



# Medicare FAQs and You

A quick guide provided to you by

Veronica Petta

Private Patient Advocate

[GuidingWell-Being.com](http://GuidingWell-Being.com)



# Medicare FAQs and You

Yikes! I'm turning 65.

When approaching this huge milestone, you might already be enjoying senior discounts for travel, dining, and entertainment. But, have you given much thought about Medicare?

When Medicare was introduced in 1965, it was designed primarily for the 65+ population and since has expanded to include younger people with disabilities and certain health conditions.

Here are some of the questions that I'm frequently asked. Remember, keep abreast of Medicare updates at [www.Medicare.gov](http://www.Medicare.gov) and always review your Medicare options every year.

## **Q: What is Medicare?**

**A:** Medicare is a federal health insurance program, providing Medicare eligible individuals with coverage for and access to doctors, hospitals, or other health care providers who accept Medicare.

## **Q: When am I eligible for Medicare benefits?**

**A:** Medicare is available to people 65 and older; you must be an American citizen or legal permanent resident for at least five continuous years.

If you're younger than 65, you may qualify for Medicare benefits if you are:

- Disabled
- Diagnosed with End-Stage Renal Disease (permanent kidney failure requiring dialysis or transplant)
- Have Amyotrophic Lateral Sclerosis (or Lou Gehrig's disease)

## **Q: What are the different parts of Medicare?**

---

**A:** There are four different parts of Medicare:

### **1. Medicare Part A – (Hospital Insurance)**

Part A covers inpatient hospitalization, care in a skilled nursing facility, hospice care, and some home health care services.

Generally, you don't pay a monthly premium for Medicare Part A coverage if you or your spouse has worked the necessary 40 quarters (10 years and paid Medicare taxes).

### **2. Medicare Part B – (Medical Insurance)**

Part B covers certain doctors' and health care provider services, outpatient care, medical supplies, home health care and preventative services.

You pay a premium each month for Medicare Part B. If you get Social Security, or receive benefits from the Railroad Retirement Board (RRB) or the Office of Personnel Management, your Medicare Part B will be automatically deducted from these benefit payments. If you don't get these benefit payments, you'll receive a bill.

You must pay your Part B premium every month for as long as you have Part B (even if you don't use it).

### **3. Medicare Part C – (Medicare Advantage Plans)**

This is a type of Medicare health plan offered by Medicare-approved private insurance companies that contract with Medicare.

Medicare Advantage Plans provide all of your Part A and Part B benefits. Generally, they include prescription drug coverage, Part D.

### **4. Medicare Part D – (Prescription Drug Coverage)**

Part D plans help cover the cost of prescription drugs. They are run by Medicare-approved private insurance companies.

A representative from the Centers of Medicare and Medicaid Services provides a simple-to-understand summary of Your Medicare Choices in this video. To repeat, laws are changing all the time so check Medicare.gov as well.

<https://www.youtube.com/watch?v=WZVQSFBq2uw&feature=youtu.be>

## **Q: What are my Medicare Choices?**

**A:** With Medicare, you get to choose how you want to receive Medicare.

### **1. Traditional Medicare**

Traditional or Original Medicare is a fee-for-service health plan that has two parts: Part A (Hospital Insurance) and Part B (Medical Insurance). After you pay a deductible, Medicare pays its share of the Medicare-approved amount, and you pay your share (co-insurance and deductibles).

If you choose Traditional Medicare, you would need to purchase a separate plan to help cover the cost of prescription drugs: Part D (prescription drug coverage). You might also want to consider a Medicare supplement or secondary insurance to cover additional costs.

Medicare Supplement Insurance plans (also known as Medigap or MedSupp) are a type of private health insurance that helps cover certain out-of-pocket costs that Traditional Medicare, Part A and Part B, doesn't cover. There are 10 plan types available in most states, and each plan is labeled with a different letter that corresponds with a certain level of basic benefits.

**OR ...**

You can choose to receive Medicare under a Medicare Advantage Plan.

### **2. Medicare Advantage Plan (Part C)**

This is a type of Medicare health plan offered by Medicare-approved private insurance companies that contract with Medicare.

Medicare Advantage Plans provide all of your Part A and Part B benefits.  
Medicare Advantage Plans include:

- Health Maintenance Organizations
- Preferred Provider Organizations
- Private Fee-for-Service Plans
- Special Needs Plans
- Medicare Medical Savings Account Plans

If you're enrolled in a Medicare Advantage Plan:

- Most Medicare services are covered through the plan
- Sometimes cover extra benefits and services for an additional cost
- Generally, Medicare Advantage Plans offer prescription drug coverage (Part D)

### **Q: I am enrolled in Traditional Medicare Part A and Part B, why would I need supplemental insurance?**

**A:** While Medicare covers a wide range of care, not everything is covered. Medicare Supplement Insurance is a private health insurance plan designed to cover the “gaps” left by basic Medicare Parts A & B.

