

Understanding Medicare



Clover Health



The History of Medicare



Today:

22 million people are enrolled in Medicare Advantage plans, up from 6.8 million in 2006. Medicare Advantage plans comprise 34% of Medicare enrollment.

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.

The Parts of Medicare

The Centers for Medicare & Medicaid Services (CMS) has oversight of the Medicare program. A federal agency, CMS is part of the Department of Health and Human Services.

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, at any point during or after your Initial Enrollment Period.



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 Most people choose to have their Part B premium automatically withdrawn from their monthly social security check.

If you're delaying your retirement and have insurance with your employer, you can delay your enrollment in Part B. However, if this is not the case and you don't enroll when you first become eligible for Part B, your Part B premium may be higher and you may pay a late enrollment penalty.

Not sure what terms like *deductible* and *coinsurance* mean? See Understanding Insurance Terms on page 21.



Part C: Medicare Advantage

- 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 coverage, dental, vision, and wellness.
- Plans usually have lower out-of-pocket expenses than Parts A and B.
- Plans are reviewed and approved by Medicare.

You must be enrolled in both Medicare Parts A and B to join a Medicare Advantage plan.



Part D: Prescription Drug Coverage

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

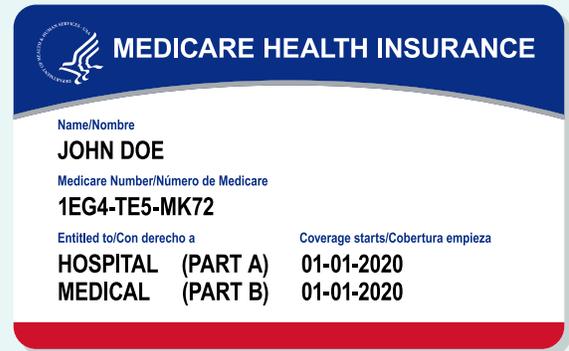
Similar to Part B, if you don't sign up for Part D when you're first eligible, the premium amount will increase each month until you enroll.

These plans are offered by private companies approved by Medicare. Many Medicare Advantage plans include prescription drug coverage that follows the same rules as Medicare prescription drug plans.

What Are Your Medicare Options?

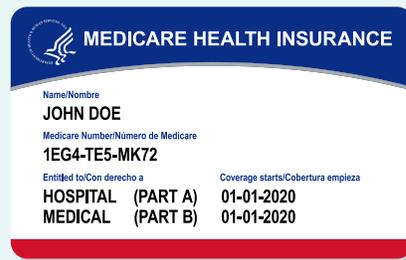
Option 1: **Original Medicare Only**

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 expenses.** You are responsible for the remaining 20%, which can add up.



Option 2: **Original Medicare Plus a 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.” That’s because Original Medicare doesn’t cover prescription drugs. Prescription drug plans are only offered by private insurance companies, so you will need to pay an additional monthly premium.



Part D

Understanding the Coverage Phases of Medicare Part D

1. Deductible phase

You pay for your prescriptions until you meet your annual deductible.

Once you reach your full deductible, if any...

2. Initial coverage phase

You're only responsible for a copay for each prescription, usually a fixed amount.

Once you and your plan spend a combined amount determined by Medicare*...

3. Coverage gap phase

You're responsible for a higher out-of-pocket payment in this phase—also known as the “donut hole.”

Once your out-of-pocket costs reach the upper limit of the coverage gap...

4. Catastrophic phase

You'll pay a much smaller portion of your prescription drug costs for the rest of the year.

*See [Medicare.gov/drug-coverage-part-d](https://www.Medicare.gov/drug-coverage-part-d)

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%.

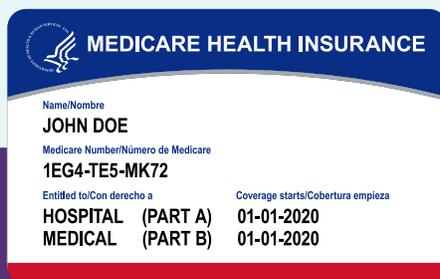
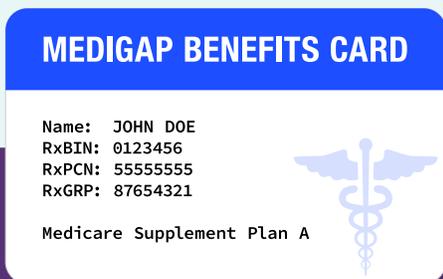
Medigap plans cover some or most of the costs that Original Medicare doesn’t pay. These plans come with an additional monthly premium.

