



# Understanding **Medicare**

Answers to your Medicare FAQs

# You have questions. We have answers.

Everything you need to know before enrolling in Medicare.

We get it—there is a lot to understand about Medicare.

*What's the difference between Original Medicare and Medicare Advantage?*

*What kind of plan is right for me?*

*How do I get prescription drug coverage?*

*How can I get the care I need at the price I want?*

That's why we created this guide. From copays to premiums, from network coverage to star quality, this guide will help you understand all your Medicare options so you can make the right choice for your health care needs.



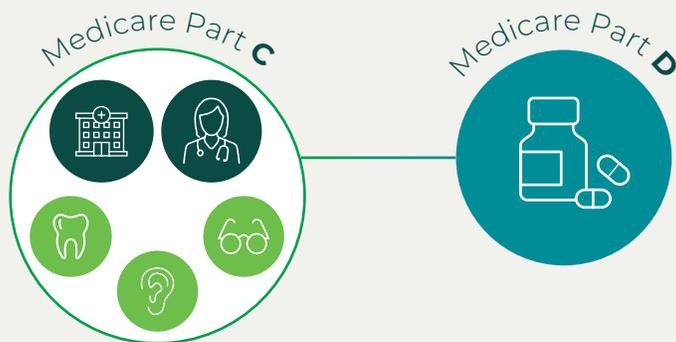
The Centers for Medicare and Medicaid Services (CMS) uses Star Ratings to measure how well plans perform overall each year. The better the star rating, the better care is delivered. A plan can get a rating between one (poor) and five (excellent) stars.

Priority Health Medicare Advantage plans are one of the **highest rated** in the state—and among the highest rated in the nation.<sup>1</sup>

# The **ABC+Ds** of Medicare



## Medicare Advantage Prescription Drug (MAPD) plan



# The ABC+Ds of Medicare

## Original Medicare

This is health coverage offered by the federal government. Original Medicare includes Part A (hospital coverage) and Part B (coverage for medical services). After your deductible is paid, Original Medicare only covers 80% of your health care costs, so you are responsible for the other 20%. There is no limit to the amount of money you could pay out of pocket as part of your 20%.

### 2024 Original Medicare amounts

	Premium	Deductible
<b>Part A</b>	\$505	\$1,632
<b>Part B</b>	\$174.70	\$240

## Medicare Part A

This is hospital care coverage. Most people are automatically enrolled in Medicare Part A when they turn 65. Most people don't pay a monthly Part A premium because they paid for it through their payroll deductions.

## Medicare Part B

This is coverage for medical services. You should sign up for Part B as soon as you're eligible, or you could pay penalties later. Most people become eligible for Part B three months before they turn 65.

## Medicare Part C

Medicare Part C, also called a Medicare Advantage plan, is an all-in-one alternative to Original Medicare offered by private companies like Priority Health. If a Medicare Advantage plan also includes Part D prescription drug coverage, it is called a Medicare Advantage with Prescription Drug—or MAPD—plan.

## Medicare Part D

This is coverage for prescription drugs. To get Part D coverage, you can enroll in a Medicare Advantage with Prescription Drug (MAPD) plan, or add a separate prescription drug plan (PDP) to Original Medicare or to a Medigap plan. Make sure to sign up for Part D when you are first eligible, or you could pay a penalty.

## Medigap

A Medigap plan provides supplemental coverage for things Original Medicare doesn't cover and does not include prescription coverage. You can purchase a Medigap plan from a private insurer, but you can't enroll in a Medigap plan if you have a Medicare Advantage plan.

### Priority Health Medicare Advantage plans start as low as \$0 a month and all include:

- Over-the-counter allowances
- Part D prescription drug coverage
- Dental exams and cleanings
- Vision and hearing coverage
- \$0 fitness benefit
- Priority Health Travel Pass

# Common terms you'll need to know

Here's a handy list of commonly used insurance terms and what they mean for you.

## Copayment

Sometimes called a copay, this is the set dollar amount you pay at the time you receive a Medicare-covered service. You may also have a copay when you get a prescription filled.

