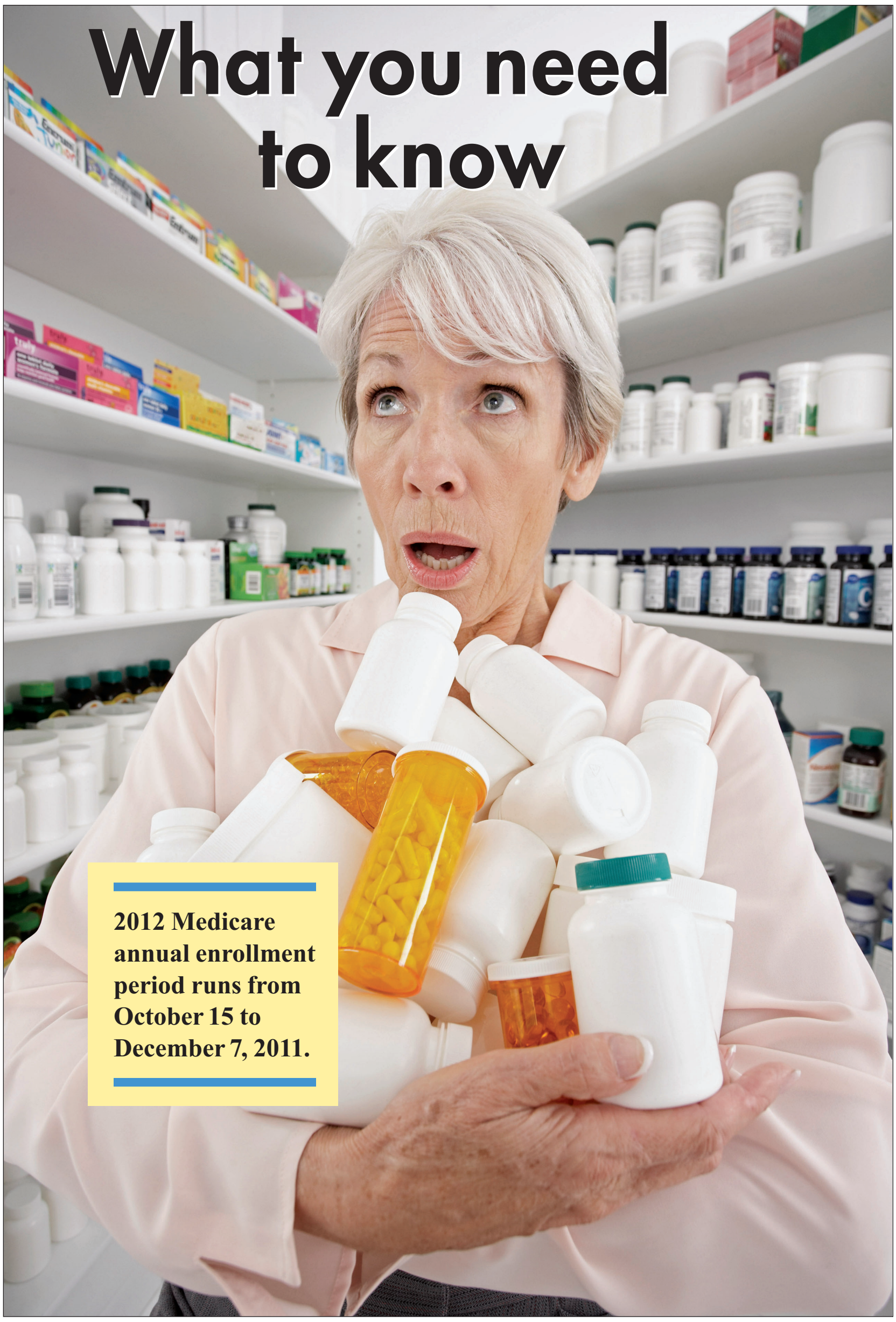
MEDICARE 2012

What you need to know



2012 Medicare annual enrollment period runs from October 15 to December 7, 2011.

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FAMILY FEATURES

Medicare is different this year because of health care reform, and if you're not aware of how this important program has changed, pay attention.

The Medicare program can be confusing because of its many different parts, supplemental coverage options and specific Medicare enrollment periods for different products. All of these nuances can make Medicare hard to understand for new enrollees as well as for those who have been on the program for a number of years.

If you're new to the program or even if you're a seasoned Medicare veteran, here are six things you should know about the program heading into 2012.

Be aware of deductibles, co-insurance, out-of-pocket limits and prescription drug costs

If you're new to Medicare it's important to know that both parts of Original Medicare (A and B) have deductibles. And, the Part A deductibles are not tied to a calendar year like they are with traditional health insurance. Instead, they're tied to a 90-day benefit period, with some exceptions.