You can’t have prescription drug coverage in both your Medigap policy and a Medicare drug plan.

People buy the Medigap policy that best meets their coverage needs and budget.

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.



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 additional plans to cover prescription drugs, dental, vision, and hearing.

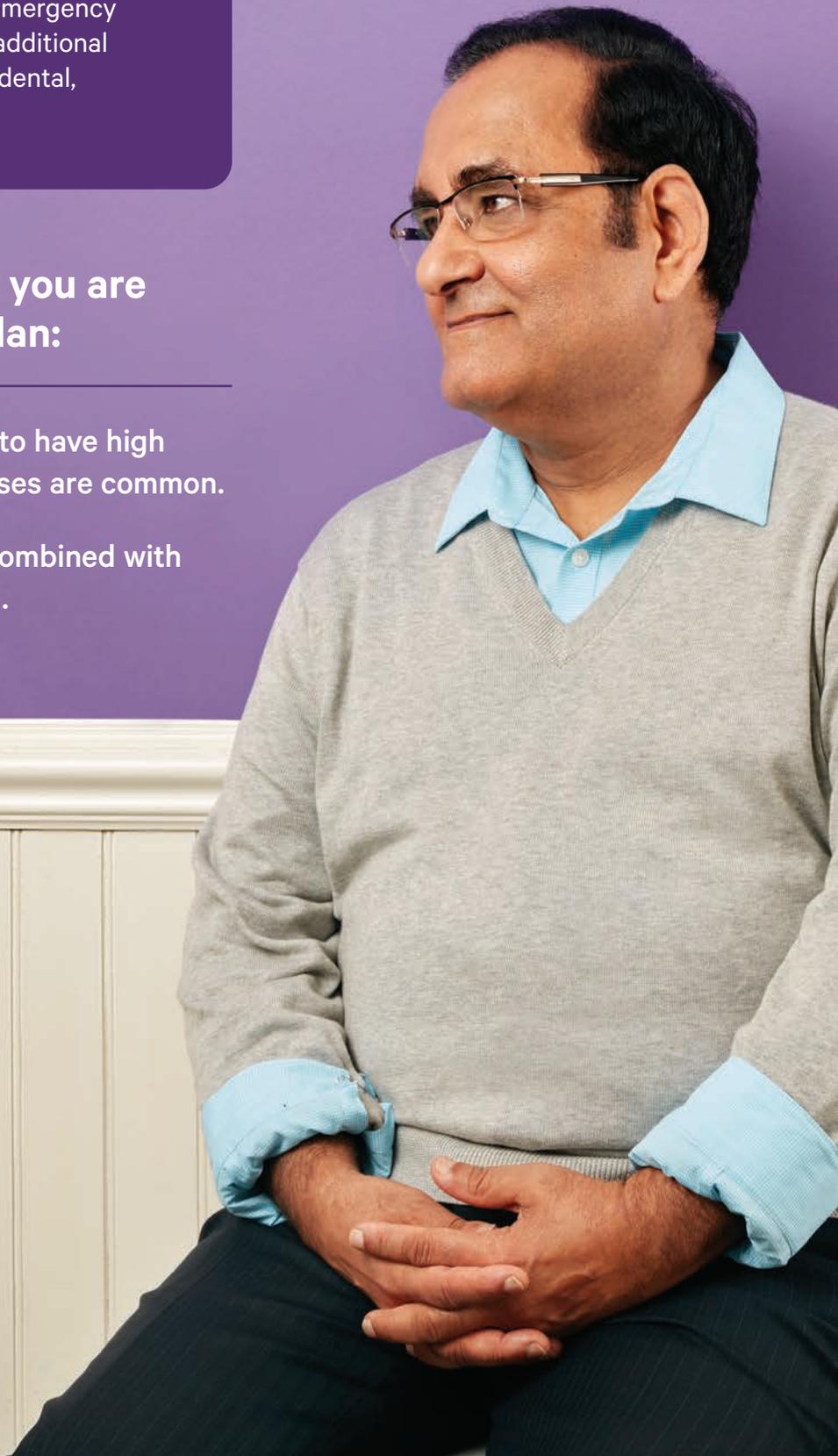
Things to keep in mind if you are considering a Medigap plan:



