MedicareBlue℠ Solutions
Making the most of Medicare

MedicareBlue℠ Solutions
Today’s Topics

- What is Medicare
- Who’s eligible
- Medicare coverage
- Options to fill coverage gaps
- When you can enroll
- Finding the right plan
- Additional help and resources

This information is effective through December 31, 2017
What is Medicare?

- Enacted by Congress in 1965, Original Medicare is a health insurance program
- Original Medicare has two parts – Medicare Part A and Medicare Part B
- The Medicare Modernization Act of 2003 added prescription drug coverage known as Medicare Part D
- Medicare is administered by the Centers for Medicare & Medicaid Services (CMS)
Who’s eligible?

- Must be United States citizen or permanent legal resident who has resided in the United States for five continuous years and are:
  - Age 65 or older and already receive or are eligible to receive Social Security or Railroad Retirement Board benefits, OR
  - Under age 65, permanently disabled and have received Social Security or Railroad Retirement Board disability benefits for at least two years
  - Diagnosed with end-stage renal disease (ESRD)

This information is effective through December 31, 2017
Medicare coverage choices

<table>
<thead>
<tr>
<th>Original Medicare</th>
<th>Add to Original Medicare by Choosing One of These Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part A Hospital + Part B Medical</td>
<td>Option 1 - add one or more of these plans to Original Medicare</td>
</tr>
<tr>
<td></td>
<td>Part D</td>
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<tr>
<td></td>
<td>• Covers prescription drugs</td>
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<tr>
<td></td>
<td>• Must have Medicare Part A OR Part B to enroll</td>
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<td></td>
<td>Option 2 (Medicare Advantage Plans (Part C))</td>
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<tr>
<td></td>
<td>• Joins Medicare Parts A and B</td>
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<td></td>
<td>• Most include drug coverage (Part D)</td>
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<td></td>
<td>• Usually have lower deductibles and copays than Medicare</td>
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<tr>
<td></td>
<td>• Often include additional benefits</td>
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<td></td>
<td>• Must have Medicare Part A AND Part B to enroll</td>
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</table>

This information is effective through December 31, 2017
Coverage for:
- Inpatient hospital care and services
- Skilled nursing facility care
- Home health care
- Hospice care

Premium: Generally, no cost to beneficiary

Hospital deductible: $1,316 (per benefit period)
- Days 1-60 covered in full after deductible
- Days 61-90: pay $329 per day
- Additional 60 Lifetime reserve days: pay $658 per day

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Skilled nursing covered up to 100 days after a 3-day hospital stay
- Days 1-20 covered in full, no deductible
- You pay $164.50 per day for days 21-100

Hospice care covered if provided in Medicare-certified facility

Medicare-approved home health covered in full
Coverage for outpatient care and services as well as durable medical equipment

- Premium: $134 to $428.60 per month
- Annual deductible: $183
- After you pay the deductible, you pay 20% and Medicare pays 80% for most covered services
- Preventive care covered at 100%:
  - Annual wellness visit every 12 months
  - Certain cancer screenings, immunizations and flu shots

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Doctor services, including hospital, clinic, office or home visits

Diagnostic X-rays, lab tests, radiation therapy

Medical supplies and services including durable medical equipment

Outpatient diagnosis or treatment services, including ambulatory surgical centers

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Original Medicare Benefits: Part B (continued)

- Ambulance transportation
- Outpatient rehabilitation including physical, speech and occupational therapy
- Unlimited home health visits when ordered by a doctor

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What Original Medicare doesn’t pay for

- Deductibles and coinsurance
- Most outpatient prescription drugs
- Charges for inpatient hospital and skilled nursing days beyond Medicare’s limits
- Services deemed not medically necessary or not allowed by Medicare
- Most care received outside of the U.S.