## Deductible

The amount you pay each year before your health plan starts to pay for certain services.

## Coinsurance

After you've paid your deductible, coinsurance is the portion of the cost you pay for medical services. Coinsurance is typically a percentage.

► *For example, if your plan's fee for a visit is \$100, your coinsurance payment of 20% would be \$20. Your Medicare plan would pay the rest of the fee, 80% or \$80.*

## Out-of-pocket limit

This is your annual maximum cost, or the most you'll pay for Medicare-covered medical services including copays and coinsurance in one year.

## Premium

The amount you pay for your health insurance every month.

## Preventive care

Preventive care includes specific health care services that help you avoid potential health problems, or services that can find potential problems early when they are most treatable. Examples include flu shots, annual physical exams, lab tests and some prescriptions.

## Use our checklist while you prepare for Medicare:

- Evaluate your health care needs.
- Know your enrollment timing.
- Decide if Original Medicare is enough for you.
- Explore plans that offer benefits you need and extras you want.
- Compare plans on [prioritymedicare.com](https://www.prioritymedicare.com).

# Medicare FAQs

## **Do I have to sign up for a Medicare Advantage or Medigap plan?**

### **Can't I just have Original Medicare?**

You can stick with Original Medicare but know that it only covers 80% of health care costs, leaving you with 20% of the bill. Depending on the procedure, that remaining 20% could cost you thousands of dollars. Also know that Original Medicare does not cover prescription drugs, routine dental and vision, hearing aids and exams for fitting them, long-term care and more.

## **What's the difference between a Medicare Advantage plan and a Medigap plan?**

Medicare Advantage (also known as Medicare Part C) is Medicare Parts A and B bundled together and offered through a private insurer like Priority Health. When a Medicare Advantage plan includes Part D (coverage for prescriptions), it is called a MAPD plan. With an MAPD plan, your hospital, doctor and prescription costs are covered, plus you get extras like gym memberships, dental, vision, hearing and more. Priority Health offers a wide range of Medicare Advantage and Dual Eligible Special Needs (D-SNP) plans to fit your needs and budget, with many starting at just \$0 per month.

Medigap works in conjunction with Original Medicare and fills in the gaps that Original Medicare doesn't cover (like that remaining 20% of costs). However, Medigap plans don't come with the extras offered in Medicare Advantage plans. A Medigap plan might be right for you if you don't mind paying a higher monthly premium in exchange for paying less—or nothing—when you get medical care. If you choose a Medigap plan, you'll need to purchase a stand-alone Part D prescription drug plan if you want prescription coverage. Priority Health offers six Medigap plans.



**Priority Health's network includes 9 out of 10 primary care providers in Michigan<sup>2</sup> and all major hospital systems in the Lower Peninsula.<sup>3</sup>**

### Why should I choose a Medicare Advantage plan?

A Medicare Advantage plan can lower your out-of-pocket costs with predictable copayments, lower deductibles and out-of-pocket maximums. Also, Medicare Advantage plans often come with additional benefits and extra perks.

This type of plan may be right for you if:

- You want predictable copays, deductibles and an out-of-pocket maximum.
- Paying a lower monthly premium is important to you.
- You want Part D prescription drug coverage bundled with Parts A and B coverage (included in MAPD plans).
- You want additional coverage for pre-existing conditions.

### How do I decide which Medicare Advantage plan is right for me?

In addition to comparing what you'll pay in monthly premiums<sup>4</sup>, copays, coinsurance and deductibles, you should look at things that will impact your overall cost, like your current health. You'll also want to pay attention to the plan's provider and pharmacy networks. If your doctor, hospital or pharmacy isn't part of a plan's network, you may pay more or you may not have any coverage, depending on the kind of plan you choose.

### How do I decide which Medigap plan is right for me?

Medigap plans are standardized across the country, so all plans offer the same benefit structure. There are 12 standard Medigap plans (named Plan A through N), but not all insurance companies offer all of them. Priority Health offers Plans A, C, D, F, G and N. Plans C and F are only available if Part B was effective prior to 1/1/20. The main difference between them is in the monthly premium cost and customer service quality. You should look at what you'll pay for copays, coinsurance and deductibles. And remember, Medigap plans don't include prescription coverage, so you'll need to get a separate prescription drug plan.

