugs; deductibles vary by plan and can be up to \$400
Initial coverage	When you and your plan share the total cost of your drugs.	Copayments/coinsurance until your yearly drugs costs—paid by you and your plan—reach \$3,700
Coverage gap (“donut hole”)	When you pay most of the plan’s negotiated price for your drugs. The plan pays a little.	<ul style="list-style-type: none"> <li>• Discounted costs for brand-name drugs</li> <li>• 51% of the cost for generic drugs until your yearly out-of-pocket costs reach \$4,950</li> </ul>
Catastrophic coverage	When the plan pays most of the cost of your drugs for the remainder of the calendar year.	You pay the greater of: <ul style="list-style-type: none"> <li>• A \$3.30 copayment for generic or preferred brand drugs, and a \$8.25 copayment for all other drugs, or</li> <li>• 5% coinsurance</li> </ul>

### Things to keep in mind about Part D Plans

- They only cover prescription medications.
- You will usually have two health insurance cards (Medicare card and Part D Plan card).
- Your out-of-pocket costs could include a monthly plan premium, a deductible and/or copayments or coinsurance.

## Medicare Supplement Insurance Plans (Medigap Plans)

With Medicare Supplement Insurance Plans—or Medigap Plans—you will be covered for all the items and services offered through Original Medicare, and maybe more. These types of plans are offered by private health insurance companies and cover most deductible, coinsurance and copayment costs associated with Original Medicare. Medicare Supplement Insurance Plans also offer flexibility by allowing members to receive care from any provider who accepts Medicare.

In Massachusetts, there are two types of Medicare Supplement Insurance Plans—Supplement Core and Supplement 1. The type of plan you choose determines the costs that will be covered, and the costs that you may be responsible for.

### Things to keep in mind about Medicare Supplement Insurance Plans

- You will usually have to use two health insurance cards when receiving care (Medicare card and Medicare Supplement card).
- They cover most out-of-pocket costs, like deductibles, coinsurance and copayments, that you would have to pay with Medicare Parts A and B.
- Some plans offer more benefits than you would receive with Original Medicare alone (e.g., routine vision care, fitness benefits, etc.).
- They do not cover most prescription drugs. You may want to purchase a Medicare Part D Plan.

# Enrolling in Medicare

## When to sign up

You can first sign up for Medicare when you become 64 years and 9 months old. You will need to contact the Social Security Administration to begin your enrollment.

You may be automatically enrolled in Medicare if you are currently receiving benefits from Social Security or the Railroad Retirement Board (RRB). If you're automatically enrolled, you will receive your Medicare card three months before your 65<sup>th</sup> birthday.

If you're under 65 and disabled, you'll automatically be enrolled after you get disability benefits from Social Security or certain disability benefits from RRB for 24 months.

## How to enroll in Medicare

Contact the Social Security Administration to enroll or to learn more.

- Online—[ssa.gov](https://ssa.gov)
- Phone—1-800-772-1213 (TTY: 1-800-325-0778)
- In person—visit your local Social Security office

## Enroll in Medicare, next steps

To compare your options, you can visit [medicare.gov](https://medicare.gov) or speak with a counselor from the Serving the Health Insurance Needs of Everyone (SHINE) Program. Contact information for these programs is on page 19.

To enroll in a Part C (Medicare Advantage), Part D (prescription drug plan) or Medicare Supplement (Medigap) Plan, you will have to contact a private health plan that offers the coverage you are interested in.

## When will my Medicare coverage begin?

The chart below represents when your Medicare coverage begins according to when you enroll. During your Initial Enrollment Period (IEP), you can enroll in a Medicare plan three months before your 65<sup>th</sup> birthday, the month you turn 65 and three months after you turn 65. If you do not sign up for a Medicare plan during your IEP, you will need to enroll during one of the other enrollment periods noted below.

Enrollment period	What type of coverage can I sign up for?
Initial Enrollment Period (IEP)	Original Medicare (Part A and/or B)
	<ul style="list-style-type: none"> <li>• Medicare Advantage Plans (Part C)</li> <li>• Medicare Prescription Drug Plans (Part D)</li> <li>• Medicare Supplement (Medigap) Insurance Plans</li> </ul>
Special Enrollment Period	<ul style="list-style-type: none"> <li>• Original Medicare (Part A and/or B)</li> <li>• Medicare Advantage Plans (Part C)</li> <li>• Medicare Prescription Drug Plans (Part D)</li> <li>• Medicare Supplement Insurance Plans (Medigap)</li> </ul>
General Enrollment Period	Original Medicare (Part A and/or B)

