



Information Partners Can Use on:

Medicare Basics: Frequently Asked Questions

As of October 2006

What is Medicare?

Medicare is health insurance for people age 65 or older, under age 65 with certain disabilities, and any age with End-Stage Renal Disease (permanent kidney failure requiring dialysis or kidney transplant).

- Part A (Hospital Coverage)
- Part B (Medical Coverage)
- Part C (Medicare Advantage Plans, like HMOs and PPOs)
- Part D (Medicare Prescription Drug Coverage)

Who is eligible for Medicare?

Generally, you are eligible for Medicare Part A if you:

- Are age 65 or older and a citizen or lawfully admitted alien who has lived in the U.S. for at least five years.
- Have received disability benefits from Social Security or the Railroad Retirement Board for at least 24 months, or
- Have End-Stage Renal Disease and meet certain requirements

What is Medicare Part A?

Medicare Part A helps cover inpatient care in hospitals. This includes critical access hospitals and skilled nursing facilities (not custodial or long-term care). It also helps cover hospice care and home health care. You must meet certain conditions to get these benefits.

Cost: You usually don't have to pay a monthly fee, called a premium, for Medicare Part A benefits. This is because you or your spouse paid Medicare taxes while working. If you don't automatically get premium-free Part A, you may be able to buy it.

continued



What is Medicare Part B?

Medicare Part B helps cover medical services like doctors' services, outpatient care, and other medical services that Part A doesn't cover. Part B is optional. Part B helps pay for covered medical services and items when they are medically necessary. Part B also covers some preventive services. These include a one-time "Welcome to Medicare" physical exam, bone mass measurements, flu and pneumococcal shots, cardiovascular screenings, cancer screenings, and diabetes screenings, and more.

Cost: Most people pay the standard Part B premium (\$88.50 in 2006). Starting January 1, 2007, some people will pay a higher premium, based on their income. Your monthly premium will be higher than the standard premium if you are single (file an individual tax return), and your annual income is more than \$80,000, or if you are married (file a joint tax return) and your annual income is more than \$160,000. These amounts can change each year.

Can I enroll in Medicare Part B if I don't have Medicare Part A?

If you aren't eligible for premium-free Medicare Part A, you can buy Medicare Part B, without having to buy Medicare Part A, if you are age 65 or older, a resident of the U.S., and either

- A U.S. citizen, or
- An alien lawfully admitted for permanent residence who has lived in the U.S. without a break for the five-year period immediately before the month you file for enrollment in Medicare Part B.

The monthly premium for Medicare Part B is \$88.50 in 2006. This amount can change every year.

What isn't covered by Medicare Part A and Part B?

Medicare doesn't cover everything. For example, Medicare doesn't cover dental care, health care you get while traveling outside of the United States (except in limited cases), hearing aids, most hearing exams, long-term care, most eyeglasses, and more. Some of these services may be covered under Medicare Advantage Plans.

Can I have other types of health insurance?

Yes. You may already have health care coverage such as employer or retiree coverage or another type of health insurance. There are times when your other coverage or health insurance must pay before Medicare pays. Talk to your benefits administrator to see how your other coverage or health insurance works with Medicare. If you have the Original Medicare Plan, you might also want to buy a Medigap (Medicare Supplement Insurance) policy. A Medigap policy is a health insurance policy sold by private insurance companies to fill "gaps" in Original Medicare Plan coverage.



What are Medicare Advantage Plans (like HMOs and PPOs)?

Medicare Advantage Plans are health plan options that are approved by Medicare but run by private companies. They are part of the Medicare Program, and sometimes called “Part C.” They provide all your Part A and Part B coverage and must cover medically-necessary services. They generally offer extra benefits, and many include Part D drug coverage. You may have to see doctors who belong to the plan or go to certain hospitals to get covered services. Cost: Some Medicare Advantage Plans charge a monthly premium in addition to your Part B premium. Costs vary by plan and the services you use.

What is Medicare Prescription Drug Coverage?

Medicare offers prescription drug coverage for everyone with Medicare. This is often called “Part D.” This coverage can help lower your prescription drug costs and protect against higher costs in the future. It can give you greater access to drugs your doctor prescribes to prevent complications of diseases and to help you stay well. These plans are run by insurance companies and other private companies approved by Medicare.

When can I join a Medicare Drug Plan?

For most people, joining when you are first eligible means you will pay a lower monthly premium. Waiting and joining after you are first eligible may mean paying a monthly premium penalty.

Generally, you can join a Medicare drug plan at the following times:

- When you are first eligible for Medicare. This is generally upon turning age 65 or your 25th month of Social Security disability benefits. You can join during the period that starts three months before the month you turn age 65, and ends three months after the month you turn age 65. If you join during the three months before you turn age 65, your coverage begins the first day of the month you turn age 65. If you join the month you turn age 65 or during the three months after, your coverage is effective the first day of the month after the month you join.
- From November 15 through December 31 each year. If you enroll between November 15 and December 31, your coverage starts January 1 of the following year. In certain circumstances, you may have a special opportunity to join a Medicare drug plan at other times. For example, if you are eligible for both Medicare and Medicaid, you can enroll or change plans at any time.

