



# What you Actually Need to Know About Medicare

By Affordable Medicare Solutions



This is a generalized summary. Complete information can be found at [www.Medicare.gov](http://www.Medicare.gov)

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## What Exactly is Medicare?

Medicare is made up of four different parts. Original Medicare, which is funded by taxes within the federal government, makes up Part A and Part B. You sign up for Part A and B through Social Security.

Part A covers inpatient hospital visits, skilled nursing facility care, hospice care and home health care. Part A is usually recognized as inpatient hospital insurance with a \$1,632 deductible. Your hospital stays will be covered for 150 days once admitted.

Part A is free to anyone who has lived and worked in the U.S. & paid into Medicare taxes for 10 years.

## Part B

Medicare Part B covers outpatient care, emergency room visits and annual preventive medical services. The services and supplies needed to diagnose and treat a medical condition, or to prevent an illness are also covered by Part B. Preventive services,

like a yearly check-up visit are usually free. After you have paid your \$240 annual deductible, Original Medicare will pay 80% of approved charges. The standard Part B premium is \$174.90. High income earners may pay more for their monthly premium. If

you have employer sponsored coverage that is creditable under Medicare, you may be able to delay your Part B until you are ready to retire. If your employer plan is not Medicare creditable, you will pay a "delayed start" penalty for your Part B.

## Part C

Medicare Part C is generally referred to as a Medicare Advantage plan and are all-inclusive primary health plans that are supplied by private insurers. Medicare Advantage Plans are a combination of Parts A, B and D.

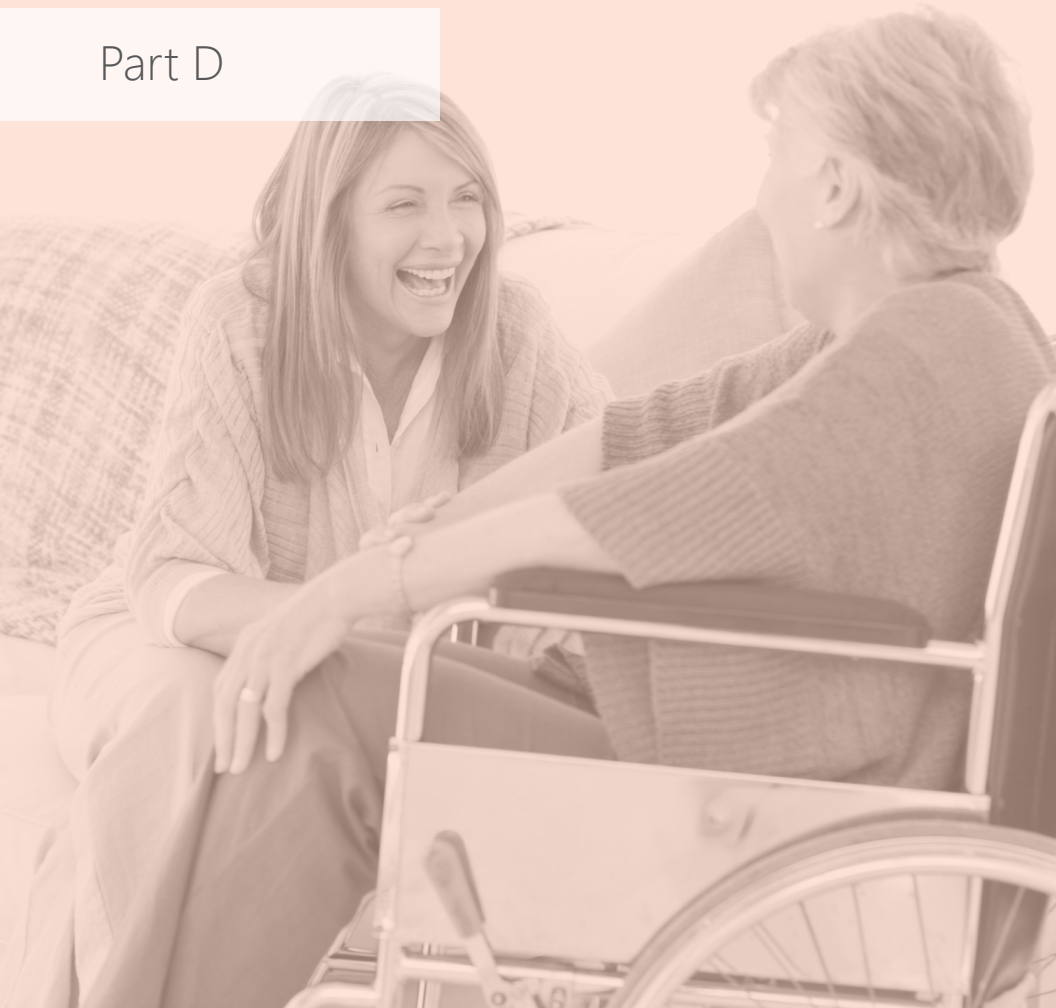
They are essentially a mixture of these parts with additional benefits included into the plan. Some of these extra benefits may include dental, vision, care coordination and chronic illness management. There are a variety of network

providers that offer Advantage Plans, like HMO, PPO and POS. Although Part C plans tend to have less expensive premiums than other plans [\$0-\$150/month], you still must pay your Part B premium each month.