*\* If your birthday is on the first day of the month, your coverage starts the first day of the month prior to your birthday. Example: If your birthday is on July 1, and you sign up for Medicare in March, April or May, your coverage will begin on June 1.*

*\*\* Not a complete list of Special Enrollment Periods, for a complete list and time periods for all the different circumstances, visit [medicare.gov](http://medicare.gov).*

When can I enroll?	Coverage begins
<ul style="list-style-type: none"> <li>• During the 3 months before your 65<sup>th</sup> birthday</li> </ul>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> day of your birthday month*</li> </ul>
<ul style="list-style-type: none"> <li>• The month you turn 65</li> </ul>	<ul style="list-style-type: none"> <li>• 1 month after you sign up</li> </ul>
<ul style="list-style-type: none"> <li>• 1 month after you turn 65</li> </ul>	<ul style="list-style-type: none"> <li>• 2 months after you sign up</li> </ul>
<ul style="list-style-type: none"> <li>• 2-3 months after you turn 65</li> </ul>	<ul style="list-style-type: none"> <li>• 3 months after you sign up</li> </ul>
<ul style="list-style-type: none"> <li>• During the 3 months before your 65<sup>th</sup> birthday</li> </ul>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> day of your birthday month</li> </ul>
<ul style="list-style-type: none"> <li>• The month you turn 65 and during the 3 months after you turn 65</li> </ul>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> day of the month after you sign up</li> </ul>
<p>During or immediately following a special circumstance** including:</p> <ul style="list-style-type: none"> <li>• Change of residence</li> <li>• Lost employer or union group health plan coverage</li> <li>• Enrolled in or losing Medicaid coverage</li> <li>• Qualified for Medicare’s extra help to pay for Part D coverage</li> </ul>	<p>The first day of the month following your enrollment.</p>
<ul style="list-style-type: none"> <li>• January 1 to March 31, every year</li> <li>• Only open to those who did not sign up during their IEP or who do not qualify for a Special Enrollment Period</li> </ul>	<p>July 1</p>

*Whether you are working or retired, Medicare Part A coverage will typically begin on your 65<sup>th</sup> birthday.*

## What if I enroll late?

In most cases, if you don't enroll in a Medicare Part A, Part B, or Part D plan when you're first eligible, you'll have to pay a late enrollment penalty.

What if I enroll late?			
I enrolled late in ...	Will I have to pay a penalty?	How much is the penalty?	How long will I have to pay the penalty?
<b>Part A</b>	Yes	10% of the current Part A premium	Twice the number of years you were eligible for Part A but did not pay. Example: You enrolled in Part A three years after you became eligible, therefore, you will pay the penalty for six years.
<b>Part B</b>	Yes*	10% of the current Part B premium for each full 12-month period you wait to enroll	You will pay this penalty for as long as you have Part B coverage.
<b>Part D</b>	Yes**	1% of the average monthly prescription drug plan premium, multiplied by the number of months you were late enrolling, rounded to the nearest 10 cents.	You will pay this penalty for as long as you have Part D coverage.

\* If you enroll in Part B during a Part B special enrollment period, you will not have to pay a penalty.

\*\* Those who are enrolled in Medicare's Extra Help with the costs of Medicare Part D prescription drugs, will not have to pay a late enrollment penalty.



## I'm enrolling in a Part D Plan, but I'm late. How much will I pay?

The average monthly premium for a Part D Plan is \$35.63 in 2017.  
If you enrolled in a Part D Plan 14 months late, in 2017, the calculation would look like:

$$\text{\$35.63} \quad \times \quad 0.14 \quad = \quad \text{\$4.98}$$

The average monthly  
prescription drug plan  
premium

Multiplied by

One percent  
for each month  
you were late  
enrolling

Equals

The cost of  
penalty per  
month



This number must be  
rounded to the nearest  
\$0.10 (amount can go up  
or down). **The penalty  
would be \$5.00 per  
month.**

This cost may go up each year you're enrolled in a Part D Plan.