The Medicare Part B benefit also includes coinsurance after you meet your deductible. With coinsurance, Medicare pays a percentage of each bill and you pay the rest (between 20 and 45 percent, depending on the service), after applicable premiums and deductibles.

Original Medicare also has no limits on the amount you could pay out of your own pocket for covered medical services each year. And, original Medicare does not cover the cost of most prescription drugs.

New and existing benefits to help you fill in Medicare's gaps

People concerned about some of the gaps in original Medicare have the option to enroll in insurance products regulated by the government but provided by private companies. These are products designed specifically to fill some of the different gaps in Medicare. They include:

- Medicare Part D stand-alone prescription drug plans, which cover the cost of most prescription drugs. **New Benefit:** In 2012 part D recipients get a 14 percent discount on the cost of generic drugs when they reach Medicare's coverage gap, or "donut hole," on top of the 50 percent discount they got last year on the cost of brand name drugs when they reach the donut hole.
- Medicare Supplement plans, which cover portions of the deductibles, coinsurance and out-of-pocket costs not covered by original Medicare.
- Medicare Advantage plans, which bundle together the Part D drug benefit with some additional coverage for deductibles, coinsurance and out-of-pocket costs. **New Benefit:** Starting in 2011, health care reform requires all Medicare Advantage plans to have a maximum limit of $6,700 on how much a customer can pay out of their own pocket for medical services, excluding the cost of prescription drugs.

Each type of supplemental coverage has different guidelines for when you can enroll, change and cancel your coverage.

There are new Medicare annual enrollment dates

Most beneficiaries can change a Medicare Advantage plan or stand-alone Medicare prescription drug plan once per year during Medicare's annual enrollment period (AEP). The dates for AEP changed this year, and run from October 15 to December 7 in 2011.

Medicare Supplement plans have an initial enrollment period, which occurs in the first 6 months after you enroll in Medicare Part B and are 65 or older. During that time, you can enroll in a Medicare Supplement plan and not be declined. But, if you try to enroll after the initial enrollment period, your application could be declined based on a review of your medical history.

But, if you want to switch from a Supplement plan to an Advantage plan, the AEP is a good time to make that switch.

It's critical to compare drug coverage every year

PlanPrescriber.com, an internet company that allows people to compare Medicare plans side-by-side and research benefits, drug prices and different coverage options, looked at 25,000 user sessions on its website during the 2011 AEP (between November 15, 2010 and December 31, 2010). Customers entered their zip code, their existing Medicare prescription drug plan or Medicare Advantage drug plan, and the names, dosages and frequency of any prescription drugs they were taking, if any.

The site's prescription drug plan comparison tool found that, on average, a user could save over $500 per year — over $40 per month — by reviewing their options and changing their prescription drug plan.

But, averages don't tell the full story. In a recent news article, a MarketWatch reporter compared the cost differences for a single drug in one Georgia zip code and found that annual expenses could range from $2,661 to $9,032, depending on which Medicare Advantage plan is chosen. If you want to review and research the different Medicare products available in your zip code, www.planprescriber.com is a great place to start.

Get star power in 2012

The Affordable Care Act, (health care reform) requires a star rating system to be used for Medicare Advantage plans, beginning in 2012. Plans get a rating of 1 to 5, with a 5 star rating equating to an "Excellent Performance," and a 1 star rating equating to a "Poor Performance."

According to the Kaiser Family Foundation, out of 523 plans nationwide in 2011, only three received an overall rating of 5, and seventy-four received an overall rating 4 or 4.5 stars.

Heading into 2012 the hope is that more plans will achieve this high 5 star rating. If you're lucky enough to have access to a 5 star plan, consider it as an option for your coverage. One benefit of a 5 star plan is that you can enroll at any time, even outside of Medicare's annual enrollment period.

Make way for baby boomers qualifying for "Original Medicare" at age 65

This year, baby boomers begin turning 65, which means more people will be enrolling in the basic benefit than ever before, putting more stress and time constraints on enrollment experts.

That, plus the new dates, means people who wait until the last minute could be putting themselves at risk. It's a good idea to make a plan and review your coverage for 2012 early.

A great place to review and research the different Medicare products available in your zip code is www.planprescriber.com.

New to Medicare?

Many people who are new to Medicare may have to deal with the complexity of the program. Here are some basics:

- Medicare is comprised of four major programs: Part A, Part B, Part C, and Part D. Medicare Part A and Part B are often referred to as "Original Medicare." There are also Medicare Supplement plans, which are designed as an alternative to Part C to fill gaps in Parts A and B.
- Generally speaking, Part A covers in-patient hospitalization while Part B covers outpatient services and other medical care.
- Part C denotes the "Medicare Advantage" program where private insurance companies deliver Medicare Part A, Part B and — in most cases — Part D benefits to plan enrollees.
- Part D is the Medicare prescription drug benefit that provides insurance coverage for medications.
- Your circumstances determine when you can enroll in or change Part D and C plans.