



Medicare 101

Understanding Your Benefits

Information contained in this presentation will be out dated 1/1/2023



Agenda

- Medicare basics
- Medicare choices
- Resources and tools

Disclaimer

This session is intended to be informational and educational and DOES NOT constitute investment, tax , medical or legal advice.

We strongly recommend that you seek the advice of a professional before making decisions related to any medial, investment or other financial decisions.

AARP is not responsible for the consequences of any decisions or actions taken in reliance upon or as a result of the information provided during this event.



The Basics

What is Medicare?



A Federal Health Insurance Program for Individuals:

- Age 65 and up
- Under age 65 with certain disabilities
- People of any age with end-stage renal disease and ALS also called Lou Gehrig's disease
- A permanent legal resident who has lived in the United States for at least five years

QUIZ: Is Enrollment Automatic?

A

Yes

B

No

C

Depends

Your Responsibility



Monthly
premium

Deductibles

Co-
insurance

Co-
payments

Medicare Does Not Cover



- Vision
- Dental
- Hearing
- Foreign Travel
- Long-term care

Medicare – Skilled Nursing Care

Medicare covers up to 100 days, but only if:

- Skilled nursing or rehabilitation, ordered by a physician.
- Hospitalized with a related condition first (3+ consecutive days).
- Care is provided at a Medicare-certified facility.
- Medicare pays 100% for days 1-20, you pay co-pays for days 21-100, after 100 days you pay all costs.



Different Parts of Medicare

Medicare Parts



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ORIGINAL
Medicare
Parts A & B + D
prescription
coverage

Medicare
ADVANTAGE
Part C
Combines Parts
A, B, & D

Part A Coverage



Hospital Insurance

- In-patient hospital care
- Some hospice and home health care
- Some skilled nursing facility care

Part A Costs



Costs 2022

- Typically no premium for Part A
- Deductibles for 2022
 - \$1,556 for days 1-60 of inpatient care
 - Deductible can be applied more than once for additional hospitalizations after 60 days



2022 Part A Costs (continued)



Coinsurance:

- \$0 per day: days 1-60
- \$389 per day: days 61-90
- \$778 per day: days 91-150
- All costs after day 150 (You have 60 “lifetime reserve” days. Once those are used, you pay the full cost .)

Part B Coverage



Medical Insurance

- Doctor visits
- Outpatient hospital services
- Durable medical equipment
- Medicare-approved preventive services

Part B Costs



Costs 2022

- Standard premium is \$170.10 per month
- Premiums go up for those with higher incomes:
 - Individuals who earn more than \$91,000
 - Couples who earn more than \$182,000
- Annual deductible is \$233
- Co-insurance is 20% for most services
- Life time penalty !!

Part D Coverage



Prescription Coverage

- Helps cover the cost of prescription drugs that you pick up at the pharmacy
- Run by Medicare-approved private insurance companies
- Annual Notice of Changes
- Formulary

