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### **Why should you care about Medicare?**

#### **You've already paid for it.**

1.45% of your salary (and 1.45% on the employer's side) was/is deducted from payroll to cover the cost of Medicare.

#### **You're going to keep paying for it.**

Since this is considered a "cost share" program, you'll be paying deductibles and/or premiums to supplement the established coverage.

- **Medicare Part A** (hospital insurance) deductible is between \$1,100 – \$1,132 per benefit period.
- **Medicare Part B** (medical insurance) deductible is between \$155 – \$162 per benefit period.

#### **You may already be covered by it.**

If you're 65 + and are already receiving Social Security benefits, you're in. If you are under 65 and are eligible to receive Social Security, but haven't yet, you're in. If you are over 65 but have been receiving Social Security disability benefits for more than 24 months, you're in.

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### **How coverage is determined**

“Coverage” is determined by the amount of “quarters” you’ve worked, as defined by Social Security. One “quarter” of coverage is \$970 in earnings (i.e., earned income, as in W-2 income, not investment income). You don’t have to work a whole year to earn four quarters’ coverage, but you can’t get credit for more than four quarters in one year. You have to have 40 quarters of coverage to be considered “fully insured” and receive maximum Social Security benefits.

This quick link to About.com gives a brief overview of Medicare: [http://seniorhealth.about.com/cs/medicare/a/medicare\\_basics.htm](http://seniorhealth.about.com/cs/medicare/a/medicare_basics.htm).

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### **Medicare Part A**

#### **What Is It?**

It’s mandatory and begins at age 65. It’s a good idea to apply 2-3 months before you plan to retire.

Medicare Part A is Hospital Insurance (HI). It generally helps to cover your inpatient services, as well as skilled nursing care (except for unskilled care or long-term care facilities), hospice and some home health care.

Basic information about Medicare parts A and B can be found on the official Medicare website: <http://www.medicare.gov/Publications/Pubs/pdf/10116.pdf>.

### **How is Your Coverage Determined?**

Your coverage is determined by periods of benefit. A benefit period is 90 days of coverage that begins when you enter the hospital, and ends when there has been a period of at least 60 consecutive days since you've received care.

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### **Medicare Part B**

#### **What Is It?**

It's optional. Medicare Part B is Medical Insurance (MI). It helps cover your doctors' services, outpatient hospital care, some physical/occupational therapy, and some home health care. Basic information about Medicare parts A and B can be found on the official Medicare website: <http://www.medicare.gov/Publications/Pubs/pdf/10116.pdf>.

#### **How Do You Enroll?**

You're automatically enrolled if you're covered under Part A. The Social Security Administration will automatically send you an application for Medicare Part B three months before your 65th birthday if you are receiving Social Security benefits.

#### **How Is Your Coverage Determined?**

Your coverage is determined by quarters of coverage, which we discussed earlier. If you're not covered automatically, you can contact the Social Security Administration at 1-800-772-1213.

**What does it cost?** Premiums. Medicare Part B is \$115.40/month in 2011 (deducted from your Social Security benefit check). There's a new rule about higher income individuals having higher premiums. This 'needs based' premium can change the cost of Medicare B upwards of \$300 a month.

**How much do I pay?** Deductibles. You'll pay the first \$155 – \$162 of your medical expenses.

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### **Medicare Part C Medicare Advantage**

#### **What Is It?**

Medicare Advantage used to be known as Medicare Part C, which is an alternative to other types of what is known as Managed Care.

#### **How do I know if I qualify for coverage?**

If you're 65 or over and are currently receiving Social Security benefits, you're eligible to receive Medicare Part C. You must have Medicare Parts A and B if you'd like to use this plan, which means you'll need to pay the Part B premium. You might also have to pay a premium for the plan, depending on which one you choose. According to Medicare, if you have the Advantage plan, you don't need to worry about also having any sort of Medigap plan (those typically cover—you guessed it—gaps in Original Medicare coverage).

## **How many plans are there?**

There are four choices of plans:

1. Medicare Managed Care Plans
2. Medicare Preferred Provider Organization Plans (PPO)
3. Medicare Private Fee-for-Service Plans
4. Medicare Specialty Plans

Go to the Medicare website and you'll find a Medicare Personal Plan Finder at the bottom of the page for more assistance with plan selection.

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### **Medicare Part D**

Basic information about Medicare Part D can be found at <http://www.medicare.gov/medicarerreform/drugbenefit.asp>.

#### **How do I enroll?**

It's not too late to sign up. Open enrollment is also between November 15—December 31, and you can elect to change your plan once per year. It may be cheaper for you to sign up now, even if you don't need it, to avoid paying the penalty later. The average cost of a plan is \$32.00 per month.

#### **What Coverage Is Included?**

If you travel, you may want to choose a larger plan that will be accepted by many pharmacies nationwide. Choosing the right plan depends on your current and future prescription needs. (Unfortunately, only one of those

is easily calculable!) You're still going to have to pay some when it comes to deductibles. The coverage amounts vary depending on the plans you choose, but in general, the following applies: if you're online, the Medicare website is a very useful tool. Simply go to <http://www.medicare.gov/pdphome.asp> and search for Prescription Drug Coverage.

Choose the search term that best matches, and click on Medicare Prescription Drug Finder. This tool is very helpful in helping you select the program that's best for you.

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### **Beware of Medicare Part D Scams**

- Enroll by calling the provider.
- Do not give out personal information to anyone claiming to be a Medicare Part D Plan representative.
- Call Medicare (1-800-633-4227) to confirm provider is genuine before enrolling.
- Medicare does not recommend any particular plan. It simply verifies that a provider is legitimate.
- You will be mailed a bill. Do not provide payment information over the telephone.