## How to switch my current Medicare coverage

If you have Medicare coverage but want to switch the way you get Medicare, you can do so during the following times:

When you can switch your coverage		What you can do
<b>Annual Enrollment Period</b>	October 15-December 7 <ul style="list-style-type: none"> <li>Your coverage will begin on January 1 of the following year.</li> </ul>	<ul style="list-style-type: none"> <li>Join a Medicare Advantage Plan or switch to a new one.</li> <li>Join a Medicare Supplement Plan or switch to a new one.</li> <li>Join a Medicare Prescription Drug Plan (Part D) or switch to a new one.</li> </ul>
<b>Medicare Advantage Disenrollment Period</b>	January 1-February 14 <ul style="list-style-type: none"> <li>Change will be effective on the first day of the month following the receipt of your enrollment or disenrollment request.</li> </ul>	<ul style="list-style-type: none"> <li>Leave your current Medicare Advantage Plan to return to Original Medicare (Parts A and B) coverage only.</li> <li>Join a Medicare Supplement Plan.</li> <li>Join a Medicare Prescription Drug Plan (Part D).</li> </ul>

If you are eligible for a Special Enrollment Period, you may be able to switch the way you receive your coverage at additional times during the year. Please refer to pages 14-15 for more information.

## Plan to work after 65?

If you or your spouse will continue to work after the age of 65, and you will receive coverage through an employer or union group, you may be eligible to join Medicare during a Special Enrollment Period. See page 14-15 for information about Medicare's enrollment periods.

## For more information

We hope that this guide has answered your questions about Medicare. If you have more questions or want to explore your coverage options, there are resources that can help guide you in making decisions about the health care that is right for you.

### **Social Security Administration**

1-800-772-1213

TTY: 1-800-325-0778

7 a.m.–7 p.m., Mon.–Fri.

[ssa.gov](http://ssa.gov)

### **Medicare**

1-800-MEDICARE (1-800-633-4227)

TTY: 1-877-486-2048

24 hours a day, seven days a week

[medicare.gov](http://medicare.gov)

### **MassHealth (Medicaid)**

1-800-841-2900

TTY: 1-800-497-4648

8 a.m.–5 p.m., Mon.–Fri.

[mass.gov](http://mass.gov)

### **The SHINE (Serving the Health Insurance Needs of Everyone) Program**

1-800-AGE-INFO (1-800-243-4636)

TTY: 1-800-872-0166

[800ageinfo.com](http://800ageinfo.com)

# Glossary of terms

**Annual Enrollment Period:** October 15 to December 7. Medicare’s annual election period when you can enroll in a plan or change the way you receive coverage.

**Benefit period:** Time period that begins the day you’re admitted as an inpatient in a hospital or skilled nursing facility (SNF). The benefit period ends when you haven’t received any inpatient hospital or SNF care for 60 days in a row.

**Catastrophic coverage:** The Part D coverage stage when the plan pays most of the cost of your drugs for the remainder of the calendar year.

**Coinsurance:** An amount you are required to pay as part of your share of the cost for services. For example, if you have Medicare Part B, and you see your doctor because you don’t feel well, you are responsible to pay for 20% of the cost for that office visit.

**Copayment:** A set dollar amount that you must pay as your share of the cost for services or items covered by your plan.

**Coverage gap (“donut hole”):** The Part D coverage stage when you pay most of the plan’s negotiated price for your drugs. The plan pays a little.

**Deductible:** The amount you must pay for health care or prescriptions before a plan begins to pay.

**Extra Help:** A Medicare program that helps people with limited income pay for their prescription drug costs and medications. Costs covered may include premiums, deductibles, copayments and/or coinsurance.

**HMO:** Health Maintenance Organization plans. These plans are offered by private health insurance companies and offer a specific network of providers from whom their patients can receive care. Members of these plans must choose a primary care provider (PCP) who will coordinate their care and provide referrals when needed.

**HMO-POS:** Health Maintenance Organization plan with a Point-of-Service option. These plans are offered by private health insurance companies and offer out-of-network coverage for certain services. Members of these plans must choose a PCP.

**Premium:** The cost you must pay to Medicare and/or a private health insurance plan that provides you coverage. This cost is a set dollar amount and is typically paid on a monthly basis.

**PPO:** Preferred Provider Organization plans. These plans are offered by private health insurance companies and allow members to receive care in- or out-of-network. Members of these plans generally do not have to choose a PCP.

**SCO:** Senior Care Option plans. These plans are voluntary coverage plans offered by private health insurance companies. These plans combine social support with health care coverage to those who are 65 and older and are eligible for Medicaid coverage. Members of these plans must choose a PCP.

**SNP:** Special Needs Plans. These are a special type of Medicare Advantage plan offered by private health insurance companies that provide more focused health care for specific groups of people, such as those who have both Medicare and Medicaid, who reside in a nursing home, or who have certain chronic medical conditions.

# Notes

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