### All Priority Health Medicare Advantage plans include:

- \$0 in-network medical deductibles
- \$0 virtual visits for in-network providers
- \$0 free-to-talk annual physical exam and annual wellness visits every calendar year
- \$0 preventive care
- Routine hearing, vision and dental coverage
- SilverSneakers® fitness membership
- Priority Health Travel Pass and Assist America® coverage
- Over-the-counter allowances for common health and wellness products

# Prescription drug coverage

## Why do I need prescription drug coverage?

If you choose a Medicare Advantage plan that does not include prescription drug coverage, or you choose not to add a stand-alone Part D prescription drug plan to Original Medicare or a Medigap plan, you will be responsible for the entire cost of your medications.

Additionally, if you don't choose a Part D prescription plan when you first become eligible for Medicare and don't have creditable coverage (coverage that's as good as or better than Original Medicare) you could also end up paying a late enrollment penalty when you sign up. That late enrollment fee will be added to your monthly premium once you enroll and will continue for as long as you have Medicare.

## How can I save money on prescription drugs?

Prescription drugs can come in a wide range of prices, even if they treat the same condition. Many people take advantage of generic drugs, when available, to save on costs. Most drug coverage plans offer other cost savings options, like mail order or preferred pharmacy pricing.



Priority Health Medicare Advantage plans offer \$0 copays for 90-day prescriptions of generic drugs.<sup>5</sup>

## What's the Medicare Part D coverage gap?

Most Medicare plans have a coverage gap, also referred to as the “donut hole.” This is when there's a limit on what your drug plan will pay for your prescriptions. The coverage gap begins after you and your drug plan have spent a certain amount for covered drugs. This amount changes every year—in 2024 it's \$5,030.

If you reach that amount, you're in the coverage gap and will be responsible for a higher share of the cost of your prescriptions. On the other side, the coverage gap has a maximum limit to the amount you'll have to pay. After you reach this limit, you will have what's called catastrophic coverage and will pay nothing.

# When can I enroll?

## Original Medicare, Medicare Advantage and Part D initial enrollment periods

The enrollment timing is the same for Original Medicare (Parts A and B), Medicare Advantage (Part C) and prescription drug plans (Part D). Once you turn 65, you're typically eligible for Medicare Part A at no charge if you paid into the Medicare program through your taxes for at least 10 years. You're also eligible at 65 for Part B if you're a citizen or permanent resident of the United States.

Your initial enrollment period (IEP) runs during the three months before your 65th birthday, your birthday month and the three months after your 65th birthday. During this time you can sign up for Original Medicare, a Medicare Advantage plan and/or a prescription drug plan. You must be enrolled in Parts A and B before you can enroll in a Medicare Advantage plan. If you have a disability, you may qualify even if you aren't yet 65.

- If you already receive benefits from Social Security or the Railroad Retirement Board (RRB), you'll automatically be enrolled in Original Medicare (Parts A and B) on the first day of the month you turn 65. You don't need to do anything. Watch for your red, white and blue Medicare card to come in the mail.

- If you don't currently receive Social Security or RRB benefits, you can enroll in Parts A and B by visiting [ssa.gov](https://www.ssa.gov) or calling 1.800.772.1213 (TTY 1.800.325.0778). It may be best to enroll during the three months before your birthday to prevent any delays in Part B coverage.

## Annual election period for Medicare Advantage plans

After you sign up for Medicare for the first time, you can change plans during your annual election period (AEP), which runs each year from Oct. 15 through Dec. 7. This is the time to review your plan to make sure you have the coverage you need.

## Open enrollment period for Medicare Advantage plans

The open enrollment period (OEP) for Medicare runs from Jan. 1 through March 31 each year. During this time, Medicare Advantage plan enrollees may make a one-time change to another Medicare Advantage plan or disenroll in their plan and return to Original Medicare. You can change your mind about a plan multiple times during AEP in the fall, but can only make one change during OEP during the first quarter of the new year.



