



## About to Turn 65? It's Time to Learn About Medicare and Medigap Insurance

Your health care expenses are likely to climb sharply as you age. But fortunately, so too does the help available to you.

Approaching age 65? It's time to learn about Medicare, the government-run health insurance program for older Americans. Medicare also covers certain people with disabilities who are under age 65.

As you try to get your arms around the topic, it's helpful to focus on Medicare's five key building blocks.

### PART A: THE BASIC PLAN

Medicare Part A helps cover hospital bills, hospices and some home health care. You automatically qualify for Part A if you've worked the ten years required to receive Social Security or if you are on the account of someone who qualifies, such as a spouse. If you aren't yet receiving Social Security benefits, you should sign up for Part A during the three months before you turn 65, so you are fully enrolled by your birthday.

You can – and should – apply for Medicare Part A even if you have health insurance at work and are considering staying on the job past age 65. It doesn't cost anything and Part A may cover some of the costs not covered by your group health plan. Still, you should ask your employer how signing up for Medicare will affect you.

### PART B: ADDITIONAL COVERAGE

When you sign up for Part A, you will be asked if you also want Part B. In most cases, you'll want to say "yes" unless you are still working after age 65 and your company has a comprehensive medical plan, or your spouse is still working and you can stay on his or her plan.

Among other things, Medicare Part B covers most doctors' bills, X-rays,

some lab tests, medical equipment and medications, and physical and speech therapy. Unlike Part A, Part B comes with a premium, which is based on your income and eligibility date.

If you don't need Part B because you are still working, you should sign up for it as soon as you can after you retire. If you don't sign up within seven months after that date, you may pay a slightly higher premium.

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### PART C: MEDICARE ADVANTAGE

If you want more coverage than you would receive from Medicare Parts A and B, you can instead choose Part C, also known as Medicare Advantage. Medicare pays a fixed fee for your care every month to companies offering Medicare Advantage plans.

These companies must follow rules set by Medicare. Each plan, however, can charge different out-of-pocket costs and has different rules for how you receive services, including whether you can see a doctor out of network.

There's a wide variety of plans, so carefully compare several companies' costs and terms of coverage. Also check with your doctor's office to make sure it accepts the plan you are considering.

### PART D: PRESCRIPTIONS

Medicare Part D covers prescription drugs. It is offered to anyone with Medicare and it's funded by the government, but you must join a plan run by an insurer or other private company approved by Medicare. Compare several plans in your area to see which ones pay for the drugs you need at a cost you can afford.

Even if you don't need extra prescription coverage when you turn age 65, you'll probably want to sign up for Part D anyway. It will be good to have if you need it in the future. There is also a "late enrollment penalty" of around 32 cents for each month you were eligible but didn't join.

A controversial aspect of Part D is the "donut hole," a gap in coverage that comes into play after Medicare has paid a certain amount for your drugs each year. Congress has taken steps to gradually shrink the donut hole and it is scheduled to close by 2020.

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## MEDIGAP INSURANCE

Once you have enrolled in Medicare Parts A and B, you might consider Medicare supplement insurance, known as Medigap. Medigap is the system of private insurance that covers some of the holes – or gaps – in Medicare coverage. This insurance usually pays for premiums, co-payments, doctor's bills and deductibles that exceed charges approved by Medicare. It does not cover long-term care. Medicare also generally doesn't cover nursing home care, except for stays that are needed post-hospitalization.

If you think you might need Medigap insurance, you should buy a policy

within six months of enrolling in Medicare Part B because, at that juncture, you can't be denied coverage because of preexisting medical conditions. After that, insurance companies can charge higher premiums or deny coverage altogether.

Medigap insurance comes in a range of standard plans, known as Medigap Plan A through Plan N. Plan A only covers "core benefits" such as hospitalization, blood and co-insurance for outpatient medical services, including doctors' visits. If you think you'll need other services, consider moving up the alphabet. These plans provide greater benefits, but their costs are higher, too.

The government sets the details for each Medigap plan, so there is no difference in the coverage offered by different insurers. (If you live in Massachusetts, Minnesota or Wisconsin, check with your state insurance office or a private insurance company that operates in your state. Medigap coverage in these three states differs from plans in the rest of the country.)

For more information on Medicare and Medigap policies, including online tools to help you research costs and plan features, go to [www.medicare.gov](http://www.medicare.gov).

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