Basic Medicare is broken down into two parts, consisting of “Part A” and “Part B.” Part A of Medicare is known as your basic hospital coverage. Part B of Medicare is known as your basic medical coverage.

Both of these parts to Medicare only pay a portion of your health care expenses. That is why it is important to purchase additional Medicare Supplement Insurance to cover what Medicare does not.

### **Q: What kinds of services are not covered by Traditional Medicare?**

**A:** These services are not covered by Medicare: long-term care, most dental care, including dentures; eye exams related to prescribing glasses, cosmetic surgeries, acupuncture, hearing aids and exams for fitting them, and routine foot care.

A representative from the Centers of Medicare and Medicaid Services provides additional details regarding the four different parts of Medicare in this video:

<https://www.youtube.com/watch?v=9w4n5M18fto>

Once again, check [medicare.gov](http://medicare.gov) for the most up-to-date information.

### **Q: How do I apply for Medicare?**

**A:** If you are receiving Social Security or Railroad Retirement benefits prior to Medicare eligibility, you are automatically enrolled in Medicare.

All others must apply with Social Security (or Railroad Retirement) during their Initial Enrollment period. To do this, you can visit the Social Security website or contact your local Railroad Retirement Board office if that applies to you.

### **Q: What is Initial Enrollment period for Medicare?**

**A:** Your Initial Enrollment period lasts for seven months:

- It begins three months before your 65th birthday
- It includes the month of your 65th birthday
- It extends for another three months after your 65th birthday

For example, if you turn 65 in January, you can sign up:

- starting in the previous October
- in your January birth month
- as late as April

**Q: I am still working and get insurance through my employer.  
Do I need to sign up for Medicare?**

**A:** The size of the employer determines whether you may be able to delay Part A and Part B without having to pay a penalty if you enroll later.

**If your employer has fewer than 20 employees**

You should sign up for Part A and Part B when you're first eligible. In this case, Medicare pays before your other coverage.

If you don't enroll when you're first eligible, you may have to pay a Part B late enrollment penalty, and you may have a gap in coverage if you decide you want Part B later.

**If your employer has 20 or more employees**

You do not have to sign up for Medicare Parts A and B. Ask your benefits manager whether you have group health plan coverage (as defined by the IRS) and it is recommended that you look at your options. Depending on what you are contributing through your employer, it may make sense to transition to Medicare.

As long as you have worked for 40 quarters (10 years), your Part A has no premium, so many choose to sign up for Part A even if they are still covered by their employer's insurance.

If you're eligible for premium-free Part A, you can enroll in Part A at any time after you're first eligible for Medicare. Your Part A coverage will go back (retroactively) 6 months from when you signed up (but no earlier than the first month you're eligible for Medicare).

If you aren't eligible for premium-free Part A, and you don't buy it when you're first eligible, you may have to pay a penalty.

**Premium-free Part A coverage:**

Begins 6 months back from the date you apply for Medicare (or Social Security/RRB)

---

benefits). To avoid a tax penalty, you should stop contributing to your Health Savings Account (HSA) at least 6 months before you apply for Medicare.

Begins no earlier than the first month you were eligible for Medicare.

**Q: Can I go to any doctor, health care provider or hospital when I am on Medicare?**

**A:** In most cases, you can go to any doctor, other health care provider, hospital, or other facility when these apply:

- They're enrolled in Medicare.
- They're accepting new Medicare patients.

**Q: I've read about the Doughnut hole in Prescription Drug Plans? What's that?**

**A:** Medicare Part D prescription drug plans require monthly premiums, often a deductible and variable cost-sharing for each prescription drug.

Most Medicare prescription drug coverage plans (Part D) have a coverage gap (called the "donut hole"). This means there's a temporary limit on what the drug plan will cover for drugs.

Not everyone will enter the coverage gap. The coverage gap begins after you and your drug plan have spent a certain amount for covered drugs. In 2019, once you and your plan have spent \$3,820 on covered drugs, you're in the coverage gap. This amount may change each year.

**Brand-Name Drugs**

Once you reach the coverage gap in 2019, you'll pay no more than 25% of the plan's cost for covered brand-name prescription drugs. You get these savings if you buy your prescriptions at a pharmacy or order them through the mail. Some plans may offer higher savings in the coverage gap. The discount will come off of the price that your plan

has set with the pharmacy for that specific drug.

Although you'll pay no more than 25% of the price for the brand-name drug in 2019, 95% of the price—what you pay plus the 70% manufacturer discount payment—will count as out-of-pocket costs, which will help you get out of the coverage gap.