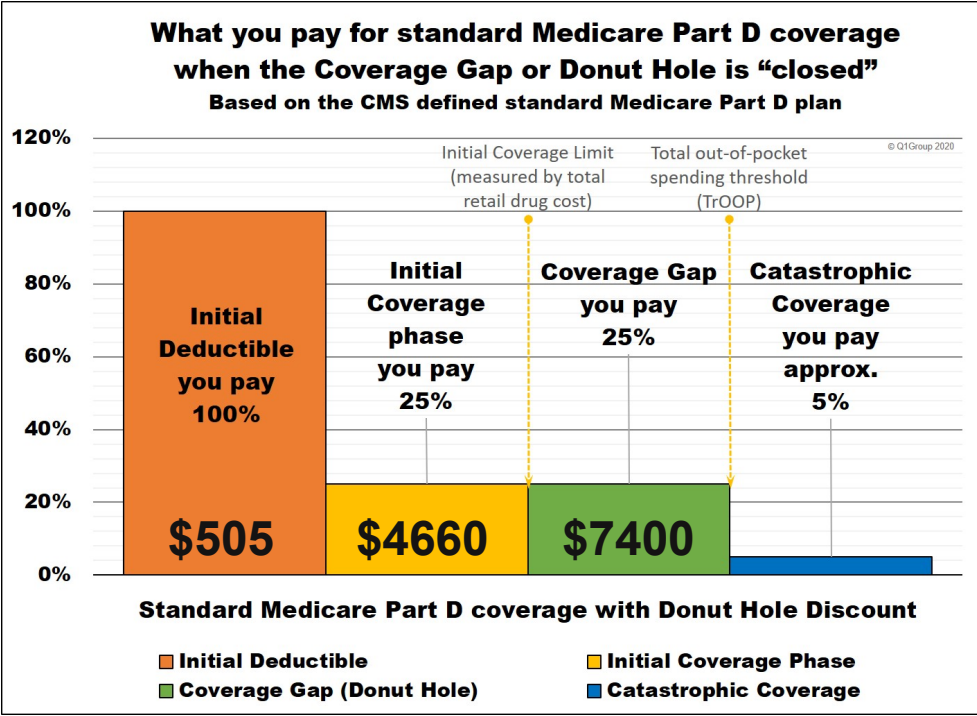
Part D Costs



2022 Costs

- People enrolled in Part D may pay:
 - Monthly premiums
 - Co-payments or co-insurance
 - Annual deductible up to \$480
- People with higher incomes pay higher Part D premiums

Part D Prescription Drug “Donut Hole”



Reference [2023 Medicare Part D Program Compared to 2022 \(q1medicare.com\)](https://q1medicare.com)
[Understanding the 2021 Medicare Part D Donut Hole \(q1medicare.com\)](https://q1medicare.com) [Q1medicare.com](https://q1medicare.com)

Medicare Choices



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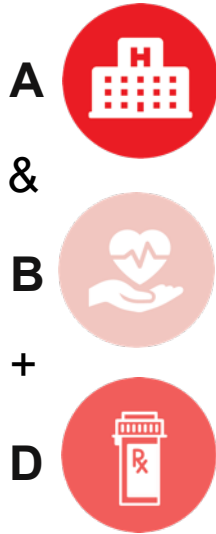
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ORIGINAL
Medicare
Parts A & B + D
prescription
coverage

Medicare
ADVANTAGE
Part C
Combines Parts
A, B, & D

Original Medicare



- Fee-for-service
- Includes Parts A & B
- Go to any provider that accepts Medicare
- Choose and join Medicare prescription drug plan for drug coverage

Medigap Coverage



- Supplemental insurance policy
- Sold by private insurance companies
 - Covers gaps for Original Medicare only
 - Deductibles, co-insurance and co-payments
 - Does not work with Medicare Advantage plans
- Up to 8 standardized plans so can compare easily

Medigap Coverage



How Medigap Works

- Buy a policy
 - Within six months of enrolling in Part B
 - Must be age 65 or older
- Pay a monthly premium
- Does not cover prescription drug costs

Part C: Medicare Advantage



Medicare Advantage Plans

- Alternatives to original Medicare
- First enroll in Original Medicare, Part A and Part B
- Plans offered by private insurance companies
- All plans include Parts A & B, and in most cases, Part D
- May limit ability to purchase Medigap in the future

Part C: Medicare Advantage (continued)



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What Does it Cover?

- Includes both Part A (Hospital) and Part B (Medical)
- May include Part D (Prescription Drug Coverage)
- Extra benefits depending on the plan selected

Part C: Medicare Advantage (continued)



How it Works

- Must live in plan's service area
- May have to use providers in plan's network
- May pay additional premium
- May have to follow insurance company rules such as requiring a referral to see a specialist



Part C: Medicare Advantage (continued)



