

Medicare Basics

What You Need to Know About Your Benefits and Options

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

Medicare has the following parts:

- Part A (hospital insurance)
- Part B (medical insurance)
- Part C (Medicare Advantage plans) *
- Part D (prescription drug coverage)

* *Part C combines Medicare Parts A and B, and typically D. It is administered by private insurance companies.*



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 additional benefits.



People with Medicare Part A are responsible for paying a deductible for each covered service. These deductibles vary according to service and are subject to benefit periods.

The cost for an inpatient hospital stay in 2018 includes a \$1,340 deductible which covers the first 60 days. Days 61-90 are an additional \$335 per day. Days 91-150 are an additional \$670 per day and may only be used once in a lifetime.

Premium Cost: Medicare beneficiaries usually do not pay a monthly premium for Medicare Part A. This is because you or your spouse paid Medicare taxes while working. If you do not automatically get premium-free Part A, you may be able to buy it.

Medicare Parts A and B: The Social Security Administration (SSA) will determine when you are eligible for Medicare Parts A and B and will also assist you in enrolling. Visit SSA's website or contact your local Social Security office for more information.

This project was supported, in part by grant number 90SAPG0018, 90MP0229, 1701SDMISH, 1701SDMIDR and 1701SDMIAA, from the U.S. Administration for Community Living, Department of Health and Human Services, Washington, D.C. 20201. Grantees undertaking projects under government sponsorship are encouraged to express freely their findings and conclusions. Points of view or opinions do not, therefore, necessarily represent official Administration for Community Living policy.

What is Medicare Part B?

Medicare Part B helps cover your doctors' visits, outpatient care, durable medical equipment, and some other medical services that Part A doesn't cover. Part B helps pay for covered medical services when they are medically necessary. Part B also covers many preventive services.



The yearly deductible for 2018 is \$183. Medicare Part B pays 80 percent of covered charges, after you meet a yearly deductible. You are responsible for 20 percent of the covered charges.

Premium Cost: The standard monthly premium in 2018 is \$134 (or higher depending on your income). This amount can change every year.

What is Medicare Supplement Insurance?

A Medicare Supplement Insurance policy is health insurance sold by insurance companies to fill gaps in Medicare Parts A and B. Medicare Supplement policies are also known as "Medigap" Insurance.

While Medicare pays up to 80 percent of your healthcare costs, Medicare Supplement policies help pay your share (coinsurance, co-payments, or deductibles) of the costs of Medicare-covered services. Depending on the plan, you incur little or no out-of-pocket costs after Medicare and the Medicare Supplement policy pays the healthcare provider. Medicare Supplements do not cover the cost of prescription drugs; a separate drug plan (Medicare Part D) is needed to help pay these costs.

Companies can only sell you a "standardized" Medicare Supplement policy. There are currently ten standardized plans available - Plans A, B, C, D, F, G, K, L, M and N*. The term "standardized" means that each particular Medicare Supplement Plan offers the same benefits, no matter which company sells it (i.e., a Plan G with one company provides the same coverage as a Plan G with another company).

Premium Cost: Monthly premiums for Medicare Supplement policies vary according to company, plan, and the beneficiary's age, zip code, gender, and tobacco use. The SHIINE program has developed a Consumer's Guide for Medicare Supplement Insurance, visit www.shiine.net to see our current guide.

** Please note that Medicare Supplement "Plans" are NOT the same as the "Parts" of Medicare.*



Medicare Supplement: When you first enroll in Medicare Part B you have a six-month window in which all companies must accept you. Outside of this window, you may be required to answer health questions and could be denied a supplement policy based on your health history. The health questions also apply to people on Medicare due to disability.

What is Medicare Part C?

Medicare Part C is an alternative to Original Medicare. Medicare Part C can occasionally be referred to as Medicare Health plans, Medicare Cost Plans or Medicare Advantage plans. These are health plan options approved by Medicare and administered by private insurance companies.


Medicare Advantage plans are required to provide the same coverage as Original Medicare Part A (hospital) and Part B (medical), and must cover medically-necessary services. Some plans offer extra benefits (benefits not covered by Original Medicare), such as dental and vision services, and many include Part D drug coverage.

Monthly premiums of Medicare Advantage plans are generally lower than those of Medicare Supplement policies. In turn, enrollees usually pay co-payments for each Medicare-covered service they receive. These co-payments vary according to plan and the service provided.

Medicare Advantage options in South Dakota include: Private Fee-for-Service Plans (PFFS); Medicare Preferred Provider Organization Plans (PPO); and Medicare Cost Plans. Your options will vary depending on where you live.

Premium Cost: All Medicare Advantage enrollees must continue to pay the Medicare Part B premium. Medicare Advantage plans may also charge an additional premium which will vary based on the plan. Visit SHIINE's website to get a copy of "What to Know Before Joining a Medicare Advantage Plan" fact sheet. For specific questions regarding these plans, SHIINE will direct individuals to the plan.



 **Medicare Advantage:** Medicare Advantage Plans may not be accepted by every provider. Just because a doctor's office accepts Original Medicare does not mean that the office will accept a specific Medicare Advantage Plan. It is important to always check with your preferred providers prior to enrolling in a Medicare Advantage Plan to be sure they will accept it.

What if I Continue to Work After Age 65?

More and more individuals continue to work after they become eligible for Medicare. If you have healthcare coverage from your employer, you may be able to delay enrollment in Medicare Parts B and D in order to avoid paying unnecessary insurance premiums. Many people choose to take Medicare Part A when first eligible, since most people do not pay a premium for Part A. Each person's situation is different, so it is important to talk with your benefits administrator at work to see how your employer coverage works with Medicare before enrolling. To view SHIINE's educational materials on Medicare and Employer Health Coverage visit SHIINE's website.

What is Medicare Part D?

Medicare offers prescription drug coverage, known as Part D, for everyone with Medicare. Enrollment in Part D is optional, but if you decide not to enroll when first eligible, you may pay a penalty if you join later. However, if you have prescription coverage that is at least as good as what Medicare offers (called creditable coverage), you may not need to enroll in Medicare Part D.



If you join a Medicare prescription drug plan, you are usually required to pay a monthly premium and any other out-of-pocket costs include co-payments, coinsurance or deductible, if any. Plans also include a gap in coverage, otherwise known as the "donut hole." Not all drug plans may cover your specific combination of prescriptions or participate with your pharmacy, so it is important to compare your options carefully when you first enroll and every year during the Open Enrollment Period, from Oct 15 – Dec 7th.

Social Security can help with your prescription costs if you have limited income and assets. In order to qualify in 2018, you must be either an individual with annual income less than \$18,456 and assets limited to \$14,100 or a married couple with annual income less than \$24,936 and assets limited to \$28,150. SHIINE can help you enroll in this program.

Premium Cost: Monthly Part D premiums and coverage vary according to plan. To compare plans, visit Medicare's website at www.medicare.gov or contact SHIINE.

Medicare Part D: Each Part D plan has a different premium, deductible and list of covered drugs. It is important to look at your individual situation before choosing a plan. The prescriptions you take and the pharmacy you go to will determine which plan will be most cost effective for you. Contact SHIINE for an unbiased review of your Part D options.

For More Information and Assistance



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LOCAL HELP FOR PEOPLE WITH MEDICARE

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