



2018

How Medicare Works

Helping you make the most of Medicare



MedicareBlueSM Rx (PDP)

About Medicare

Whether you're new to Medicare or want a refresher, this guide can help you understand the costs, benefits and choices offered by the country's largest health insurance program.

Medicare started in 1965 with basic coverage for hospital and medical services. Since then it has grown to offer other health plan options and prescription drug coverage from private insurers.

- Understanding Medicare's parts 1
- Part A: Hospital coverage 2
- Part B: Medical coverage 3
- Medigap (Medicare Supplement) and Part C Medicare Advantage 4
- Part D: Prescription drug plans 5
- Eligibility and when to enroll 6
- When you can switch 10
- Frequently asked questions. 11
- Glossary of Medicare terms 12
- Learn more 13

Understanding Medicare's parts

Original Medicare

Original Medicare has two parts.

- **Medicare Part A covers hospital costs.** It is offered at no cost to nearly everyone eligible for Medicare.
- **Medicare Part B covers medical care.** It is available for a monthly premium to most people eligible for Medicare.

Adding more coverage

You can supplement your Original Medicare coverage to help pay for things Medicare doesn't, such as the deductibles, copayments or coinsurance and prescription drug coverage. You have options on the type of coverage.

ORIGINAL MEDICARE	ADD TO ORIGINAL MEDICARE COVERAGE BY CHOOSING ONE OF THESE OPTIONS	
<p style="text-align: center;"> PART A Hospital </p> <p style="text-align: center; font-size: 2em;">+</p> <p style="text-align: center;"> PART B Medical </p>	<p>OPTION 1 You can add one or more of these plans to Original Medicare</p>	
	<p style="text-align: center;">PART D</p> <p style="text-align: center;">PRESCRIPTION DRUG PLANS</p> <ul style="list-style-type: none"> ■ Covers prescription drugs ■ Must have Medicare Part A and/or Part B to enroll ■ Offered by private companies 	<p style="text-align: center;">MEDIGAP (MEDICARE SUPPLEMENT) PLANS</p> <ul style="list-style-type: none"> ■ Helps pay for deductibles, copays and other costs Medicare doesn't pay ■ Must have Medicare Part A <u>AND</u> Part B to enroll ■ Offered by private companies
	<p>OPTION 2</p> <p style="text-align: center;">MEDICARE ADVANTAGE PLANS</p> <p style="text-align: center;">PART C</p> <ul style="list-style-type: none"> ■ Replaces Original Medicare ■ Most include drug coverage (Part D) ■ Usually have lower deductibles and copays than Medicare ■ Often include additional benefits ■ Must have Medicare Part A <u>AND</u> Part B to enroll ■ Offered by private companies 	

Part A: Hospital coverage

What Original Medicare covers



Medicare Part A is generally offered at no cost to you but there is a deductible for hospital stays and you may also have copayments for longer stays.

What's covered	Medicare Part A benefits
Hospital stays	<ul style="list-style-type: none">• Part A covers a semi-private room, meals and eligible services for up to 90 days per benefit period.• A benefit period begins on the first day of a hospital stay and ends when you have been out of the hospital or skilled nursing facility for 60 days in a row.• You pay a deductible of \$1,340 for each benefit period.• For the first 60 days, eligible care is covered in full after you pay the deductible.• For days 61 through 90, you pay \$335 per day.• For days 91 through 150, your lifetime reserve days, you pay \$670 per day.
Skilled nursing facility care	<ul style="list-style-type: none">• Part A covers up to 100 days for eligible services in a Medicare-certified skilled nursing facility after at least a three-day covered hospital stay.• Care is covered in full for the first 20 days.• For days 21 through 100, you pay \$167.50 per day.
Home health care	<ul style="list-style-type: none">• Home health care services are paid in full when ordered by a doctor and provided by a nurse and/or therapist from a Medicare-certified home health agency.
Hospice care	<ul style="list-style-type: none">• Hospice services are paid by Medicare and may include drugs to control symptoms and relieve pain, short-term respite care and home health services.• Care must be provided by a Medicare-approved hospice program.• You pay part of the cost for outpatient drugs and inpatient respite care.

