



Medicare 101

Understanding your Medicare options

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February 2019

Today's agenda

- 1** Medicare Parts A - D

- 2** Federal health insurance programs and private plans

- 3** Your options

- 4** Prescription drugs

- 5** Medical Supplemental Insurance

- 6** Next steps

I

Let's start at
the beginning.

Medicare Parts A–D

Medicare has four parts:

A, B, C and D.

Part

A

Hospital care

Part

B

Medical care



**Covers hospital
insurance**



**Covers medical
insurance**

Like doctor visits.

Part

A

Hospital care

Part

B

Medical care

**Parts A and B
combined make up
“Original Medicare”**

They are administered
and provided by the
federal government.

Part

A

Hospital care

Part

B

Medical care



Medicare is health insurance for:

- People 65 or older
- People under 65 with certain disabilities
- People of any age with end-stage renal disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant)

Part
C

Medicare
Advantage

Then there's Part C.
**This is called
Medicare Advantage.**

Part
C

Medicare
Advantage



You can buy Part C
(Medicare Advantage)
from private
insurance companies.

Part
C
Medicare
Advantage



Medicare Advantage
**combines Parts A and B
and may even
offer prescription
drug coverage.**

It can include additional benefits
like eye care, hearing, wellness
services or a nurse phone line.

Part
C

**Medicare
Advantage**

**You can buy a
Medicare Advantage Plan
(Part C) if you:**

- Are enrolled in Parts A and B
- Live in the plan's service area
- Do not have end-stage renal disease (some exceptions apply)

Part
D

**Prescription
drugs**

Then there's Part D.

**It helps pay for
prescription drugs.**

It's only offered through private
insurance companies.

We'll talk more about Part D later.

The four parts of Medicare.

Part
A
Hospital care

Part
B
Medical care

Part
C
**Medicare
Advantage**

Part
D
Prescription drugs

Original Medicare

**Private
medical
plans**

that typically
include Parts
A, B, and often
Part D.

**Medicare
Prescription
Drug
Coverage
plans**

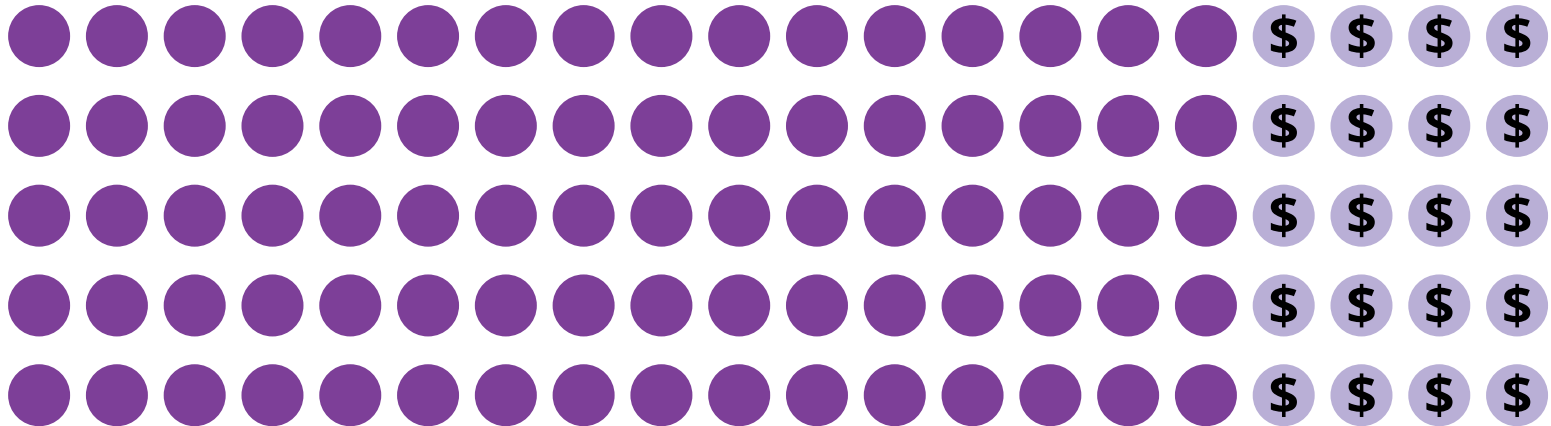
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Federal health insurance programs and private plans

Why can't I just rely on Parts A and B – what the government pays for?

You can rely on Parts A and B. But Part B generally **covers about 80%** of your Medicare-approved health care costs.

It covers hospital and doctor visits, along with some drugs.



When you choose Medicare Advantage (Part C), the plan will cover:

- Medicare Part A and Part B
- All the same benefits as Original Medicare and sometimes extra benefits (like hearing, vision, and dental care)
- Prescription drug coverage (Part D), with most plans
- Yearly limit on out-of-pocket costs for covered medical services



So what's the bottom line?