This information is effective through December 31, 2017
Medicare plan options

- Medicare supplement plans (Medigap)
- Medicare Advantage plans
- Medicare Cost plans
- Generally, you will pay an additional monthly plan premium for these products

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Options to fill coverage gaps: Medicare supplement plans

- Medicare supplement – or Medigap – plans help pay for some of the “gaps” that Medicare doesn’t cover
  - Help pay deductibles and coinsurance
- Different Medicare supplement plans are offered in different states
  - Massachusetts, Minnesota and Wisconsin offer different types of Medigap plans
    - Minnesota offers three types of Medigap plans – Basic,Extended Basic and Medicare Select
  - Other states offer standard Medigap Plans A through N
  - Medigap plans K and L are available in all states except Massachusetts

This information is effective through December 31, 2017
Options to fill coverage gaps: Medicare supplement plans (continued)

- Plans are guaranteed renewable – won’t change unless a state or federal law requires a change
  - Means benefits do not change each year
- Premiums may change each year
- No longer cover outpatient prescription drugs
- Regulated by each state, not Medicare
- Must have both Medicare Part A and Part B coverage to be eligible to enroll in a Medigap policy

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Options to fill coverage gaps: Medicare supplement plans (continued)

- Best time to buy is during initial Medicare supplement plan open enrollment period
  - First six months of Part B enrollment
  - After open enrollment, may have medical underwriting
- If in a Medigap plan, can try a Medicare Advantage plan for first time and return to Medigap plan within 12 months without providing health history – can do a similar test if in a Medicare Advantage plan

This information is effective through December 31, 2017
Other types of Medicare plan options: Medicare Advantage plans

- Also called Part C
- Private companies offer additional health plan choices that replace Original Medicare benefits
- Plans include Medicare Part A and Part B benefits and other medical benefits
  - Part D prescription drug benefits may also be included
- Offered by private insurance companies through Medicare contracts
Other types of Medicare plan options: Medicare Advantage plans (continued)

- Types of Medicare Advantage plans:
  - Health Maintenance Organizations (HMOs)
  - Preferred Provider Organizations (PPOs)
  - Private Fee-for-Service Plans (PFFS)
- Plans may be medical only (MA) or may include prescription drug coverage (MA-PD)
- Cost sharing, benefits and premiums may change each year
- To enroll in a Medicare Advantage plan you must be entitled to Medicare Part A and enrolled in Medicare Part B, live in the plan service area and not have end stage renal disease (exceptions apply)

This information is effective through December 31, 2017
Options to fill coverage gaps: Other plans

- Medicare Cost plans
  - Help pay for expenses Medicare doesn’t cover
  - Are regulated by the federal government and the state
  - Accept members with Part A and Part B, or Part B coverage only who reside in the plan service area

- Special Needs Plans (SNPs) provide medical and prescription drug coverage for people who:
  - Live in certain facilities such as nursing homes
  - Are eligible for both Medicare and Medicaid
  - Have conditions such as diabetes or congestive heart failure

This information is effective through December 31, 2017
Medicare Part D (Prescription Drug Plans)

- Part D benefits are offered by private insurance companies that have a contract with the Centers for Medicare & Medicaid Services (CMS)
- Costs and plan designs vary based on the plan chosen
- Companies may sell a stand-alone prescription drug plan (PDP) or include drug coverage in a Medicare Advantage health plan (MA-PD)

This information is effective through December 31, 2017
Medicare Part D (continued)

- All Medicare beneficiaries entitled to Part A and/or enrolled in Part B are eligible for Medicare Part D
- Those with limited incomes and assets may be eligible for extra help
  - Contact Medicare, Social Security or your state Medicaid office to see if you qualify
- Enrollment period limited to a specific time of the year or based on Medicare eligibility
- In 2017 beneficiaries with higher incomes will pay more
  - From $13.30 to $76.20 more per month in addition to plan premium

Note: These amounts may change in future years

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The 2017 standard Medicare Part D Plan has a deductible and then covers a percentage of costs.