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



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



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 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 is convenient and easy: one plan, one card, one premium, and one company. That's why more than 22 million Medicare beneficiaries already have one.

Samantha A Sample Member ID CP0123456							
Plan ID 80840	RXBIN 004336	RXPCN MEDDADV	RXGRP RX8556				
Copayment		In	Out	Copayment		In	Out
PCP Office Visit	\$X	\$X	Specialist Visit	\$X	\$X		
ER Visit	\$X	\$X	Urgent Care	\$X	\$X		
CMS H5141-OXX		Card Issued: 2020		MedicareRx Prescription Drug Coverage			

**One plan, one card,
one premium,
one company—easy!**

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 each year**

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.



Advantages of a Medicare Advantage Plan

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	✓	✓

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		✓

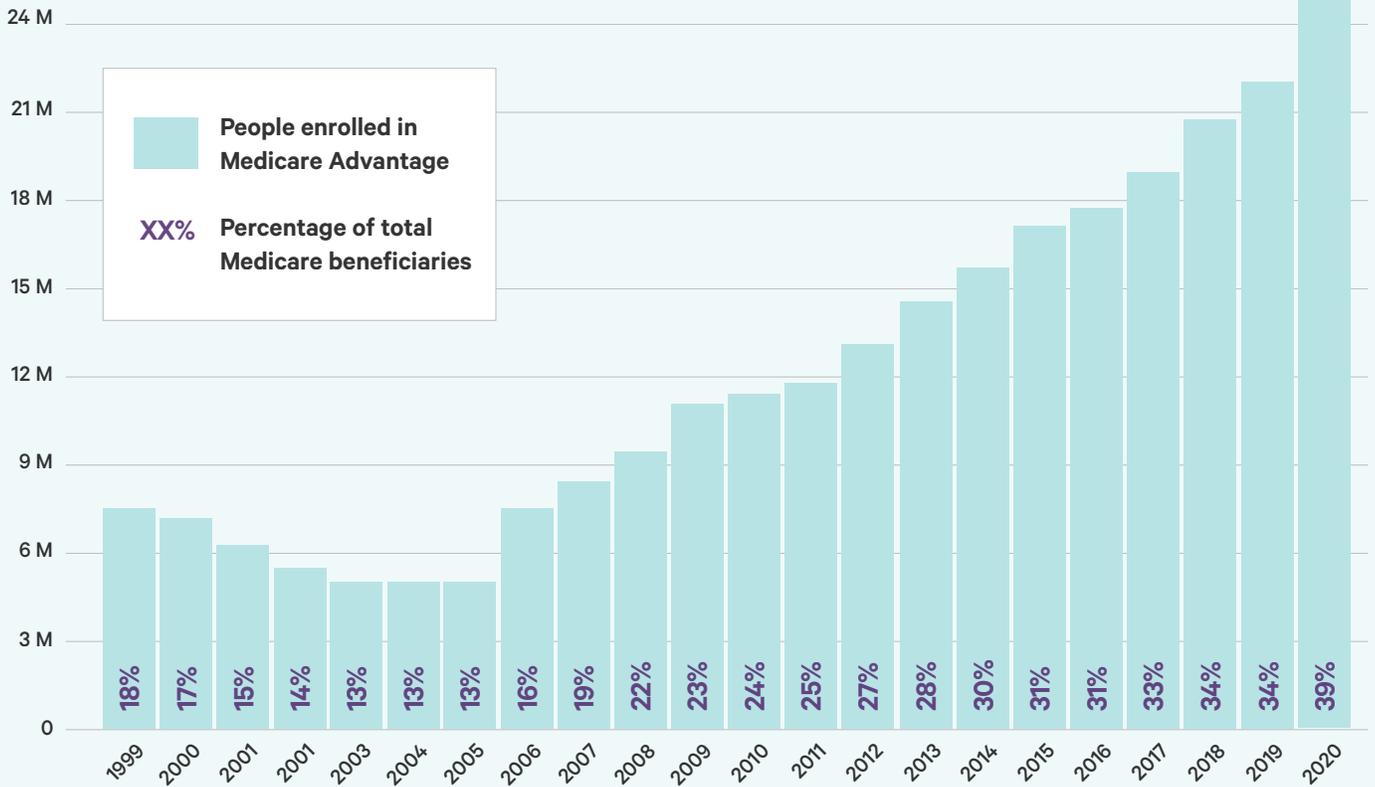
Extra benefits vary by plan.

