



## Next Level Planning & Wealth Management

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# Medicare Part C (Medicare Advantage)





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## What is Medicare Part C (Medicare Advantage)?

The Medicare program, which is a federal program that helps senior citizens and certain other individuals pay for health care, is divided into parts; Part A , Part B , Part C, and Part D . Part C is an alternative to Parts A and B.

When Medicare was created in 1965 (original Medicare), it provided only two parts; Part A and Part B. Generally speaking, Part A is free to eligible recipients and helps pay for in-hospital care. Part B is optional and helps pay for regular medical care (e.g., doctor's bills, X-rays, lab tests). Individuals who choose to enroll in Part B must pay a premium, a deductible, and co-payments.

Original Medicare is a private fee-for-service (PFFS) plan, which means that beneficiaries can choose any doctor or specialist who accepts Medicare, and is available nationwide. Original Medicare is administered directly by the federal government, although claims and payments flow through private health insurance companies that act as intermediaries.

In 1997, Medicare Part C (originally called Medicare + Choice) became available to persons who are eligible for Part A and enrolled in Part B. Under Part C, private health insurance companies can contract with the federal government to offer Medicare benefits through their own policies. Insurance companies that do so are able to offer Medicare beneficiaries health coverage not only through PFFSs, but also through managed care plans (such as HMOs) and preferred provider organizations (PPOs). Medicare beneficiaries may also be able to enroll in Medicare Medical Savings Account Plans (Medicare MSAs) or HMO Point-of-Service Plans if available in their area.

Insurance companies can offer Medicare recipients benefits that are not covered under original Medicare, although a premium may be charged for the extra coverage. Further, managed care plans and PPOs can typically offer Medicare recipients benefits at a lower cost because enrollees can only get covered health care through the plan's network of providers, allowing the insurance company to "manage" the costs. The result is that many Medicare beneficiaries (some plans are not available in all areas) have a wider array of health plan options from which they can choose, allowing them to obtain the best coverage they can get at a cost they can afford.

In 2003, under the Medicare Prescription Drug, Improvement, and Modernization Act, Medicare Advantage became the new name for Medicare + Choice plans, and certain rules were changed to give Part C enrollees better benefits and lower costs. The law also created Part D, prescription drug coverage.

In 2010, health-reform legislation made several changes to Medicare Advantage plans, including eliminating subsidies paid to plans, changing open enrollment periods, and strengthening protections for beneficiaries. Plans must now spend 85 percent of their revenue on patient care and must cap enrollees' out-of-pocket costs.

**Tip:** A toll-free number ((800) MEDICARE) and a website ( [www.medicare.gov](http://www.medicare.gov) ) are available to answer questions you may have about your Medicare benefits and direct you to publications where you can find more information. The Medicare Health Plan Compare tool available on the website also allows you to find and compare health plans that are available in your area.

**Tip:** The federal government now offers Medicare benefits through PPOs (not to be confused with Medicare Advantage PPOs) as well as through PFFSs.

## Enrolling in a Medicare Advantage plan

In order to enroll in a Medicare Advantage plan, you must be entitled to Part A and enrolled in Part B, and you can only enroll in a plan that is available in your area. If you're new to Medicare, you can generally enroll when you first become eligible (three months before the month you turn 65 until three months after the month you turn 65). However, once you're enrolled in a Medicare Advantage plan, you can generally make changes to your plan only during certain time periods. Currently, one such period occurs from October 15 through December 7 of each year. During this time period, you can select a new Medicare health plan and/or a Medicare prescription drug plan or make other changes to your coverage for the following year. If you're enrolled in a Medicare Advantage plan as of January 1, you also have an opportunity to disenroll and return to original Medicare and join a prescription drug plan between January 1 and February 14. And as of December 8, 2011, you can switch to a 5-star Medicare Advantage plan at any time during the year if one is available in your area (you're limited to one plan change per year). A 5-star plan is one that has been rated as excellent by Medicare. For more information about when you can join or switch Medicare plans, call (800) Medicare.



