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Exploring Medicare: Is It For Me?

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Medicare is a health insurance program sponsored by the federal government. Medicare covers many but not all expenses for medical doctors, hospitalization, skilled nursing facility care, out-patient care, home health, hospice care, blood, clinical laboratory services, prescription drugs, x-rays and diagnostic services, and medical supplies and equipment. It does not cover custodial or long-term health care.

**Basic parts of Medicare**

**Part A, hospital insurance.** Most people don't pay a premium for Part A because they or a spouse already paid for it through payroll taxes while working. Medicare Part A (hospital insurance) helps cover in-patient care in hospitals, including critical-access hospitals and skilled nursing facilities (not custodial or long-term care). It also helps cover hospice care and some home health care. Beneficiaries must meet certain conditions to get these benefits.

**Part B, medical insurance.** Most people pay a monthly premium for Part B. The monthly premium is based on a combination of income and income tax filing status. The cost for Part B in 2007 ranges from $93.50 to $161.40 per month.

Medicare Part B helps cover doctors' services and outpatient care. It also covers certain other medical services that Part A doesn't cover, such as some physical and occupational therapy and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary.

If you choose not to enroll when you are first eligible, you may be subject to a late enrollment fee of 10% for each 12-month period you did not have Part B Medicare—unless you have “credible coverage” from your employer. “Credible coverage” means that it is equal or better than that offered by Medicare. It is wise to get, and keep on file, a letter verifying that
you have credible coverage from your employer.

The general enrollment period allows a beneficiary without Part B to sign up for coverage. The enrollment period begins on January 1 and ends on March 31 every year; benefits will not begin until July 1 of that year.

**Part C Medicare Advantage.** Coverage that was formerly known as "Medicare+ Choice" is now known as "Medicare Advantage." If you are entitled to Medicare Part A and enrolled in Part B, you are eligible to switch to a Medicare Advantage plan, provided you reside in the plan's service area.

These managed-care plans provide an opportunity to reduce medical costs by placing some restrictions on the choice of providers of services and procedures.

**Part D, prescription drug coverage.** Most people will pay a monthly premium for this coverage. Starting January 1, 2006, new Medicare prescription drug coverage was made available to everyone with Medicare. This coverage may help lower prescription drug costs and help protect against higher costs in the future.

Medicare prescription drug coverage is insurance provided by private companies. You choose the drug plan and pay a monthly premium. Like other insurance, if you decide not to enroll in a drug plan when you are first eligible, you may pay a penalty if you choose to join later. The dollar amount of the penalty will vary from year to year but, added to the monthly premium, will be 1% of the average national monthly premium for each month of delay in enrolling in Medicare Part D.

Open enrollment for most is November 15 through December 31 of every year.

**Medicare supplement or “Medigap.”** You may have a retiree health plan or you may want to buy a private Medicare-approved “Medigap” plan to supplement Medicare.

There are eight versions of Medigap (A through G and F plans) currently offered in South Dakota by many insurers who have the required license to sell insurance. The plans themselves are identical, but the vendors may sell them at different prices. That is, a “Plan C” sold by Company A will cover the exact same services as a “Plan C” sold by Company B.

For a list of companies licensed to sell insurance in South Dakota, go to the Department of Revenue and Regulations, Division of Insurance at http://www.state.sd.us/drr2/reg/insurance/ or call 605-773-3311. For a comparison of costs of Medigap plans sold by vendors in South Dakota, go online to http://www.shiine.net/ (under Medicare Insurance Information Links) or call SHIINE at 1-800-536-8197.

Until January 2006, Medicare participants wanting prescription drug coverage bought one of the H, I, or J Medigap policies. Since May 15, 2006, Medicare Part D Prescription Drug Plans replace the drug coverage formerly found in the H, I, and J Medigap plans.
For more detail on Medicare coverage

If you are seeking Medicare Part B and group health plan coverage from an employer or union, it is important to understand how your Part B enrollment rights can be affected if you or your spouse are still working and have coverage through an employer or union or under the Consolidated Omnibus Budget Reconciliation Act (COBRA) or provision for continuation of group health coverage that otherwise might be terminated. Your decision about when to sign up for Part B can also affect your rights to buy a Medigap policy.

For more information about enrolling in Part B, get a free copy of the booklet, Enrolling in Medicare (CMS Pub 11036) by visiting http://www.medicare.gov/ on the Web or by calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

You will also want a copy of the handbook, Medicare and You (current year).

Call 1-800-MEDICARE; SHIINE at 1-800-536-8197; or pick up a copy at your nearest Social Security Office. The handbook can also be ordered through your county Extension office, or you can locate it online at http://www.medicare.gov/ (do a search for the publication title).

References