Part B: Medical coverage

What Original Medicare covers



Medicare Part B covers doctor visits and services, outpatient hospital care, durable medical equipment and some medical services and supplies

not covered by Medicare Part A. Part B also covers some preventive services. You must pay a monthly premium for Part B coverage and pay a yearly deductible before Medicare pays.

For Medicare Part B in 2018 you pay:

- A monthly premium of \$134*
- A yearly deductible of \$183

- After your yearly deductible, you pay 20 percent (Medicare pays 80 percent) of Medicare-approved expenses for eligible services and supplies that are medically necessary

*The 2018 Part B premium will be higher if an individual’s annual income is more than \$85,000 (or a married couple’s annual income is more than \$170,000).

Part B eligible services

Outpatient services	Preventive care services
Doctor’s services including office visits and surgery	“Welcome to Medicare” exam within the first 12 months of enrolling for Part B
X-rays, lab tests and radiation therapy	Annual wellness visits after 12 months of being enrolled in Part B or 12 months after the “Welcome to Medicare” exam
Medical supplies and services such as oxygen and durable medical equipment	Cancer screenings such as mammograms, Pap tests, pelvic exams, colorectal screenings and prostate exams
Diabetes self-monitoring training, nutrition therapy and testing supplies (not insulin)	Flu shots and pneumonia and hepatitis B vaccines
Outpatient diagnostic and treatment services, including some outpatient surgery	Diabetes and HIV screenings
Outpatient rehabilitation services such as physical therapy	Stop-smoking counseling

Medigap (Medicare Supplement) and Part C Medicare Advantage

You can add additional coverage to help pay for costs Medicare doesn't cover and protect yourself from unexpected high costs of medical care.

Medigap (Medicare Supplement) plans

Medigap plans are designed to "close the gaps" in Original Medicare and pay for costs Original Medicare doesn't cover.

Medigap plans help cover Medicare copays, coinsurance and deductibles. Each type of Medigap plan has a different set of benefits and premiums, and some plans offer optional coverage for an additional premium.

Medigap plans do not include prescription drug coverage, so you may need to sign up for a stand-alone Part D plan to avoid a penalty.

Medicare Advantage plans



Medicare Advantage plans can offer more health plan choices than Original Medicare. With these plans you can get Medicare Part A and Part B benefits plus dental, vision and hearing benefits. Some plans also include prescription drug coverage and wellness programs like fitness memberships. Some of the different types of Medicare Advantage plans include:

- **Preferred Provider Organization (PPO)** plans have a network of doctors and hospitals you can go to. Referrals are not needed to see a doctor, specialist or out-of-network provider. However, you will likely pay more to see a provider who's not in the PPO network.
- **Health Maintenance Organization (HMO)** plans also have a network of doctors and hospitals. You will get most of your care and services from this network. You may need a referral for some services and to see providers not in the plan's network.
- **Private-fee-for-service (PFFS)** plans are a type of Medicare Advantage plan that let you get care from any provider that agrees to accept the plan's terms and conditions of payment. The provider must also be eligible to provide services under Original Medicare.
- **Medicare Advantage prescription drug (MA-PD)** plans are Medicare Advantage plans that include Part D prescription drug coverage. If you choose this type of plan, you'll get all of your hospital, medical and prescription drug benefits from one plan.

Your local Blue Cross and Blue Shield plan offers Medigap plans and a stand-alone prescription drug plan, and may have other plans available too. For more information, call the phone numbers listed on page 13 or go to YourMedicareSolutions.com.

Part D: Prescription drug plans



Medicare works with health plans and other private companies to offer prescription drug coverage. These Medicare-approved plans are called stand-alone Part D plans.

Medicare prescription drug plans provide coverage for generic and brand-name drugs. If you join a Part D plan, you will likely pay a monthly premium plus a share of the cost of your prescriptions. Prescription drug plans vary by types of drugs covered, the pharmacy network you use, and by how much you pay for deductibles, coinsurance or copays.

All Part D prescription drug plans must provide at least a standard Medicare-approved level of coverage. The standard Part D prescription drug plan has four stages of coverage. In each stage you and the plan pay a different share of your prescription drug costs.