**Tip:** You generally can't join a Medicare Advantage plan if you have end-stage renal disease.

## Why choose a Medicare Advantage plan?

When you enroll in any Medicare Advantage plan, you will still get all original Medicare covered services, but you may also obtain extra benefits and services not offered by original Medicare, and/or you may be able to reduce your out-of-pocket costs. The extra benefits and services you receive and/or the amount of money you save will depend on which Medicare Advantage plan you choose.

Because out-of-pocket costs and the types of coverage offered will vary, it's important to compare plans before choosing one. Because private insurance companies offer Medicare Advantage plans, they can change the extra benefits provided by the plan and decide (on an annual basis) whether they will continue participating in Medicare. Health care providers can also join or leave the plan at any time.

**Caution:** Depending on the Medicare Advantage plan you choose, you may decide to cancel an existing Medigap policy because you will no longer need the extra coverage the policy provides. However, you should be aware that if you do so, you may be unable to get it back except in certain situations. If you've just become eligible for Medicare or if it is the first time you've enrolled in a Medicare Advantage plan, you may have special Medigap protections.

## Medicare Advantage private fee-for-service plans

These plans are generally the most flexible and most costly. They allow you to see any Medicare-approved health care provider who accepts the terms of your plan.

**Tip:** If you enroll in a Medicare Advantage private fee-for-service plan, you don't need a Medigap policy, and it generally isn't legal for any company to sell you one. However, you can keep an existing Medigap policy if you so choose.

## Medicare Advantage managed care plans

You may save the most money on your health costs by joining a Medicare Advantage managed care plan. However, your choice of health care providers is more limited than with other options--you're generally covered only when you see doctors and specialists, or go to hospitals that are part of the plan's network of providers, within the plan's service area. When you choose a Medicare Advantage managed care plan, you'll need to choose a primary care physician who will oversee your care and refer you to specialists when necessary.

## Medicare Advantage PPOs

With Medicare Advantage PPOs, you will generally only see health care providers within the plan's network, but, unlike Medicare Advantage managed care plans, you can choose doctors and services outside the PPO network for a fee, and you do not need referrals to see a specialist.

## Choosing the right Medicare Advantage plan

There's a lot to consider when deciding which Medicare option is right for you. Here are some questions to ask during the decision-making process:

- How much is the premium?
- Will you need to satisfy a deductible or pay co-payment or coinsurance costs? Medicare Advantage plans have an annual cap on how much you pay for Part A and Part B services. This will differ among plans.
- Does the plan cover the extra benefits or services you need (such as coverage for vision, hearing, dental, or health and wellness programs)? Does the plan offer prescription drug coverage (most Medicare Advantage plans do)?
- Do the health care providers you normally see participate in the plan?

## What if your Medicare Advantage plan leaves the Medicare program?



You still have Medicare coverage. You can return to original Medicare or join another Medicare Advantage plan if one is available where you live. Your options will be listed in the notification letter you are sent when your plan leaves the Medicare program.

## Consumer protections under Medicare Part C

Under Medicare Part C, consumers are offered several protections designed to enhance the quality of care they receive, including the right to information, the right to participate in treatment decisions, the right to get emergency services, and the right to file complaints. In addition, your state insurance laws may provide additional consumer protections.

### *What are your appeal rights?*

You have the right to appeal any decision about your Medicare-covered services, whether you are enrolled in original Medicare or a Medicare Advantage plan. You can file an appeal if your plan does not pay for or provide a service or item you think should be covered or provided. The appeal procedure may vary, depending on the type of Medicare plan you have. If you are enrolled in original Medicare, you can find your appeal rights on the back of the Explanation of Medicare Benefits or Medicare Summary Notice you received. If you are enrolled in a Medicare Advantage plan, the plan must give you written notification of your appeal rights; this will generally be included in your Medicare enrollment materials.

Medicare beneficiaries also have the right to a fast-track appeals process. If you believe that your health plan is ending its services too soon, you can ask for a quick review of your case conducted by independent doctors. You may have additional rights if you are hospitalized, in a skilled nursing facility or if your home health care ends.

If you have any questions about consumer protections or appeal rights, call (800) Medicare or visit the Medicare website.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

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