

Medicare at a Glance

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Tip

If you and your spouse are different ages, you won't be able to go on Medicare at the same time. For example, if your husband turns 65 and becomes eligible for Medicare when you are 63, he can be covered by Medicare. You will have to wait two years until you turn 65 before you are eligible for Medicare.



Know the Basics about Medicare

Medicare is the federal health insurance program for almost all Americans age 65 and older and for many adults with permanent disabilities. Knowing the basics about Medicare can help you make good decisions about your health coverage and care.

Medicare Eligibility

You are eligible for Medicare if you are a U.S. citizen or have been a permanent legal resident for five continuous years, and:

- You are 65 years or older and eligible to receive Social Security; or
- You are under 65, permanently disabled, and have received Social Security disability insurance payments for at least 2 years; or
- You get continuing dialysis for permanent kidney failure or need a kidney transplant; or
- You have Amyotrophic Lateral Sclerosis (ALS-Lou Gehrig's disease).

What Medicare Covers

Three parts of Medicare – Part A, Part B, and now Part D – provide coverage for basic medical services and prescription drugs.

Part A: – Hospital Insurance: In addition to hospital inpatient care, Part A covers some skilled nursing facility (SNF), home health, and hospice care. If you are entitled to Part A, there is no monthly or annual premium charge, but there is a charge for most health care services. There are also specific requirements you must meet before you can receive coverage for some services, such as home health care, skilled nursing facility care, and hospice care.

Part A	
BENEFITS	INDIVIDUAL PAYS (in 2007)
Inpatient hospital	Deductible of \$992 per benefit period*
Days 1-60	No coinsurance**
Days 61-90	\$248 a day
Days 90-150	\$496 a day
After 150 Days	No benefits
Skilled nursing facility	
Days 1-20	No coinsurance
Days 21-100	\$124 a day
After 100 days	No benefits
Home health	No deductible or coinsurance
Hospice	Copayment of up to \$5 for outpatient drugs and 5% coinsurance for inpatient respite care
*A benefit period begins when a person is admitted to a hospital and ends 60 days after discharge from a hospital or a skilled nursing facility.	
**Coinsurance – portion of a health care fee that must be paid by an insured patient	

Part B: – Medical Insurance: Part B pays for doctors' services, outpatient hospital care, and home health visits not covered under Part A. It also covers laboratory tests, such as X-rays and blood work; medical equipment, such as wheelchairs and walkers; preventive services, such as mammograms and prostate cancer screenings; cardiovascular (heart) disease and diabetes screenings; outpatient therapy; mental health care; and ambulance services.

Medicare also covers one initial physical exam within six months of when a person first enrolls in Medicare Part B.

Part B has an annual \$131 deductible (in 2007) and, for most services, a 20% coinsurance.

The monthly Part B premium is \$93.50 (in 2007), which is typically deducted from your Social Security check. Beginning January 1, 2007, some people on Medicare with higher incomes (more than \$80,000/individual; \$160,000/couple) will pay a higher monthly Part B premium based on their modified adjusted gross income. For high-income beneficiaries, premiums will range from \$106-\$161.40 per month in 2007, depending on their income.

Part B	
BENEFITS	INDIVIDUAL PAYS (in 2007)
Premium	\$93.50 - \$161.40 per month
Deductible	\$131 a year
Physician and other medical services MD accepts assignment* MD does not accept assignment	20% coinsurance 20% coinsurance plus up to 15% over Medicare-approved fee ¹
Outpatient hospital care	20% coinsurance
Ambulatory surgical services	20% coinsurance
X-rays; durable medical equipment	20% coinsurance
Physical, speech, and occupational therapy	20% coinsurance ²
Clinical diagnostic laboratory services	No coinsurance
Home health care	No coinsurance
Outpatient mental health services	50% coinsurance
Preventive services - Flu shots; pneumococcal vaccines; colorectal cancer screenings; prostate cancer screenings; mammograms; Pap smears; pelvic exams - Bone mass measurement; diabetes monitoring; glaucoma screening	Part B deductible and 20% coinsurance waived for certain preventive services 20% coinsurance
¹ Referred to as the Medicare Limiting Charge Law, the limit on the percentage above the Medicare-approved amount that a physician can charge is less than 15% in some states. ² There is a coverage limit on Medicare outpatient therapy services. A \$1,740 limit per year for occupational therapy services, and a \$1,740 limit per year for physical and speech-language therapy services combined. * Assignment – physicians agree to accept Medicare’s predetermined fee as payment-in-full; patients are responsible for 20% copayment but no more. SOURCE: <i>Medicare & You 2007 Handbook</i> .	

Part C - Medicare Advantage: Medicare Part C offers Parts A and B benefits, and may offer prescription drug coverage (Part D), through private health plans. This part of Medicare does not offer additional Medicare benefits.