Your local Blue Cross and Blue Shield plan offers MedicareBlue RxSM (PDP), a stand-alone prescription drug plan. For more information, call the phone numbers listed on page 13 or go to YourMedicareSolutions.com.



Eligibility and when to enroll

Original Medicare

You can enroll in Medicare if you are a U.S. citizen or have been a legal resident for five straight years and:

- Are 65 years or older and eligible to receive Social Security, or
- Are under age 65, are permanently disabled and have received Social Security disability payments for at least two years, or
- Require ongoing dialysis for end-stage renal disease (ESRD) or need a kidney transplant



Part A: Hospital coverage



When to enroll

Most people are enrolled automatically in Medicare Part A on the first day of the month they turn 65. If you don't receive an enrollment notice from Social Security three months before your 65th birthday, call **1-800-772-1213** (Railroad Retirees call **1-877-772-5772**).

If you are disabled, there is a 24-month waiting period for Medicare after you become disabled. During this time, you may qualify for Medicaid/ Medical Assistance, COBRA coverage or services from state programs.



PART B

Part B: Medical coverage



When to enroll

There are three main times when you can sign up for Part B.

- **Part B Initial Enrollment Period:** You can enroll during a seven-month period that starts three months before the month you turn 65. This period includes the month you turn 65 and ends three months after the month you turn 65
- **Waiting:** If you don't want to enroll in Part B during your seven-month Initial Enrollment Period, you must return your Part B notice to Social Security to decline coverage. Be aware that a 10 percent penalty will typically be added to your Part B premium for each year you delay enrolling in Part B (unless you qualify for a Special Enrollment Period such as leaving an employer plan). You will pay the penalty for as long as you have Medicare Part B.
- **Part B General Enrollment Period:** If you don't enroll in Part B during your Initial Enrollment

Period, you can enroll during the General Enrollment Period from January 1 through March 31 each year. Coverage begins on July 1 of the year you enroll. You will be charged a 10 percent penalty for each year you delay enrolling in Part B. This charge may increase as Medicare premiums increase and will continue for as long as you are enrolled in Part B.

Part B Special Enrollment Period

A Special Enrollment Period allows you to avoid the penalty for late enrollment. You may qualify for a Special Enrollment Period if:

- You or your spouse has medical coverage through a union or employer, or
- You cancelled Part B coverage because you went back to work and have group medical coverage



The Special Enrollment Period lasts eight months. It begins when your employer or union coverage ends or when your employment ends, whichever is first. Contact Social Security four months before you retire or when your employer or union coverage ends. Request a form that your employer will complete to begin your Special Enrollment Period and send the form with your Part B enrollment form to Social Security.

If you are age 65 and continue your employer coverage through COBRA, you should enroll in Medicare Part B. You will not get a Special Enrollment Period when COBRA ends. You must sign up for Part B during the first eight months of your COBRA coverage to avoid the late enrollment penalty.

Medigap (Medicare Supplement) plans

To enroll in a Medigap plan you must:

- Be eligible for Medicare Part A and enrolled in Part B, and
- Live in the plan's service area, and
- Continue to pay your Part B premium (and Part A if applicable, if not paid by Medicaid or another third party)

Note: If you want to enroll in a Medigap plan and a stand-alone prescription drug plan, you must enroll in each plan separately.



When to enroll

You have a six-month Open Enrollment Period to enroll in a Medigap plan. It begins on the first day of the month your Medicare Part B coverage begins. If you enroll during this period, you may not need to provide a health history to your health plan. If you delay Medigap coverage, you may

need to provide your health history and could be denied coverage.

If you apply for a Medigap plan outside of the Open Enrollment Period, you may need to provide your health history and could be denied coverage.

Part C: Medicare Advantage plans

To enroll in a Medicare Advantage plan, you must:

- Be eligible for Medicare Part A and enrolled in Part B, and
- Live in the plan's service area, and
- Continue to pay your Part B premium (and Part A if applicable, if not paid by Medicaid or another third party)

Note: If you have ESRD, you may not be eligible.



When to enroll

You can enroll during a seven-month period that starts three months before the month you turn 65. This period includes the month you turn 65 and ends three months after the month you turn 65.