The Costs Include

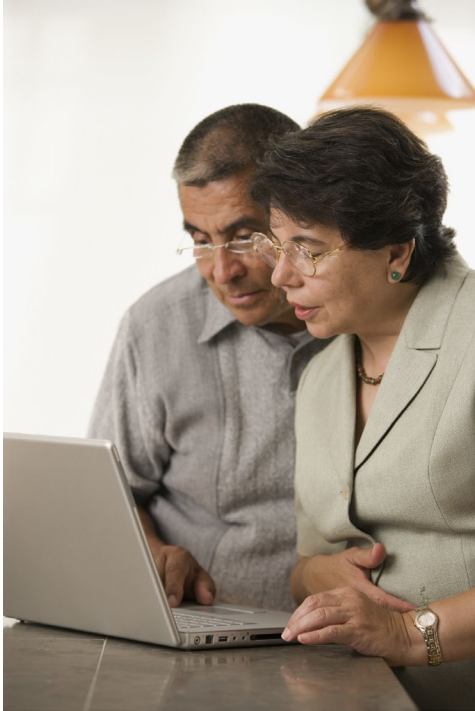
- Additional monthly premiums (in some cases)
- Deductibles
- Co-payments
- Plan rules
- Extra benefits



QUIZ: How Can You Compare Plans?

- A. Sort through materials you receive in the mail
- B. Ask relatives and friends which they prefer
- C. Identify the plan with the lowest monthly premium
- D. Use the Plan Finder on Medicare's website (Medicare.gov) or ask a Medicare customer service representative to use it for you

When Do I Enroll in Medicare?



- If you are receiving Social Security, you automatically are enrolled at age 65
- You can enroll three months before, the month of, or three months after you turn 65
- Late enrollment means you will pay higher Part B & Part D premiums
- Special enrollment periods for people over 65 transitioning from employer-sponsored health coverage

Open Enrollment



- Medicare & Drug Coverage: Oct. 15 – Dec. 7
- Medicare Advantage Only: Jan. 1 – March 31.
- Review Annual Notice of Changes
- Review annual Medicare and You Handbook
- Compare and shop
- Consult your SHIP

Special Enrollment Period



- Triggered by certain events such as moving or losing coverage
- Transitioning from employer-sponsored coverage

Medicare Late Enrollment Penalties

Medicare Part A Late Enrollment Penalties

The late enrollment penalty for Medicare Part A is 10% of your monthly premium if you miss your **Medicare enrollment deadline**. This is applied no matter how long the delay is, and the penalty is added to your premium cost for twice the number of years you waited to enroll.

Medicare Part B Late Enrollment Penalties

The late enrollment penalty for Medicare Part B will result in a 10% increase in your monthly premiums for each 12-month period you went without coverage starting from your initial eligibility. Unlike for Part A, the late enrollment penalty for Part B is lifelong (or for as long as you have Part B coverage).

Medicare Part D Late Enrollment Penalties

The late enrollment penalty for Medicare Part D is 1% of the average national base monthly premium, rounded to the nearest 10 cents for each month you did not enroll. This penalty is added to your premium each month you are enrolled, and generally lasts for as long as you have Medicare drug coverage.

Medicare Fraud



- Protect your card
- Medicare will not contact you and ask for personal information
- Medicare will not call you to sell you anything
- Check for billing fraud (EOB)



Resources

Resources

[medicare.gov](https://www.medicare.gov)

800.633.4227

**State Health
Insurance
Assistance Program**

[shiptacenter.org](https://www.shiptacenter.org)

877.839.2675

[aarp.org/medicare](https://www.aarp.org/medicare)

[aarp.org/medicareenrollment](https://www.aarp.org/medicareenrollment)

The image shows the top portion of the Medicare.gov website. At the top left is the Medicare.gov logo with the tagline "The Official U.S. Government Site for Medicare". To the right is a search bar with the placeholder text "type search term here" and a "Search" button. Below the logo is a horizontal navigation menu with nine blue buttons: "Sign Up / Change Plans", "Your Medicare Costs", "What Medicare Covers", "Drug Coverage (Part D)", "Supplements & Other Insurance", "Claims & Appeals", "Manage Your Health", and "Forms, Help, & Resources". The main banner features a photograph of three smiling African American women. Overlaid on the banner is the text "Get the most from Your Medicare" in bold black font. At the bottom of the banner are two dark blue buttons: "Get Started with Medicare" and "Log In/Create Account".



Conclusion

- Medicare basics
- Medicare choices
- Resources and tools



Thank You
for Joining Us!