

**Farm Bureau  
HEALTH PLANS**

Tennessee

making  
**Medicare**  
plain and simple



# When it comes to Medicare . . .

Farm Bureau Health Plans is your secret ingredient!

# What's on the Menu?

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# The Recipe

Don't make it more difficult than it is...

You'll need a **SLOW COOKER**... It's all about timing! No rush.

Let's talk about the **INGREDIENTS**! There are special ones only used for Medicare!

We'll start with **ALPHABET SOUP**

and then it's time to **DIG IN!** (We'll be talking Sign ups and Added Protection!)

Don't forget **DESSERT!** Medicare Part D is a vital part for every Medicare discussion...

Want more? We'll tell you where to go for **SECONDS!**

Before you know it, you'll know all you need to know about which Medicare plan is best for you.





# We'll take it slow...

Medicare is a federal health insurance program for people age 65 and older and for people under the age of 65 who have been determined to be disabled by the Social Security Administration (SSA).

You are eligible for Medicare if you are a U.S. citizen or a permanent legal resident who has lived in the U.S. for at least five years in row.

Medicare covers some, but not all, of your health and prescription costs. Most people purchase additional insurance to protect themselves from catastrophic costs and to cover services not covered by Medicare such as vision, hearing and dental.

# The Ingredients

## -- The Insurance Lingo --

**PREMIUM** – This is what you pay the insurance company to cover the cost of the policy. Think of it like a gym membership – you must pay this every month whether you use the gym or not.

**DEDUCTIBLE** – This is the amount you must pay out of your own pocket before the insurance company will start to cover your claims.

**COPAY OR COINSURANCE** – This is your share of the cost of each service.

**ESTIMATED ANNUAL COST** – This is the bottom line. It's the total amount of money coming out of your pocket each year. It's the cost you want to look at if you are comparing the cost of one policy to another. It is the total of 12 monthly premiums, the annual deductible and 12 months of copays or coinsurance.



# Alphabet Soup

## The A, B, C and D's of Medicare

**PART A** and **PART B** are administered by the federal government. Together, Part A and Part B are known as **ORIGINAL MEDICARE**.

**PART A** covers inpatient hospital stays, skilled nursing care, home health care, and hospice care.

Most people sign up for Part A at age 65. You will not pay a premium for Part A if you or your spouse have worked and paid FICA taxes for at least ten years. [Check with your HR department about signing up for Medicare if you have a Health Savings Account (HSA) with a high deductible health plan.]

There are deductibles and daily copays associated with Part A coverage.



**PART B** pays for outpatient hospital care, doctors' visits, home health care, preventive services and durable medical equipment (DME).

There is a monthly premium, an annual deductible and coinsurance associated with Part B. The premium will be automatically deducted from your SSA monthly payment. The Centers for Medicare and Medicaid Services (CMS) will bill you directly for your Part B premium if you are not yet accepting Social Security. Coinsurance on Part B covered services is generally 20 percent.

Higher-income beneficiaries pay an Income-Related Monthly Adjustment Amount (IRMAA). Depending on their level of income, their Part B premium may be significantly higher than the standard Part B premium paid by most people on Medicare. You are considered higher-income if your Modified Adjusted Gross Income (MAGI) is more than \$85,000 for those filing as an individual or \$170,000 for those married and filing jointly.

If you don't sign up for Part B at the right time, you may be required to pay a late enrollment penalty (LEP). The LEP will be added to your monthly Part B premium and will continue for the rest of your life. Be sure to sign up during your Initial Enrollment Period (IEP) or, if eligible, your Special Enrollment Period (SEP).

# A B C & D CONTINUED...

## Alphabet Soup

**PART C**, also called **Medicare Advantage**, are plans Part A and Part B benefits are administered through a private company that has contracted with Medicare. Part C plans usually include the Part D prescription coverage. They may include other benefits not covered by Medicare such as vision, hearing and dental.

**PART D** plans cover prescription drugs. These plans are provided by private companies that have been approved by Medicare. There are two different ways to receive Part D benefits. You may receive them through your Medicare Advantage plan or purchase it separately if you enroll in a Medicare Supplement.