Part D: Medicare prescription drug plans



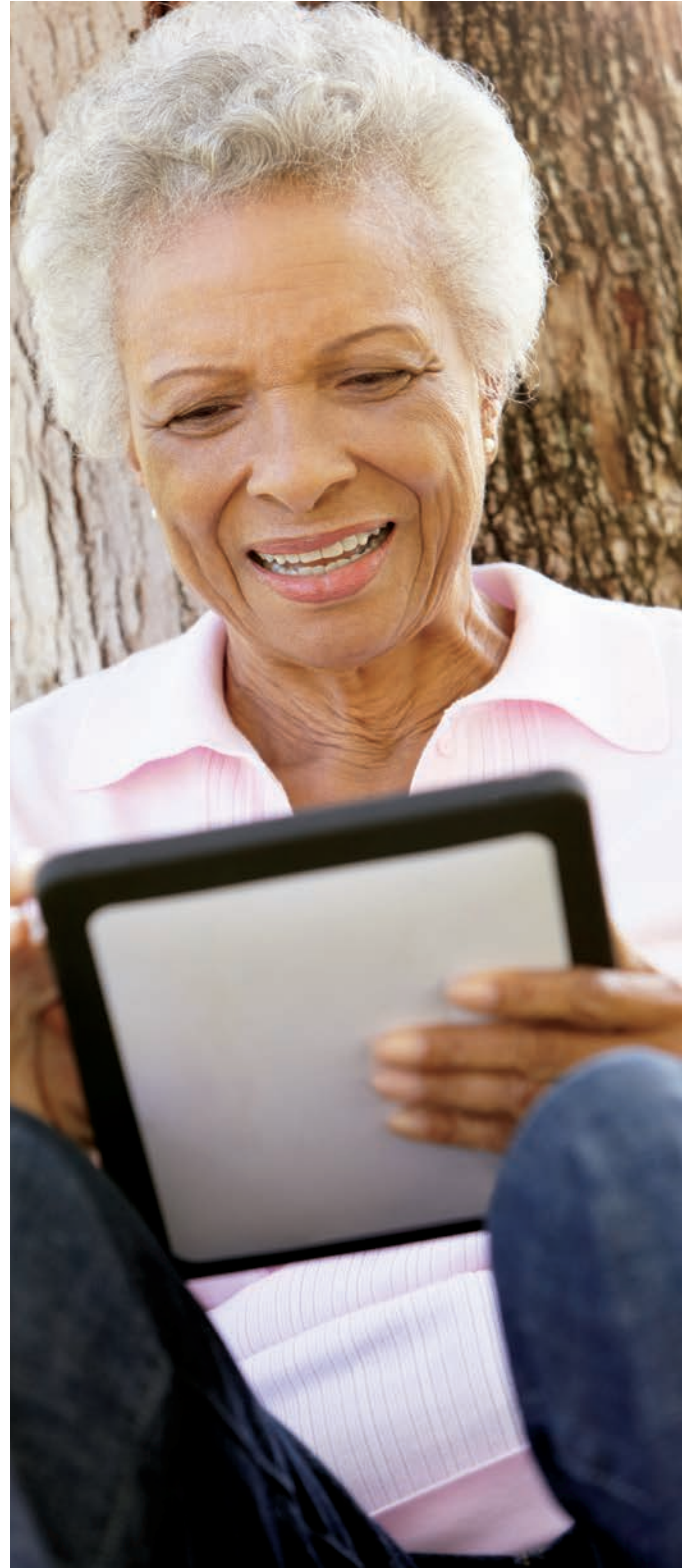
To enroll in a Medicare Prescription Drug Plan, you must:

- Be eligible for Medicare Part A and/or enrolled in Medicare Part B, and
- Live in the plan's service area, and
- Continue to pay your Part B premium (and Part A if applicable, if not paid by Medicaid or another third party)



When to enroll

You can enroll during a seven-month period that starts three months before the month you turn 65. This period includes the month you turn 65 and ends three months after the month you turn 65.



When you can switch

Annual Enrollment Period

People with Medicare can make plan changes between October 15 and December 7 each year. During this time you can enroll in or change stand-alone prescription drug plans and Medicare Advantage plans with and without prescription drug coverage. Plan changes begin on January 1 of the next year.

