



A Guide to Understanding Medicare

What is Medicare

Medicare is a national health insurance program that was started in 1965 under the Social Security Administration to help pay for a multitude of medical services. It primarily provides health insurance for Americans over the age of 65, but also for some younger individuals with certain disabilities, and those with end-stage renal disease. Along with Social Security, Medicare is a benefit you have been paying into all of your working life. As you move from private health insurance to the federally funded plan, there are four main parts of Medicare you should be familiar with; Part A, Part B, Part C, and Part D, each covering a different service.

Medicare Part A (Hospital Coverage)

Medicare Part A covers inpatient care in a hospital or skilled nursing facility (SNF) stays, although not custodial or long-term care. Part A also helps pay for hospice care and some home health care. It has a deductible of about \$1,408 per benefit period, and also requires coinsurance for extended inpatient hospital and SNF stays.

Medicare Part B (Medical Coverage)

Medicare Part B covers physician visits and other medically necessary services and supplies. That includes preventive services or health care to prevent illness, as well as ambulance services, durable medical equipment, mental health coverage and a few types of outpatient prescription drugs. The standard Part B premium starts at about \$144.60 per month.

Medicare Part C (Medicare Advantage)

Medicare Advantage, also known as Medicare Part C, is a type of health plan offered by private insurance companies that provides the benefits of Parts A, B, and D in a package deal. These bundled plans may have additional coverage, such as vision, hearing and dental care. Unlike Original Medicare (Part A and B), Medicare Advantage plans have an annual limit on out-of-pocket costs.

Medicare Part D (Prescription Drugs)

Medicare Part D helps cover the cost of prescription drugs. Plans are offered by private insurers and require monthly premiums that average about \$33 per month. Higher income beneficiaries may pay more. As with Part B, there typically is a late penalty premium if you don't sign up when you first become eligible.

Medicare Supplement (Medigap) Insurance

Medigap is additional health insurance available for purchase through a private insurer designed to help fill Medicare Parts A and B coverage gaps. There are 10 standardized Medicare Supplement insurance plans, denoted by the letters A through N, with each offering a different level of basic benefits. This provides individuals with the opportunity of choosing which physicians and hospitals they would like to use.

Medicare Eligibility and Enrollment

Most individuals age 65 and older who receive Social Security benefits are automatically enrolled in Part A and will receive a welcome letter from the government detailing how to get Part B and prescription drug coverage. To enroll in a Medicare Advantage or Medigap plan, you must have Part A and Part B and live in the Medicare Advantage plan's service area.

You can first enroll in a plan during the seven month period that begins three months before you turn 65 and three months following. Medicare beneficiaries can also make changes to their plan during the Annual Election Period (AEP), which happens every year from October 15th to December 7th. If you make a change, the new plan usually becomes effective on January 1st of the upcoming year.

It is important to understand your Medicare coverage choices and be well educated on your options to ensure you choose the right coverage for you.

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