- Part C, or Medicare Advantage, combines Part A and Part B benefits, and usually Part D, in one plan.
- There are many choices in the marketplace.
- We can help you weigh your options.



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Your options

How to decide which Medicare option is right for you.

Questions to consider when choosing your Medicare options

- 1** | What monthly plan premium can I afford?
- 2** | Does the plan cover the services I need?
- 3** | Can I see the doctors I want?



And what about your prescription drugs?

- 4 | Will my prescription drugs be covered?
- 5 | What will my out-of-pocket costs be?
- 6 | Can I use the pharmacies I want?



You have two paths

to choose from:

Original Medicare

Part A: Hospital

Part B: Medical

Part D: A separate drug plan – **if you buy it.**

Supplemental insurance* – **if you buy it.**

*Supplemental insurance will be discussed in Chapter 5 of this presentation.

Medicare Advantage

Combines **Part A:** Hospital and **Part B:** Medical. Most plans include a prescription drug plan.

Medicare Part D: If your plan doesn't include it, you may be able to join a separate Part D plan.

You have two paths

to choose from:

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Part A: Hospital

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Part D: A separate drug plan – **if you buy it.**

Supplemental insurance* – **if you buy it.**

*Supplemental insurance will be discussed in Chapter 5 of this presentation.

Medicare Advantage

Combines **Part A:** Hospital and **Part B:** Medical.

Most plans include a prescription drug plan.

Medicare Part D:

If your plan doesn't include it, you may be able to join a separate Part D plan.

If you choose
Medicare Advantage,

here are two options:



**A Health
Maintenance
Organization**

(an HMO)

**A Preferred
Provider
Organization**

(a PPO)

A Health Maintenance Organization

(an HMO)

Let's look at HMO first.

- You'll use **doctors in the network.**
- You might need a **referral** to see a specialist.

Now let's look at a PPO.

You can use doctors
and hospitals
**outside of the
network**, but often
for a higher copay.

A Preferred Provider Organization (a PPO)

Let's take a look

at what costs Medicare
Advantage covers



What costs Medicare Advantage covers

Original Medicare costs:

\$1,364

Part A

Deductible
(hospital
insurance)

\$170.50

per day

Part A

Coinsurance
skilled nursing
facility for days
21 through 100

\$185

Part B

Annual
deductible
(medical
insurance)

20%

Part B

Coinsurance
for doctor services
the plan covers

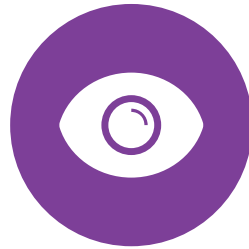
Medicare Advantage may also cover:



Emergency
medical
care outside the
U.S.



Annual
hearing
exams



Eyewear and
hearing aids



Part D
prescription
drugs



Out-of-pocket
medical costs
annual limit

4

Prescription drugs

Now let's look at
Part D – the drug plan.

Here's how Part D works

You buy this in addition to Parts A and/or B.

You have two choices:

Stand-alone
Medicare
Prescription
Drug Plan (PDP)

A Medicare
Advantage Plan
that comes
with prescription
drug (Part D)
coverage

Prescription drug coverage: how it works in 2019

Stage 1

Deductible

You pay:

Full discounted cost of formulary drugs until you reach your yearly deductible.

You stay in this stage until you have paid your yearly deductible amount, if your plan has a deductible.

Stage 2

Initial coverage

You pay:

Part of the cost for your drugs.

For example:

\$2 per 30-day supply
Or
\$47 per 30-day supply

Your plan pays the rest of the cost.

You stay in the initial coverage stage until the combined amount you and the plan have paid, including any deductibles, reaches \$3,820.

Stage 3

Coverage gap (donut hole)

After your total yearly drug cost reaches \$3,820.

You pay:

25%* of the plan's cost for covered brand drugs and 37%* for covered generic drugs.

* Some plans have additional coverage in the gap. You will pay a copay or coinsurance for covered drugs.

Stage 4

Catastrophic coverage

After your total covered out-of-pocket costs reach \$5,100.

You pay:

\$3.40 for generics and \$8.50 for brand drugs, or 5% of the total costs (whichever is greater).

Medicare Part D – formulary (list of covered drugs)

A Medicare Part D Formulary

is a list of drugs covered
only by that plan

The formulary is based on
the most commonly used
Medicare prescribed drugs.

**The plan's formulary may
change** at any time (you will
receive notice when necessary).

**For the most up-to-date
formulary/drug list**, visit the
plan's website or call their
Customer Service.

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Ok, just one more type of insurance to go.