### Watch out for penalties

There are penalties for not enrolling in Part B and Part D on time, and you will pay these penalties for the duration that you are enrolled in Medicare Part B and Part D. If you don't enroll in Part B when you're first eligible (or if you don't meet certain conditions that allow you to enroll later), you'll have to pay a late enrollment penalty when you do enroll. Part D has a similar late enrollment penalty if you don't enroll when you're first eligible, unless you have creditable coverage—coverage that's as good as or better than Original Medicare. You can have the Part D penalty removed if you enroll in a Medicare Advantage plan that includes prescription coverage that meets your Part D requirement at a later date.

### Special enrollment period for Medicare Advantage plans

A special election period (SEP) gives you the opportunity to change your Medicare Advantage coverage outside of normal time constraints. Some examples include:

- You move outside of the area your plan covers.
- You lose your current coverage, such as an employer or union plan or Medicaid eligibility.
- Your plan no longer meets the standards that CMS requires.
- Your plan doesn't renew its contract with CMS.

### Medigap open enrollment period

You have a six-month Medigap open enrollment period that begins on the first day of the month in which you are both 65 or older and enrolled in Part B. During this time you can add a Medigap plan to your Original Medicare and/or Part D plan. This is the best time to apply because you'll be accepted into a Medigap plan at a preferred rate.

### Guaranteed issue right for Medigap plans

Outside of your open enrollment period for a Medigap plan, there are other situations where you might also have a "guaranteed issue right" for a Medigap plan. This means insurance companies must sell you a Medigap plan, regardless of any pre-existing health conditions, and they can't charge you more based on your health history. Some examples of guaranteed issue right include:

- Your Medicare Advantage plan leaves your service area.
- You move outside the area your Medicare Advantage plan covers.
- Your Medigap insurance company ends its coverage through no fault of your own.

### Priority Health makes it easy to enroll.

Once you review your options and choose a plan:

- Call one of our Medicare experts toll-free at 833.540.1351 (TTY 711) from 8 a.m. to 8 p.m., seven days a week.
- Visit [prioritymedicare.com](https://www.prioritymedicare.com) to complete and submit the form online.<sup>6</sup>

# Still have questions? We're happy to help.



## **Plan recommendations**

Use our online tool to get a personalized recommendation for a Medicare plan that fits your needs. Visit [prioritymedicare.com](https://prioritymedicare.com).



## **Medicare helpline**

Call our Michigan-based Medicare experts toll-free at **833.540.1351** (TTY 711), seven days a week, 8 a.m.– 8 p.m. We're happy to answer any questions you have on Medicare Advantage and Medigap plans.



## **Medicare Learning Center and Medicare Explained**

Medicare Explained helps you understand the parts of Medicare and how they work together to provide your health care coverage. Use our interactive online resource to watch videos, take a quiz and read in-depth articles about Medicare. Visit [priorityhealth.com/learnmapd](https://priorityhealth.com/learnmapd).





<sup>1</sup>Priority Health Medicare Advantage HMO-POS plans are one of the highest-rated HMO-POS plans in Michigan, and some of the highest-rated Medicare insurance plans in the nation, with a rating of 4.5 out of 5 in the NCQA Medicare Health Insurance Plan Ratings 2023.

<sup>2</sup>Excludes providers in Michigan's Upper Peninsula; based on CMS National Downloadable File of Physicians, Sept. 2023 and Priority Health provider database.

<sup>3</sup>Excludes hospitals in Michigan's Upper Peninsula; based on CMS Hospital Listing file Sept. 2023 data and Priority Health provider database.

<sup>4</sup>You must continue to pay your Medicare Part B premium.

<sup>5</sup>\$0 copay applies to tier 1 and tier 2 drugs via mail-order with ESI and tier 1 drugs at preferred retail pharmacies.

<sup>6</sup>Medicare beneficiaries may also enroll in any of the Priority Health Medicare plans through the CMS Medicare Online Enrollment Center, located at [medicare.gov](https://www.medicare.gov).

Priority Health has HMO-POS and PPO plans with a Medicare contract. Enrollment in Priority Health Medicare depends on contract renewal.