<table>
<thead>
<tr>
<th>Annual Deductible</th>
<th>Initial Coverage</th>
<th>Coverage Gap</th>
<th>Catastrophic Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(you pay each year before initial coverage begins)</td>
<td>(amount you pay after paying the deductible)</td>
<td>(begins after your total drug costs reach $3,700)</td>
<td>(amount you pay after you have paid $4,950 out-of-pocket)</td>
</tr>
<tr>
<td>$400</td>
<td>You pay 25% Plan pays 75%</td>
<td>You will generally pay no more than 51% of the cost for generic drugs or 40% of the cost for brand-name drugs</td>
<td>You pay the greater of: 5% of the cost, OR $3.30 for generics, $8.25 for all other drugs</td>
</tr>
</tbody>
</table>
■ Members pay a monthly premium and share in the cost of prescriptions
■ Insurance companies may offer the standard and/or enhanced plan options
■ Enhanced plans often have:
  ■ Higher monthly premiums
  ■ No deductible
  ■ Specific copays or coinsurance
  ■ Some have additional coverage during the coverage gap
■ Formulary lists cover specific generic and brand-name drugs

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Late enrollment penalty

- 1% of the national average monthly premium, times the number of months eligible but not enrolled
- Added to your monthly premium and lasts as long as you are enrolled in the plan

The penalty doesn’t apply if you had other drug coverage as good as or better than the standard Medicare Part D Plan or if you are eligible for extra help in paying for your Medicare Part D coverage and prescriptions
When you can enroll

- Reach age 65 and apply for Social Security benefits
  - Enrollment in Part A is usually automatic when you apply for Social Security
- Already receive Social Security or Railroad Retirement Board benefits and reach age 65
- If you’re under 65 and have received Social Security or Railroad Retirement disability benefits for 24 months
- You must choose to enroll in Part B and Part D – enrollment is not automatic

This information is effective through December 31, 2017
When you can enroll (continued)

- **Initial Enrollment Period (IEP)**
  - The 7-month period surrounding your 65th birthday: 3 months before you turn age 65, the month of your birthday and 3 months after you’re 65

- **Annual Enrollment Period (AEP)**
  - Held from October 15-December 7
  - Gives you the opportunity to enroll in or change Part D or Medicare Advantage plans

This information is effective through December 31, 2017
When you can enroll (continued)

- **Medicare Advantage Disenrollment Period (MADP)**
  - Held each year from January 1-February 14
  - Specific opportunity to switch coverage from Medicare Advantage to Original Medicare and a Prescription Drug Plan

- **Medigap Open Enrollment**
  - No health history required if you enroll within the first 6 months of your enrollment in Part B

- **Special Enrollment Period (SEP)**
  - Offered to beneficiaries who meet specific eligibility criteria
  - Includes moving to a plan with a Medicare 5-Star Rating

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Finding the right plan

- How much are you comfortable paying for a premium each month?
- How much are you comfortable paying in out-of-pocket costs?
- Do you want additional health coverage and/or a prescription drug plan? Or is Original Medicare enough coverage?
Finding the right plan (continued)

- Do you travel?
- Do you plan to move out of state?
- Do you want to continue seeing your current doctor? Do other providers you use accept the plan?
- Is it important that your benefits remain the same each year?

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Additional help and resources

- **Social Security**
  - Monday-Friday, 7 a.m. to 7 p.m.
  - 1-800-772-1213
  - TTY 1-800-325-0778
  - ssa.gov

- **Medicare Helpline**
  - 7 days a week, 24 hours
  - 1-800-633-4227
  - TTY 1-877-486-2048
  - medicare.gov or cms.hhs.gov

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Additional help and resources (continued)

- Call our Medicare Solutions specialists

  1-866-434-2037
  (TTY users call 711)

  8 a.m. to 8 p.m., daily, Central and Mountain times

This information is effective through December 31, 2017
MedicareBlue Rx and Group MedicareBlue Rx are Medicare-approved Part D sponsors. Enrollment in MedicareBlue Rx depends on contract renewal. Enrollment in Group MedicareBlue Rx depends on renewal of the plan sponsor’s contract with Medicare. Coverage is available to residents of the service area or members of an employer or union group and separately issued by one of the following plans: Wellmark Blue Cross and Blue Shield of Iowa,* Blue Cross and Blue Shield of Minnesota,* Blue Cross and Blue Shield of Montana,* Blue Cross and Blue Shield of Nebraska,* Blue Cross Blue Shield of North Dakota,* Wellmark Blue Cross and Blue Shield of South Dakota,* and Blue Cross Blue Shield of Wyoming.*

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