What if I already have prescription drug coverage?

If you already have prescription drug coverage through your Medicare private health plan or other insurance, check with your current plan to see if this coverage is changing. Unless you have other drug coverage that is, on average, at least as good as standard Medicare prescription drug coverage, it’s important for you to join a Medicare prescription drug plan when you are first eligible.



How do I join a Medicare drug plan?

You may be able to join a drug plan in the following ways:

- By paper application. Contact the company offering the drug plan you choose and ask for an application. Once you fill out the application, mail or fax it back to the company.
- By calling the plan. You may be able to enroll over the phone.
- By calling 1-800-MEDICARE. Call 1-800-633-4227 and tell them the name of the Medicare drug plan you want to join.
- On the plan's website. Visit the drug plan company's website. You may be able to join online.
- On Medicare's website. You may be able to join a drug plan through Medicare's online enrollment center. The online enrollment center is part of the Medicare Prescription Drug Plan Finder search tool at www.medicare.gov on the web. Drug plan participation in Medicare's enrollment center is voluntary, so not all plans offer this option. You will have to provide the number on your Medicare card when you join. You may also be asked to give your Social Security number, but you aren't required to provide it.

When can I switch my Medicare plan?

Generally, if you join a Medicare Advantage Plan or Medicare Prescription Drug Plan, you can only change plans from November 15 through December 31 of every year.

You can also change plans

- if you permanently move out of your drug plan's service area;
- if your plan stops offering prescription drug coverage;
- if you qualify for extra help paying for prescription drugs; or
- if you enter, live in, or leave a nursing home.

What happens next?

Once your enrollment is approved, the company offering the drug plan will send you specific materials you will need. These materials include a membership card, member handbook, list of covered drugs, pharmacy provider directory, complaint and appeal procedures, and other important information about being a plan member.



Information for people with limited income and resources

People with limited income and resources may qualify for extra help paying for Medicare prescription drug plan costs. The amount of extra help you get is based on your income and resources. You may qualify if your monthly income is less than \$1,225 or \$1,650 for a married couple living together, and your resources are less than \$11,500 if you are single or \$23,000 if you are married and living with your spouse. Income levels are for 2006, and will increase each year. The size of your family can also affect whether you qualify based on income. If you live in Alaska or Hawaii, income levels are higher.

You automatically qualify for extra help and don't need to apply if you:

- Have Medicare and full coverage from a state Medicaid program that currently pays for your prescriptions.
- Get Supplemental Security Income.
- Get help from your state Medicaid program paying your Medicare premiums (belong to a Medicare Savings Program).

You may apply and qualify for extra help.

If you think you may qualify for extra help, call 1-800-772-1213, visit your local Social Security office or visit www.socialsecurity.gov on the web. After you fill out the application, Social Security will mail you a letter telling you if you qualify for extra help within two to three weeks. You can also apply at your State Medical Assistance office.

Important Medicare Dates

October – Compare and Prepare

Watch your mail for the “Medicare & You” handbook and for information from plans in your area. Complete the “Rx Enrollment Check-up.” In mid-October, review and compare plans on cost and coverage at www.medicare.gov on the web. Decide what plan you want for 2007. If you're satisfied with your current plan, there is no need to re-enroll.

November 15 – Open Enrollment Begins

First day you can change your Medicare health or prescription drug coverage for 2007. Open Enrollment is the one chance this year most people with Medicare have to make a change in their health and prescription drug plans.



Important Medicare Dates (continued)

December 8 – Don't Be Late

If you are going to make a change to your current coverage, enrolling by December 8 helps to ensure that you can get the prescriptions you need on January 1.

December 31 – Open Enrollment Ends

Medicare's Open Enrollment ends on December 31, 2006. The next Open Enrollment period will begin on November 15, 2007.

January 1 – Coverage Begins

For people making a change or enrolling for the first time, who enroll by December 31, 2006, coverage begins January 1, 2007.

How can I learn more?

- Look at the “Medicare & You” handbook,
- Visit www.medicare.gov on the web, or
- Call 1-800-MEDICARE (1-800-633-4227)
- TTY users should call 1-877-486-2048.
- Read Medicare publications, such as the tip sheet “Comparing Medicare Prescription Drug Coverage” (CMS Pub No. 11110) and the fact sheet, “Medicare Prescription Drug Coverage: Who Can Help Me Apply and Enroll?” (CMS Pub No. 11125). You can get copies by visiting www.medicare.gov on the web
- Call your State Health Insurance Assistance Program (SHIP) for free personalized counseling (check the back cover of your “Medicare & You” handbook for the telephone number in your state).