Medicare Advantage Disenrollment Period

The Medicare Advantage Disenrollment Period runs from January 1 through February 14. During this time you can disenroll from a Medicare Advantage plan (with or without drug coverage) and return to Original Medicare and a stand-alone prescription drug plan.

Special Enrollment Period

There are circumstances that may allow you to enroll in a prescription drug plan or Medicare Advantage plan after an Initial or Annual Enrollment Period has ended. You might qualify for a Special Enrollment Period if:

- You are eligible for financial help from Social Security or your state
- You move outside your plan's service area
- Your plan's government contract ends, or the plan goes out of business
- You lose prescription drug coverage from an employer or union, or your drug coverage is no longer as good as the standard Part D benefit
- You can switch to a 5-star Medicare Prescription Drug Plan if one is available in your area. You can use this Special Enrollment Period only once from December 8 to November 30. (See [YourMedicareSolutions.com](https://www.yourmedicare.com) or call Customer Service for more information on plan ratings. Medicare evaluates plans based on a 5-star rating system. Star Ratings are calculated each year and may change from one year to the next.)

You may also qualify due to other conditions.



Frequently asked questions

Q: Do I need a physical exam to qualify for Medicare?

A: No. You must be 65 or older, under age 65 with a disability, or meet other requirements as explained on page 6 of this booklet.

Q. Can I get Medicare even if I have a pre-existing condition?

A. Yes, you can enroll in Medicare and receive the benefits no matter what your health status is or what pre-existing conditions you may have. You also won't be charged higher premiums because of past or current health conditions.

Q: Which Medicare health plan is right for me?

A: It depends on what you need from a health plan and how much you can afford to pay. Consider these questions:

- If you travel often or for several months each year, will your health plan cover you in other parts of the country?
- Can you afford the plan's monthly premium? What are the plan's cost sharing and out-of-pocket maximum?
- Do you want a plan with drug coverage or do you prefer a stand-alone drug plan?
- Are you okay with benefits and/or cost sharing that may change each year? Or do you want a plan with benefits that do not change from year to year?

Q. Do Medicare rates and deductibles change? How will I learn about changes?

A: Medicare rates and deductibles do change each fall for the coming year. Medicare members are notified by mail before the Annual Enrollment Period.

Q: What if I don't join a Part D prescription drug plan?

A: Generally, you will pay the lowest monthly premium if you join during your seven-month Initial Enrollment Period. If you don't enroll and don't already have drug coverage that is as good as the standard Part D drug plan, you may have to pay a penalty in the form of a higher monthly premium when you enroll later. The longer you wait to enroll, the greater the penalty. You must pay this higher premium as long as you have Part D drug coverage.

Q: What if I can't afford Medicare?

A: If you have limited income and resources, you may be able to get extra help to pay for your Medicare plan premium and costs. To learn if you qualify for extra help, call:

- **1-800-MEDICARE (1-800-633-4227).**
TTY users should call **1-877-486-2048**, 24 hours a day, seven days a week;
- The Social Security Office at **1-800-772-1213** between 7 a.m. and 7 p.m., Monday through Friday, Eastern Time, TTY users should call **1-800-325-0778**; or
- Your State Medicaid office.

Q. How do I keep up with changes to Medicare as a result of the Affordable Care Act?

A. For information about Medicare benefits and services:

Call **1-800-MEDICARE (1-800-633-4227)**

TTY users call **1-877-486-2048**

24 hours a day, seven days a week

medicare.gov

Glossary of Medicare terms

Benefit period – For Original Medicare, the benefit period begins on the first day of a hospital stay and ends when you have been out of the hospital or skilled nursing facility for 60 days in a row. If you go into the hospital after one benefit period has ended, a new benefit period begins. You must pay the inpatient hospital deductible for each benefit period. There is no limit to the number of benefit periods you can have.

Centers for Medicare & Medicaid Services (CMS) – The federal agency that runs Medicare and works with each state to run their Medicaid program.

Coinsurance – The percentage of the Medicare-approved amount you pay for a medical service. With some plans, you do not pay coinsurance until you have paid a deductible.

Copayment (copay) – A fixed amount you pay for each medical service, such as a doctor's visit. For example, a copayment might be \$20 for a doctor's visit and \$7 for a prescription drug you receive.