# Putting it all Together

Medicare is like a three course meal

**A + B**: You could enroll in Part A and Part B without any additional coverage to take care of your doctor and hospital bills. You risk paying a high deductible for Part A every time you are admitted to a hospital. The 20 percent of Part B charges not covered by Medicare will be yours to pay. You'd have no protection from catastrophic costs.

**Most people choose to buy additional insurance to go along with Part A and Part B.** If you do not have access to retiree coverage from a current or previous employer, you've only got two choices. Either a Medicare Supplement (also known as Medigap) or a Medicare Advantage plan. The two do not coordinate with each other. You'll buy one or the other, but not both.

**A + B + MEDIGAP + PART D**: You must enroll in Part A and Part B in order to purchase a Medicare Supplement. The supplement pays after Medicare. Most plans will cover most, if not all, of the costs not covered by Medicare at the doctor and the hospital, such as the inpatient hospital deductible and 20 percent of Part B charges. If you have a Medigap plan and you want prescription coverage, you'd sign up for a Part D plan.

**A + B + D = C**: You must enroll in Part A and Part B to purchase Part C, also known as Medicare Advantage. Medicare Advantage plans are required to cover all benefits covered by Part A and Part B. They usually cover additional benefits as well.



# Is it Time yet?



Many people start their Medicare benefits at age 65. Depending on your situation, you may start earlier or later than age 65.

**BEFORE 65...** If you have been approved for disability by SSA, your Medicare benefits usually start after you have received 24 months of disability payments (unless you have End-Stage Renal Disease (ESRD) or Lou Gehrig's Disease (ALS); then it will start sooner). Social Security disability is the only way your Medicare benefits could start before age 65.

**AT 65...** You'll want to take care of business during your Initial Enrollment Period (IEP). Your IEP is seven months long. It starts three months before the month you turn 65 and ends three months after you turn 65. Make a point of enrolling in Medicare and any additional insurance you want to go along with it during the first 3 months of your IEP if you want your coverage to start on the first day of the month you turn 65.

**AFTER 65...** If you have health insurance through your work, or through your spouse's work, you may want to delay signing up for Medicare Part B. You will be allowed to delay Part B enrollment if your employer group health plan is based on current employment (not COBRA or retiree coverage) and there are 20 or more employees at your company. You will be given a Special Enrollment Period (SEP) to enroll in Part B without being subject to a late enrollment penalty. You can do this at any time while you are still working and up to eight months after your employment ends. Check with your HR department or SSA to be sure you qualify for this SEP.

# Let's Dig In and Get You Signed Up for Medicare



SSA takes care of getting people enrolled in Medicare.

Your red, white and blue card will come in the mail automatically if you are already receiving a monthly payment due to either disability or early retirement from SSA. You won't have to ask for it. Look for it about three months before your Medicare is supposed to start.

If you are not receiving Social Security benefits at age 65, enroll in Medicare at the local SSA field office or at **[www.ssa.gov](http://www.ssa.gov)**.



Just like you'll want a napkin with your meal...

## You'll probably want to sign up for some added protection

Since Medicare does not cover all of your health care costs, you'll want to look at additional coverage.

You have a choice about the type of insurance you'd like to go with your Medicare. If you don't have insurance based on your current or previous employer (or that of your spouse), you have only two choices. You can join either a Medicare Supplement or a Medicare Advantage plan.

Medicare Supplement plans pay after Part A and Part B. These plans address the difference between the amount your doctor or hospital charged and the amount Medicare paid.

You have a choice of eight standardized Medigap plans. Named after letters of the alphabet, each of the following plans contains a unique set of benefits: A, B, D, G, K, L, M, and N. Plan benefits are the same regardless of where they are purchased. All that can be different is the price and the service.

Medigap plans do not include Part D prescription coverage, dental, hearing, or vision coverage. Consider purchasing a separate Part D as well as a dental, vision and hearing plan.

\*You may still purchase the C or F Plans if you were eligible for Medicare before 1/1/2020.



Medicare Advantage plans (Part C) are sometimes called all-in-one plans because members receive their Part A, Part B and usually their Part D benefits from one company. Medicare Advantage plans may cover dental, hearing and vision.

The most popular Medicare Advantage plans are Health Maintenance Organizations (HMOs) and Preferred Provider Plans (PPOs). HMOs require services to be received from a network provider as well as referrals from a primary care doctor to see a specialist. PPOs allow you to go outside the network for a higher cost if you locate a provider who will accept the plan. Both are network-based but the PPO offers more flexibility. Since these plans are based on provider networks, be sure your doctors and hospital are willing to accept the plan before you buy it.