Part D – Prescription Drug Insurance: Medicare began covering prescription drugs in 2006 under Medicare Part D. There is a separate monthly premium of about \$27.35 in 2007 for Part D, but the premiums vary greatly among plans as do the drugs that are covered and the amounts charged for prescriptions. Medicare drug coverage is offered through Medicare-approved private plans. Help for people on Medicare with limited income and resources is available and can reduce or eliminate premiums, deductibles, and co-pays. For more details on Part D, see the [Prescription Drug Costs and Medicare](#).

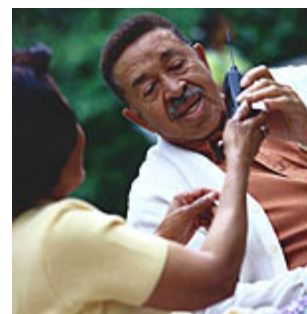
What Medicare Does *Not* Cover

You should be aware that Medicare does not cover all health care expenses -- for example, it does not pay for long-term personal care services at home or in a nursing home but does cover short-term skilled nursing care. Medicare generally does not cover eye exams, eyeglasses, hearing aids, dental care, or care provided outside the United States.

Medicare private plans -- called Medicare Advantage plans -- often provide coverage of prescription drugs and supplemental benefits, in addition to the benefits covered in the traditional Medicare program. See [Talking About Medicare Advantage and Private Plans](#) for additional information.

Plan for Medicare Enrollment

As a senior, eligibility for Medicare begins upon turning 65, even if your eligibility for full Social Security benefits does not begin until later. Choosing to receive Social Security before age 65 does not affect when you become eligible for Medicare, but it may affect the enrollment process.



- **If you are already receiving Social Security benefits when you turn 65**, you will automatically be enrolled in both Parts A and B of Medicare, effective on the first day of the month that you turn 65. A Medicare card will arrive in the mail about three months before your birthday. You can choose to decline Part B coverage, but you should take it if you want to have full Medicare benefits and avoid paying a Part B premium penalty later on (unless you have health care coverage through your or your spouse's current employer). You will not automatically be enrolled in Part D, which helps pay for prescription drugs. To get Part D benefits you must enroll separately in a stand-alone drug plan or Medicare advantage plan that provides the Part D benefit. Similar to Part B, there is a penalty for late enrollment (see [Prescription Drug Costs and Medicare](#)).
- **If you are not receiving Social Security benefits when you turn 65**, you must sign up for Medicare Parts A and B. You will not be enrolled automatically. You may apply at any Social Security office during the *initial enrollment period*, which begins three months before you turn 65 and ends three months after your birthday. If you want drug coverage through Medicare, you will also have to sign up for Part D with a stand-alone drug plan or a Medicare Advantage plan that provides the Medicare drug benefit. Contact information for making an appointment with your local Social Security office is available in the [Additional Resources](#) section of this guide.

If you do not enroll in Medicare Parts A and B during the initial enrollment period, you must enroll during a general enrollment period, which is January 1st through March 31st of every year. Your coverage will begin on July 1st of the year you sign up. If you wait until after your initial enrollment period, you may have to pay a penalty for each year you delayed enrollment. This penalty will be added permanently to your Part B premium.

If you do not sign up for Medicare Part D during the initial enrollment period, you must enroll during a general enrollment period, which is November 15 through December 31 of every year. Your coverage will begin on January 1 of the following year. Like Part B, if you wait until after your initial enrollment period, you will likely face a permanent premium penalty for each month you delayed enrollment. It will be added to your Part D premium.

If you or your spouse are still working when you turn 65, and you have health coverage through your employer, you may be able to delay enrolling in Part B and Part D without paying a late enrollment penalty. This will allow you to avoid duplicating coverage and paying the monthly Part B and Part D premiums. To avoid a late enrollment penalty for Part B you must enroll in Part B within 8 months of the time that you or your spouse stop working or you lose your employer-sponsored health insurance. Your coverage will begin the month after you enroll. You should check with your local Social Security office before declining Part B to be sure you will not have to pay a penalty for late enrollment. Information on contacting your local Social Security office is available in the [Additional Resources](#) section of this guide. If you or your spouse have “creditable drug coverage” through your employer (which means at least as good as the standard Medicare Part D benefit), you may avoid paying a late enrollment penalty for Part D if you enroll in Part D within 63 days of the time that you or your spouse stop working or lose your employer-sponsored health insurance.

If you have continuation health care coverage from a former employer, sometimes called COBRA, you should still enroll in Medicare Parts A and B during your initial enrollment period. Your health insurance under COBRA typically ends as soon as you are eligible for Medicare.

If you are a citizen or permanent resident, but not entitled to Medicare (for example, because you did not work enough years to qualify), you may still voluntarily enroll in Medicare. However, you must pay a monthly premium for Part A benefits (in 2007, \$226 if you worked 30 or more quarters; \$410 if you worked fewer than 30 quarters).