You will have to pay copays for doctor visits, surgeries, emergency room visits, high-tech exams, hospital stays and more.



## Part D



Part D covers prescription drugs. Each Part D plan has medications with different tier levels for each drug, which determines its cost. If you do not enroll in a prescription plan when you start Medicare, you will pay a small penalty for each month that you do not have a Part D plan.

Unless you had prior creditable coverage from your employer or the VA, you will pay this penalty for the rest of your life. All Part D plans utilize different lists for brand name and generic drugs, and they typically change year to year, along with the premium that you pay each month.

## Medicare Supplement

A Medicare supplement policy is often paired with a drug plan, and picks up the costs that Original Medicare doesn't cover. Some of these costs include copays, coinsurance, and deductibles. Essentially, these plans fill in the coverage gaps of Original Medicare, hence the nickname "Medigap."

You must have Original Medicare parts A and B to buy a Medigap policy. A Medigap Plan doesn't cover medications, dental, vision, or hearing. Original Medicare will pay its share of predetermined approved amounts of covered health costs, then your Medigap plan will contribute to the remainder of costs.

A Medigap plan is a "prepay" type of system. You will pay more for your monthly premium, but will pay minimal costs for a medical event [ER visit, surgery, specialized exam, etc.]. You will be paying your Part B premium, Medigap plan premium and Part D premium if you decide to go this route.

## Medicare Advantage

A Medicare Advantage plan is Part C of Medicare and is a single comprehensive plan. Therefore, you are only paying one premium in addition to your Part B premium.

Medicare Advantage plans often cover routine dental, vision, and hearing, but can be limited with in-network providers. If you select a PPO option you can use out-of-network providers, but you will pay more. Out-of-network providers aren't an option with HMO plans.

Medicare Advantage plans are a "pay as you go" type of system. You'll pay less for your monthly premium, but will pay copays for medical services as they are needed. Usually, deductibles are not found in Advantage plans. You will be paying your Part B monthly premium as well as your Medicare Advantage Plan premium.



## Part D Plans

Part D plans offer robust drug coverage to Medicare beneficiaries. You may select a plan that covers your list of drugs and favorite pharmacy each year. If you opt out of selecting a Part D plan when you first enroll into Medicare, you will accrue a lifetime penalty for each month that you do

not have a drug plan in place. Based on the findings of a 2014 Kaiser Family Foundation study an annual Part D Plan review can save Medicare beneficiaries an average of \$1000 per year on their medications. Sadly eighty-seven percent of seniors don't annually review their drug plans.

## The Donut Hole

The infamous Donut Hole in Medicare prescription drug coverage is slowly being phased out. Previously, there was a gap in Rx coverage after your drug costs exceeded \$5030 per year, but now about 75% of your Rx costs will be covered. In 2024, there is still a gap, but now, you will pay no more than 25%. If your out-of-pocket costs reach \$8000, you'll automatically receive catastrophic coverage, meaning you won't have to pay a copayment or coinsurance for covered Part D drugs for 2024.



## What Original Medicare Doesn't Cover

*[You are able to purchase additional policies to cover these items.]*

### 01 Dental & Vision

Medicare will cover services related to dental or vision, like eye surgery. Regular preventive dental and vision is only covered in some Advantage Plans.

### 02 Critical Illness & Hospital

Medicare doesn't cover cash payouts for cancer, strokes, heart attacks, and other accidents. It also doesn't cover your daily copays for each day spent in the hospital or skilled nursing facilities.

### 03 Long Term Care

Although Medicare helps pay for skilled nursing facilities, it doesn't cover help with assisted living facilities or most in-home care [custodial care].

### 04 Final Expense

Medicare doesn't offer any help with estate taxes and gifting, nor the unexpected costs of one's final days.

# In Home Care

Home Health Care provides medical services. Homecare is assistance with meals, dressing, and bathing, which Medicare doesn't cover.

Skilled Nursing facility care is 100% covered for 20 days by Medicare following an admitted inpatient hospital stay of at least 3 nights. After the 20th day, there are daily copays, which may be covered under some insurance plans.

Following your rehab/skilled nursing facility stay, you still may require in home care while you continue to recover. There is no copay for Medicare covered home health care, but you must qualify. You are qualified for a Medicare-approved home health agency if a doctor declares that you are "homebound," and need specialized medical services.

Medicare provides great Hospice Care. However, you have to trade in curative treatments for your illness, and a doctor has to certify that you have a life-limiting illness.



# Medicare Eligibility & Enrollment

01

Generally, you qualify for Medicare at age 65. Some people qualify early if they have been labeled as disabled under Social Security for two years.

02

You should sign up for Parts A and B through Social Security 3 months before you turn 65. If you sign up after your 65th birthday, you may not qualify until a later date. If you're working at a large employer, you typically activate only Part A.

03

There is an annual enrollment period to change or review Medicare Advantage & Part D plans from Oct. 15 to Dec. 7. You can change a Medigap plan any time of the year if you medically qualify.



# Ready to See What Your Options Are?



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