Medicare Supplemental Insurance

You have two paths

to choose from:

Original Medicare

Part A: Hospital

Part B: Medical

Part D: A separate drug plan – **if you buy it.**

Supplemental insurance – **if you buy it.**

Medicare Advantage

Combines **Part A:** Hospital and **Part B:** Medical.

Most plans include a prescription drug plan.

Medicare Part D:

If your plan doesn't include it, you may be able to join a separate Part D plan.

You have two paths

to choose from:

Original Medicare

Part A: Hospital

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Supplemental insurance – if you buy it.

Medicare Advantage

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Most plans include a prescription drug plan.

Medicare Part D:

If your plan doesn't include it, you may be able to join a separate Part D plan.

Supplemental insurance — if you buy it

Sometimes it's called

Med Supp or Medigap

**You may want to
consider this if you
choose Original
Medicare.**

It helps cover the gaps of what Original Medicare doesn't cover — such as portions of coinsurance, copayments and deductibles.

Supplemental insurance — if you buy it

Medigap plans

Are health insurance policies
sold by private insurance
companies.

They help cover medical benefit
“gaps,” such as Parts A and B
deductibles and coinsurance.

They do not include
Part D drug coverage – you buy
that separately.

They cover visits to any
doctor who accepts
Medicare patients.

6

Next steps

Bringing it all together

Step 1

Enroll in Medicare Part A and Part B
when you're first eligible.

Step 2

Now you have two ways to proceed.

Option 1

Keep Original Medicare and add:

- Medicare supplement insurance
- Medicare Part D

Option 2

Buy a Medicare Advantage Plan

This combines Medicare Parts A and B and **often** Part D and additional benefits.

Now that I
understand my
Medicare options,
**when can
I enroll?**



Part

A

Hospital care

Part

B

Medical care

How do I enroll in Part A and Part B?

If you are getting Social Security when you turn 65, you'll automatically be enrolled.

If you're not getting Social Security when you turn 65, you'll need to sign up for Parts A and B. Contact Social Security three months before you turn 65. If you worked for a railroad, contact the Railroad Retirement Board.

Note: People on Social Security disability will automatically be enrolled in their 25th month of disability.

Part

A

Hospital care

Part

B

Medical care

When can I enroll in Part A and Part B?

It's a seven-month window. It includes the three months before you turn 65, your birthday month and the three months after your 65th birthday.

What if I don't enroll when I'm first eligible?

You may have to pay a penalty in the form of a higher premium.

Part

C

**Medicare
Advantage**

Part

D

**Prescription
drugs**

When can I enroll in Part C and Part D?

It's the same "seven-month window" as Part B.

It includes the three months before you turn 65 your birthday month and the three months after your 65th birthday.

Part

C

**Medicare
Advantage**

Part

D

**Prescription
drugs**

Are there other times I can enroll in Parts C and D?

From October 15 to December 7, all people with Medicare can change their health care plans.

You can switch to Medicare Advantage during this Annual Enrollment Period, join a Medicare Prescription Drug Plan or change plans.

Part

C

Medicare
Advantage

Part

D

Prescription
drugs

You can also enroll in Parts C and D during a **“special enrollment period”** for special circumstances such as:

Losing your employer coverage

Moving to a new service area

If you have **Extra Help**

Part

C

Medicare
Advantage

Part

D

Prescription
drugs

What if I'm late in signing up for Part D?

You may face a late enrollment penalty.

It increases based on each month that you delay.

This can get costly.

When can I enroll

in a Medigap
(also called Medicare
Supplemental
Insurance) plan?

Medigap has a 6-month open enrollment period. It automatically starts the month you're 65 and enrolled in Medicare Part B.

For example: If you turn 65 on April 3 but don't join Medicare B until May 25, your Medigap open enrollment period will start on June 1. This is the first day of the month in which you are both 65 and enrolled in Part B.

During your 6-month open enrollment period, you can buy any Medigap policy sold in your state.

What if I have

health problems?

During the 6-month open enrollment period, you can purchase a Medigap policy even if you have pre-existing health conditions.

Even if you have a disability or health problems, an insurance company cannot do any of the following:

- Refuse to sell you any Medigap policy it offers.
- Charge you a higher premium than they charge others who are 65 and older.
- Delay the start of your coverage.

What if I

delay enrollment?

You can apply for a Medigap policy after your open enrollment period ends. However, there's no guarantee your application will be accepted if you don't meet medical underwriting requirements, except under certain limited situations.

If you're able to buy a Medigap policy, there may be an additional cost in the form of a penalty. You incur this penalty from Medicare (not Aetna).

Important dates and instructions

**Enroll in a Medicare
plan during the Annual
Enrollment Period:**

October 15 – December 7



Important dates and instructions

Learn more:

Contact your local Aetna
representative or visit:
www.medicare.gov

or call **1-800-MEDICARE**
TTY 1-877-486-2048,
24 hours a day, 7 days a week



Thank you



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