Medicare 101

Your Right to Medicare

Medicare is a choice that you must make. Your Medicare health plan decisions affect how much you pay for coverage, what services you get, what doctors and hospitals you can use, what medications are covered, and your overall quality of care. For all these reasons, you need to be in charge of deciding on your Medicare health plan.

Definitions

- *Premium:* The monthly payment you pay for a health plan.
- *Deductible*—The amount you must pay for health care or prescriptions before Original Medicare, your Medicare Advantage Plan, your Medicare drug plan, or your other insurance begins to pay.
- *Coinsurance*—An amount you may be required to pay as your share of the cost for services after you pay any deductibles. Coinsurance is usually a percentage (for example, 20%).
- *Copayment*—An amount you may be required to pay as your share of the cost for a medical service or supply, like a doctor's visit, hospital outpatient visit, or prescription drug. A copayment is usually a set amount rather than a percentage. For example, you might pay $10 or $20 for a doctor's visit or a prescription drug.
- *Maximum Out-of-Pocket Limit*—The maximum amount you must pay for Part A and Part B covered services if you join a Medicare Advantage Plan.

Medicare vs. Medicare Advantage

Original Medicare: This is a healthcare program managed by the government with two parts: Part A (Hospital Insurance) and Part B (Medical Insurance). After you pay a deductible, Medicare pays its share 80% of the Medicare-approved amount, and you pay your share 20% (coinsurance and deductibles). Most individuals purchase Medigap plans to cover the 20% cost. These plans have a monthly premium, usually with deductibles and coinsurance depending on the plan. If you want Medicare drug coverage (Part D), you can join a separate Medicare drug plan. You can use any doctor or hospital that takes Medicare anywhere in the U.S. without needing pre-authorization.

Medicare Advantage: This type of Medicare health plan is offered by a private health insurance company that contracts with Medicare. These plans include Part A, Part B, and usually Part D. Plans may provide some extra benefits that Original Medicare doesn't cover, like vision or dental. The individual cost for this type of health plan varies depending on the plan. In most cases, you can only use doctors in the plan's network. Each Medicare Advantage Plan can charge different out-of-pocket costs and have different rules for how you get services. Rules like whether you need a referral to see a specialist or to go to doctors, facilities, or suppliers that belong to the plan's network for non-emergency or non-urgent care. There may also be restrictions on the type of medication covered. These rules can change each year.

Ray Seigfried, Former State Representative