Cost sharing – The way Medicare and your health plan share your health care costs with you. Types of cost sharing you may pay include deductibles, coinsurance and copayments.

Deductible – A set amount of money you must pay before your plan pays. Usually you have a separate deductible for Medicare Part A, Part B and Part D. Deductibles may also come with Medicare Advantage and Medigap plans.

Eligible care – Medical care and services that qualify to be covered by your health plan.

Lifetime reserve days – These are extra days that Original Medicare will pay for when you are in a hospital for more than 90 days. You have 60 lifetime reserve days to use during your lifetime and have a per day copay when you use them.

Medicare Advantage – A Medicare health plan in which a private health plan manages your Medicare benefits. These are sometimes referred to as Medicare Part C. The most common types of Medicare Advantage plans are HMO, PPO and PFFS plans. Many Medicare Advantage plans may also offer Medicare prescription drug (MA-PD) benefits.

Medigap (Medicare supplement) plan – Health insurance policies that typically have standardized benefits and are sold by private insurance companies. Medigap policies work together with your Medicare Part A and Part B coverage. They generally allow you to go to any doctor or hospital that accepts Medicare.

Part D (prescription drug plan) – A Medicare Part D prescription drug plan may be either a stand-alone plan that you can enroll in if you have Original Medicare Part A and/or Part B, or a Medicare Advantage plan that includes Part D coverage.

Premium – A fixed payment usually paid each month to be in a Medicare health plan or prescription drug plan.

Preventive care – Care that is provided to keep you healthy or find an illness or disease early, when it can be better treated. Examples of preventive care are flu shots, mammograms and screening for diabetes.

Learn more

To get plan information or to enroll in MedicareBlue Rx please contact:

Blue Cross and Blue Shield

Call **1-866-434-2037** 8 a.m. – 8 p.m., daily,
Central and Mountain Times

TTY hearing impaired users call **711**

Or visit **YourMedicareSolutions.com**

For Medigap and other state plan information contact:

Wellmark Blue Cross and Blue Shield of Iowa and South Dakota

Call **1-800-336-0505** 8 a.m. – 8 p.m., daily,
Central and Mountain Times

TTY hearing impaired users call 711

Or visit **wellmark.com**

Blue Cross and Blue Shield of Minnesota and Blue Plus

Call **1-877-662-2583** 8 a.m. – 8 p.m., daily,
Central Time

TTY hearing impaired users call **711**

Or visit **bluecrossmn.com/medicare**

Blue Cross and Blue Shield of Montana

Call **1-866-434-2037** Mon. – Fri., 8 a.m. – 5 p.m.,
Mountain Time

TTY hearing impaired users call **711**

Or visit **bcbsmt.com**

Blue Cross and Blue Shield of Nebraska

Call **1-877-444-2583** Mon. – Fri., 8 a.m. – 5 p.m.,
Central Time

TTY hearing impaired users call **711**

Or visit **medicare.nebraskablue.com**

Blue Cross Blue Shield of North Dakota

Call **1-800-280-2583** 8 a.m. – 5 p.m., daily,
Central Time

TTY hearing impaired users call **711**

Or visit **bcbsnd.com/medsupp**

Blue Cross Blue Shield of Wyoming

Call **1-888-274-9895** Mon. – Fri., 8 a.m. – 5 p.m.,
Mountain Time

Or visit **bcbswy.com**

For other help and information contact:

Social Security Administration

Call **1-800-772-1213** 7 a.m. – 7 p.m., Mon. – Fri.,
Eastern Time

TTY users call **1-800-325-0778** Or visit **ssa.gov**

Medicare

Call **1-800-MEDICARE (1-800-633-4227)**

24 hours a day, seven days a week

TTY users call **1-877-486-2048**

Or visit **medicare.gov**



MedicareBlueSM Rx (PDP)

A Medicare Prescription Drug Plan

MedicareBlue Rx (PDP) is a Medicare-approved Part D sponsor. Enrollment in MedicareBlue Rx depends on contract renewal. Coverage is available to residents of the service area 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.*

*Independent licensees of the Blue Cross and Blue Shield Association