

COMPARING YOUR MEDICARE COVERAGE OPTIONS

When it comes to health insurance after age 65, you've got options.
Use this guide to help you choose a healthcare policy that's right for you.

WHAT IS ORIGINAL MEDICARE?

Medicare is a fee-for-service plan offered from the federal government and is available anywhere in the country. When you enroll in Medicare, you're automatically in Original Medicare unless you join a Medicare Advantage plan. Premiums, deductibles and copayments apply.

What's covered:

Part A, known as hospital insurance, helps pay expenses for hospital stays, skilled nursing facilities, home healthcare, hospice care and medicines administered to inpatients. Premiums do not apply if you're eligible for Social Security retirement benefits.

Part B, which offers medical insurance, covers outpatient hospital care, doctors' services, physical therapy, rehab therapy, lab tests, medical equipment, some home health services, preventive services and personalized prevention plans.

Costs for prescription drugs, hearing, dental, vision and long-term care are not covered under Parts A and B.

WHAT IS A MEDICARE ADVANTAGE PLAN?

Medicare Advantage plans, sometimes referred to as Part C, offer an alternative to Parts A and B. They are provided by private companies and cover all Part A and B services, except hospice. These plans have more limited networks but may have lower out-of-pocket costs than

Original Medicare and may cover additional services. But it's a good idea to compare the two to determine which is a better fit for you, and do so again each year.

PLANNING TIP

To join a Medicare Advantage plan, you must:

1. Already be enrolled in Parts A and B
 2. Continue to pay the Part B premium
 3. Live in the plan's service area
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Medicare Advantage coverage is available in several forms, including managed care plans, such as HMOs and PPOs, and private fee-for-service plans. Each plan has different out-of-pocket costs, and features vary depending on where you live. So it pays to shop around.

Generally, you'll pay your Medicare Advantage monthly premium in addition to your Part B premium. However, these plans can't charge you more than Original Medicare would for certain services.

Medicare Advantage plans also have an annual cap on how much you'll pay for services covered under Parts A and B, but that can differ among various plans. Again, be sure to shop around.

CHOOSING BETWEEN ORIGINAL MEDICARE AND MEDICARE ADVANTAGE

STEP 1: CHOOSE BASIC COVERAGE

ORIGINAL MEDICARE: PARTS A & B

- ▶ Provided through the federal government
- ▶ Your choice of doctors, hospitals and other providers
- ▶ No need for a referral to see a specialist
- ▶ You pay deductibles, copayments and coinsurance
- ▶ You pay a monthly premium for Part B
- ▶ Doesn't cover foreign travel

MEDICARE ADVANTAGE PLAN: PART C

- ▶ Provided by private insurance companies
- ▶ Often restricted to plan doctors, hospitals and other providers; out-of-network providers cost more
- ▶ Requires referrals to see specialists
- ▶ You pay another monthly premium in addition to your Part B premium
- ▶ May cover extra days in the hospital, hearing, dental and vision at additional cost
- ▶ May cover foreign travel

STEP 2: DECIDE IF YOU NEED TO ADD DRUG COVERAGE

PRESCRIPTION DRUG COVERAGE: PART D

- ▶ A standalone drug plan offered by private companies
- ▶ Carries a monthly premium, deductibles and copayments
- ▶ Covers most drugs
- ▶ May have a coverage gap, commonly known as the "donut hole," which will eventually be eliminated by recent healthcare reform legislation

MEDICARE ADVANTAGE PLAN: PART C

- ▶ Most plans include prescription drug coverage
- ▶ If offered, you must get drug coverage through the plan
- ▶ May charge an additional premium
- ▶ Covers most drugs

STEP 3: DECIDE IF YOU NEED SUPPLEMENTAL COVERAGE

MEDIGAP SUPPLEMENTS TO ORIGINAL MEDICARE

- ▶ Covers Original Medicare's copayments and deductibles
- ▶ Does not cover prescription drugs
- ▶ You'll pay for private coverage for additional services through a Medigap policy
- ▶ Costs vary by policy and company

To learn more about making this important decision, please visit Medicare.gov or call 800.633.4227. Your financial advisor is also available to help you determine how healthcare costs fit into your overall retirement income plan. ■

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