

Welcome to Medicare and Understanding Medicare in Plain English

When you turn 65, you may feel like you've become one of the most popular people in the world especially since your mailbox will likely fill up with birthday cards and brochures from insurance companies welcoming you to Medicare. The closer and closer it gets to your birthday, you may receive stacks of sales materials, brochures, and informational handbooks that take over your entire dining room table. All you have to do is read through the information, understand it, and understand the Medicare system and the options it presents. Unfortunately, this is easier said than done. Suddenly everyone wants to tell you something or sell you something. For most of us, this is a bit overwhelming and it may feel as though the more you read, the less you know. So where do you begin? In this particular article, we will discuss the Medicare Program and in the September/October 2014 issue, we will decipher your options for health coverage, followed by enrollment periods explaining when you can enroll or change your plan.

So what is Medicare?

In its simplest form, Medicare is a federal health insurance program for seniors of at least 65 years of age or people under 65 with certain disabilities. This federal program was signed into law on July 30, 1965 by President Lyndon B. Johnson and is administered by the Centers for Medicare & Medicaid Services (CMS). At the core of this program lies the four parts of Medicare: Part A, Part B, Part C, and Part D.

The original Medicare program is made up of the first two parts: Part A and Part B. You must have both Parts A and B to receive any health coverage that correlates with Medicare, HMO, PPO, Medicare Supplement, and Medigap.

- Part A is hospital insurance and covers most medically necessary hospital stays, skilled nursing facility, home health, and hospice care. Most people don't have to pay a premium for Part A if they paid Medicare taxes during their working career.
- Part B is basic medical insurance that covers medically necessary doctor's services, preventative care, durable equipment, outpatient services, laboratory tests, x-rays, mental health care, and ambulance services. In 2014, most people will pay \$104.90 each month.
- Part C allows private health insurance companies to provide Medicare benefits.

The Medicare private health plans most commonly seen as HMOs and PPOs, are known as Medicare Advantage Plans. Medicare Advantage Plans must offer at least the same benefits as the original Medicare program but may also do so with different rules, costs, and coverage restrictions.

- Part D provides prescription drug coverage. Part D is only provided through private insurance companies. Getting the right prescription drug coverage is very important for seniors due to high out of pocket costs and the rising need for medication as a person ages. Part D options can be found at Medicare.gov or by calling 1.800.Medicar (633.4227).

For most people, switching from individual plans to the original Medicare program can dramatically drop their monthly costs and they may find Medicare to be a remarkably good deal. This may be true, but the original Medicare program still leaves a lot of gaps or holes in coverage requiring additional high recurring out of pocket costs. Because of this, most seniors opt for a secondary insurance known as a Medicare Supplemental Plan or Medigap Plan to cover additional costs. Another alternative would be a Medicare Advantage Plan which may also include medication coverage. (These options will be discussed in future articles.)

When you reach the age that qualifies for Medicare, keep in mind that health insurance is very important and should be individually tailored to your health, your network of physicians, and financial needs. If you have questions, please feel free to contact Medicare at 1.800.633.4227 or Matt Smith, your local representative for CVMA's insurance broker, VISC, at (916) 921.2260.