# Decisions, Decisions

## Medicare Supplement or Medicare Advantage?

There is no one-size-fits-all insurance to go along with Medicare. Consider the following questions. Your answers to the following five questions may help you decide whether a Medicare Supplement or a Medicare Advantage plan better suits your needs.

- 1. Is it important to keep your current doctor?*
- 2. Do you mind copays at the time of service?*
- 3. Do you need to know in advance how much you'll spend on healthcare each month?*
- 4. Do you need health insurance to follow you when you travel?*
- 5. Do you want to be in control of where you receive your healthcare?*





## Medicare Supplement

- No networks
- Usually no copays/coinsurance at the time of service
- Some plans cover deductibles and coinsurance which makes it easier for you to follow a budget
- Can be used around the country as long as the doctor you visit accepts Medicare
- You will not need to answer any medical questions as long as you enroll within 6 months of your Part B effective date
- Some plans will charge higher premiums every year as you get older

## Medicare Advantage

- Based on networks
- Usually copays/coinsurance at the time of service
- Monthly out-of-pocket cost based on services received make it more difficult to budget
- Only required to cover out-of-network urgent and emergency care
- The only medical question you will need to answer is if you have End Stage Renal Disease
- Have a maximum out of pocket
- May cover extras such as dental, vision, and hearing



## Part D Prescription Drug Coverage

--The Cherry on Top of Medicare--

There are two ways to get drug coverage. If you buy a supplement, you'll have to buy a separate Part D plan to go along with it.

If you buy a Medicare Advantage plan, your drug coverage is usually included.

Part D coverage is not required, but you'll want to give serious thought to signing up even if you don't take any medications when you become eligible for Medicare.

**Unless you have prescription coverage that pays as well as the standard Part D plan, you could be charged a late enrollment penalty if you enroll in the future.**

Like other types of health insurance, Part D plans have monthly premiums, deductibles, and copays/coinsurance. Once you join a plan, the premium and deductible will not change throughout the year. Your share of the cost could go through the following cost sharing levels: deductible, initial coverage level, donut hole, and catastrophic coverage.

Each company that sells a Part D plan has their own formulary – that’s a list of all the drugs covered by the plan. You will only want to look at plans that have all your drugs on their formulary.

The official Medicare website [www.medicare.gov](http://www.medicare.gov) has a Plan Finder tool that simplifies the Part D shopping experience. All that’s required to use it is your zip code, a list of your medications and the pharmacy you like to use. You’ll end up with a list of the ten plans with the lowest estimated cost in order of least to most expensive. Be sure to check out the quality rating, drug restrictions and preferred pharmacy network before you make your final decision.

Make a point of repeating your drug plan comparison every year during the Medicare Open Enrollment Period October 15 – December 7. Drug plans can change which drugs they cover and how much they charge for them every year. Make sure the plan you have this year will work just as well next year.

Also, those of you higher-income beneficiaries paying the IRMAA on Part B will also pay more for your Part D plan.





# Dental and Vision

## The Finishing Touches

Original Medicare does not include dental and vision coverage.

Since Original Medicare does not cover these services, a Medicare Supplement plan is not allowed to cover them either. If you purchase a Medicare Supplement plan, you would need to purchase coverage for these services separately.

Some Medicare Advantage plans cover dental and vision coverage.





## Stick a Fork in it!

You're Done!

You've now learned about the four basic parts of Medicare, the importance of signing up on time, and the major differences between Medicare Supplement and Medicare Advantage plans.

We hope this guide will help you make an informed decision about what works best for you when signing up for Medicare and additional coverage.



**Still wanting more?**

# *Let's Talk!*

Looking for more information? Like us on Facebook to follow our Medicare Monday posts and consider attending one of our educational seminars.

Check for one near you at **[www.fbhp.com/seminar](http://www.fbhp.com/seminar)** or call **877-874-8323**.



## **CLICK, CALL or VIST**

- Visit [FBHP.com/seminar](http://FBHP.com/seminar)
  - Call us toll-free at 877-874-8323
  - Speak with one of our health care coverage experts or visit your local Farm Bureau office.
- We're here to help you.





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