Medicare Advantage Enrollment

With all that Medicare Advantage plans offer, it's no wonder 22 million Medicare beneficiaries are enrolled in a Medicare Advantage plan.

- **Over 15.2 million people have enrolled in Medicare Advantage since these plans were introduced in 2006.**
- **Today, 34% of all Medicare beneficiaries are enrolled in Medicare Advantage plans; projected to be 50% by 2025.**

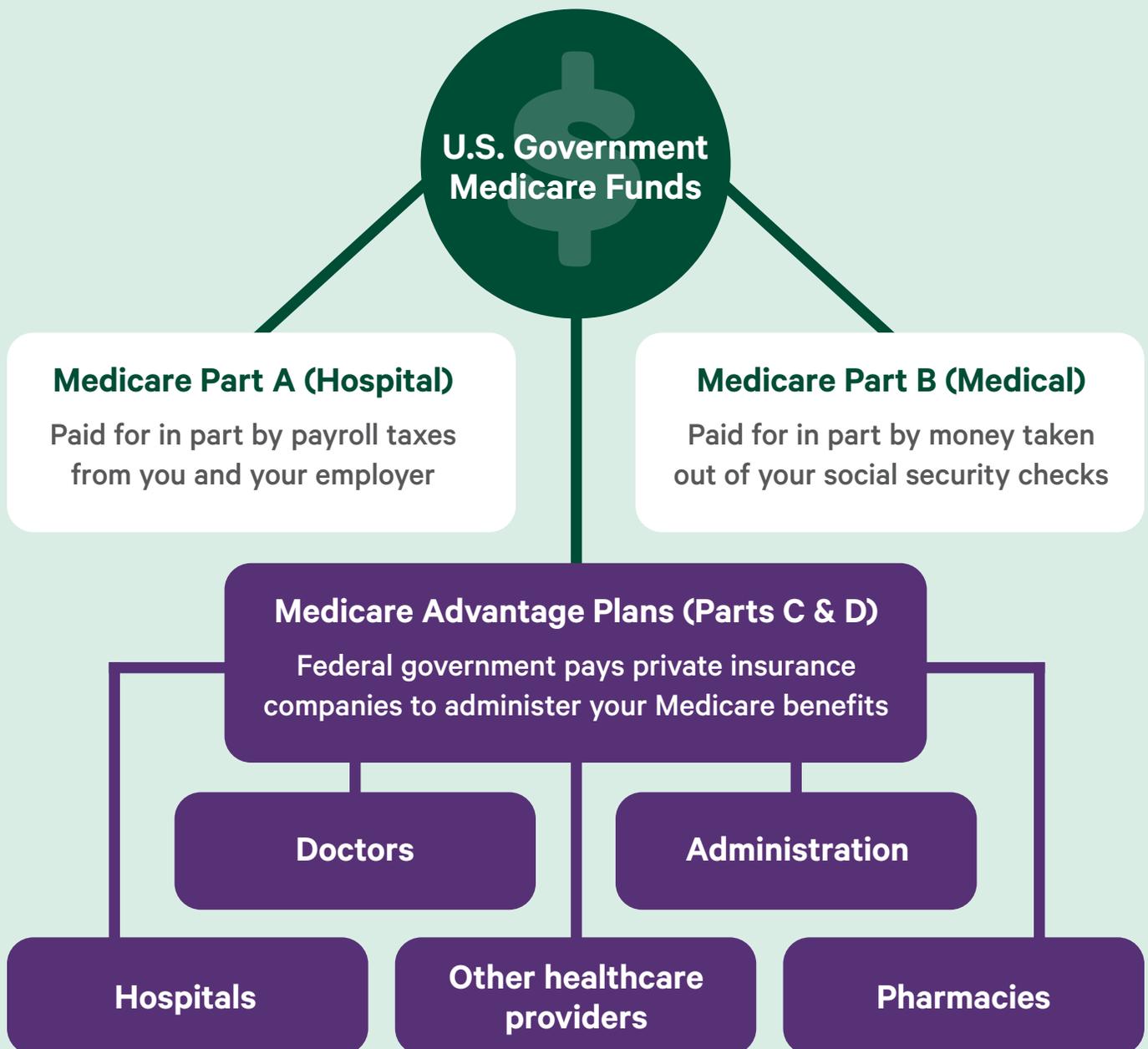
Medicare Advantage Enrollment Growth



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.

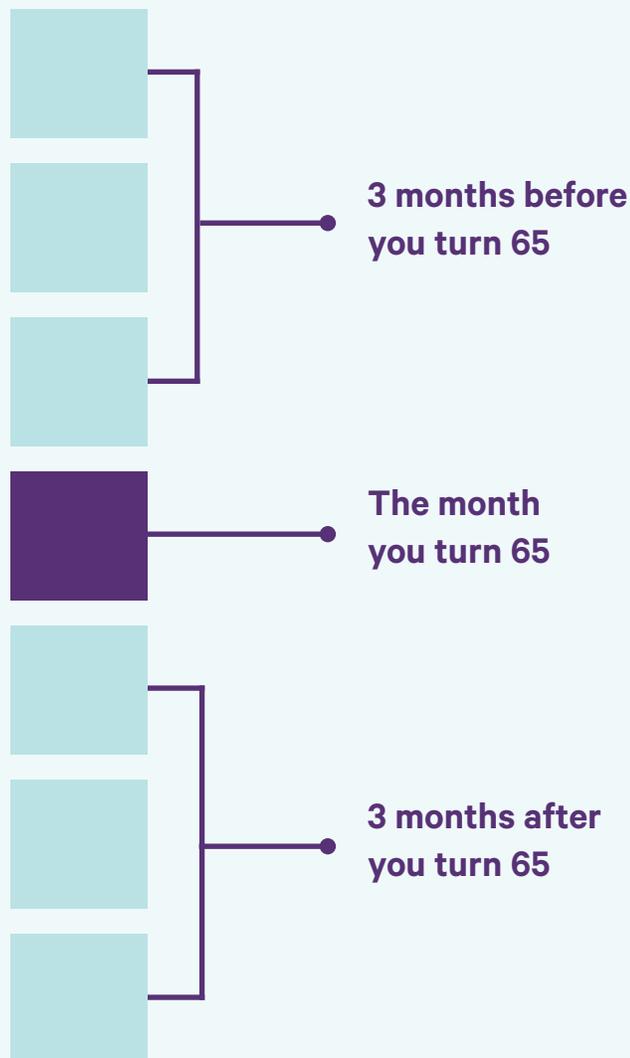
When you receive care, the Medicare Advantage plan is responsible for paying those claims. The plan, not Medicare, processes and pays your claims. The plan also works with your doctors, hospitals, and pharmacies on your behalf to ensure you receive the care you deserve.



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 age 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.

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.

Many HMOs do not allow you to see providers outside of the plan's defined network. In many cases, if you choose to go outside the network, you will need to pay for these services out of pocket.

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.

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 me?



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 healthcare plan do I currently have?
- What do I like about my current coverage?
- How much am I able to pay out of pocket for my healthcare and medicines?
- What would I add to my current coverage to make it ideal?
- Who currently helps 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.

Helpful Resources

The Centers for Medicare & Medicaid Services (CMS)

- 1-800-MEDICARE (1-800-633-4227)
- 1-877-486-2048 (TTY)
- 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

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

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 extra benefits**



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.

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