If you have a Medicare drug plan that already includes coverage in the gap, you may get a discount after your plan's coverage has been applied to the drug's price. The discount for brand-name drugs will apply to the remaining amount that you owe.

## **Generic Drugs**

In 2019, Medicare will pay 63% of the price for generic drugs during the coverage gap. You'll pay the remaining 37% of the price. What you pay for generic drugs during the coverage gap decreases each year until it reaches 25% in 2020.

The coverage for generic drugs works differently from the discount for brand-name drugs. For generic drugs, only the amount you pay will count toward getting you out of the coverage gap.

## **The Coverage Gap**

Once you've spent \$5,100 out-of-pocket in 2019, you're out of the coverage gap. Once you get out of the coverage gap, you automatically enter "catastrophic coverage." This phase assures you only pay a small coinsurance amount or copayment for covered drugs for the rest of the year.

## **Glossary**

**Coinsurance** – The amount you pay for a covered service after your deductible is met. Coinsurance is usually a percentage (for example, 20%).

**Copayment** – The amount you pay for a covered service or supply after your deductible is met. Copayments are usually set amounts rather than a percentage (for example, \$20 for a doctor's visit).

**Cost sharing** – The amount you may be required to pay as your share of the cost of

healthcare services. Cost sharing can include coinsurance, copayments and deductibles.

**Coverage gap** – This term applies to Medicare Prescription Drug Plans and is the period of time in which you pay higher cost sharing for prescription drugs. The coverage gap (also known as the donut hole) begins when you and your drug plan have paid a set amount for prescription drugs in a given year.

**Deductible** – The amount you must pay out of pocket before Medicare will pay its share for covered services.

**Formulary** – A list of prescription drugs that are covered by a prescription drug plan.

**General enrollment period** – A time when Medicare eligible people who missed their Initial Enrollment Period and don't qualify for special enrollment can enroll in Medicare. The General Enrollment Period runs from January 1 to March 31 each year, and Medicare coverage begins on July 1 of the same year.

**Initial Enrollment Period** – The seven-month period in which newly eligible Medicare beneficiaries can sign up for Medicare. Your Initial Enrollment Period begins three months before your 65th birthday, includes your birthday month, and ends three months after your 65th birthday.

**In-network** – Hospitals, doctors, pharmacies and health care providers that are part of a health insurance plan's network of providers.

**Medicare** – The federal health insurance program for people age 65 and older and people with disabilities or certain medical conditions.

**Medicare Advantage (Medicare Part C)** – Medicare health insurance plans sold by private insurance companies as an alternative to Traditional (or Original) Medicare (Medicare Part A and Part B). Most Medicare Advantage plans provide prescription drug coverage, and some offer additional benefits such as vision, hearing and dental coverage.

**Medicare Part A** – Hospital insurance through Medicare that covers inpatient hospital stays, hospice care, care in a skilled nursing facility and some home health care.

**Medicare Part B** – Medical insurance through Medicare that covers certain doctors’ services, home health, medical supplies, preventive services and outpatient care.

**Medicare Prescription Drug Plan (Medicare Part D)** – Optional coverage for prescription drugs, which are not covered by Original Medicare.

**Medicare Supplement Insurance (Medigap)** – Plans sold by private insurers to help fill “gaps” in Traditional (Original) Medicare coverage.

**Original (or Traditional) Medicare** – Together, Medicare Part A and Medicare Part B are known as Original or Traditional Medicare. Traditional Medicare is the federally managed health insurance program for people age 65 and older and people younger than 65 who have a disability or certain medical conditions.

**Out-of-pocket costs** – The expenses you pay for medical care that are not covered or reimbursed by Medicare.

**Part A** – Hospital insurance through Medicare that covers inpatient hospital stays, hospice care, care in a skilled nursing facility and some home health care.

**Part B** – Medical insurance through Medicare that covers certain doctors’ services, medical supplies, home health, preventive services and outpatient care.

**Part C** – Medicare health insurance plans sold by private insurance companies as an alternative to Traditional Medicare (Medicare Part A and Part B). Most Medicare Advantage plans provide prescription drug coverage, and some offer additional benefits such as vision, hearing and dental coverage. Medicare Part C is also known as Medicare Advantage.

**Part D** – Coverage for prescription drugs, which are not covered by Traditional Medicare. Medicare Part D plans are also known as Medicare Prescription Drug Plans.

**Information retrieved on 6/2019 from**

<https://www.medicare.gov/>

<https://www.medicareplanfinder.com/blog/2019-medicare-part-d-donut-hole-changes-and-costs/>

[www.medicaresupplement.com](http://www.medicaresupplement.com)

<https://www.senioritybenefitgroup.com/>

<https://www.aarp.org>

---

A quick disclaimer:

None of the information provided should be considered business, medical, legal, or financial advice. Always carefully consider all your options and do your own research.