



CELEBRATING YOU

Medicare Guidebook

Plan Ahead for a Bright Future



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Special Pullout Section



Your Guide to Medicare



As you approach your 65th birthday, congratulations are in order. The fact that you now may have more free time to follow your passions—whether they're at work or at play—is worth celebrating.

In mapping out this new, exciting future for yourself, one of the most important things you'll likely need to do is make some decisions about your health insurance. As you know, Medicare is the primary insurer for most Americans once they turn age 65.

Consider this *Medicare Guidebook* a primer on what you need to know about how Medicare works—and what you might need in terms of additional insurance to protect yourself. The *Medicare Guidebook* is full of vital information, including:

- Basics on the main parts of Medicare, including optional prescription drug benefit
- A handy pullout with a timeline and checklist outlining the steps you need to take and when you need to take them
- Reputable contacts and resources for more information

Take the time to familiarize yourself with this important resource. Save and refer to it throughout your Medicare enrollment process. The sooner you complete your enrollment, the quicker you can get back to enjoying your life's journey.

Turning 65 means different things to different people.

Compared to previous generations, you're probably much more active.

It's a Brand-New Day

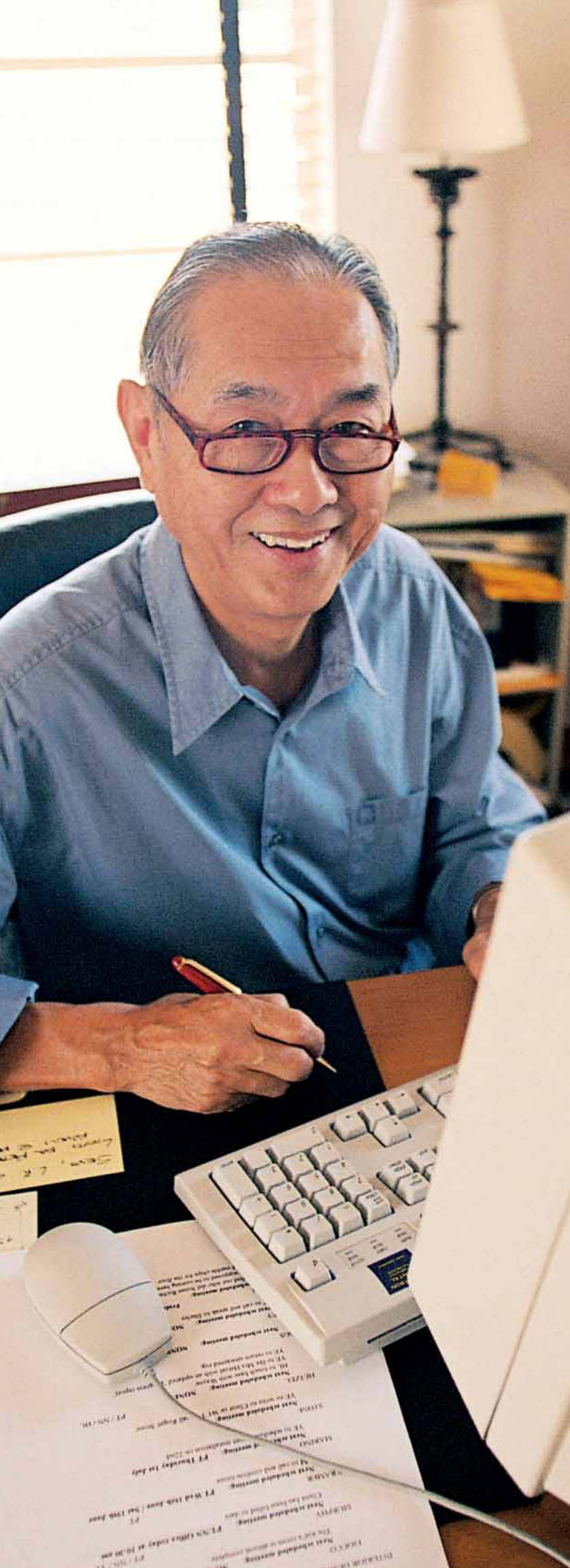
This is not your parents' retirement. In fact, turning age 65 may not even mean retirement for you. You may intend to work past age 65, as much for the enjoyment you get out of the work you do as for the money you earn.

Whether it's continuing in your present job, switching to a new one, volunteering for a cause you believe in, going back to college for those courses you always wanted to take, tackling a golf course or traveling around the world, chances are, you're planning on staying as young as possible, both physically and mentally.

Of course, turning age 65 means different things to different people. And compared to previous generations, you're likely much more active. You grew up in the postwar era and entered adulthood during the turmoil of the 1960s. And from that same decade came Medicare, the federal health insurance program primarily for people ages 65 and older. President Lyndon B. Johnson signed it into law in 1965. You may have been paying into the Medicare trust fund since then—or some time later, depending upon your particular circumstances.

Regardless, there's a lot to learn, particularly when you first become eligible to enroll.





Decisions, Decisions

You're used to sifting through a lot of options to make important decisions that can impact your financial future. For example, you—unlike members of previous generations who relied more on pensions—perhaps have managed your 401(k) plan, choosing among various mutual funds that offer a wide range of investment options.

The decisions you'll need to make during the next few months are similar. In addition to Medicare itself, many people choose either a "Medigap" policy to supplement some of the gaps in Medicare coverage or a Medicare Advantage plan, such as an HMO, PPO or private fee-for-service (PFFS) plan, that replaces Medicare. Private insurers offer all these types of additional insurance.

All this means that you'll be facing many more options than the few choices your employer may offer you. At first glance, the decisions may seem overwhelming. But if you start now, using this *Medicare Guidebook* to lead the way, the path for you to take should quickly come into focus. Need more information to help inform your decisions? There's a wealth of additional resources available either on the Internet or via telephone from sources listed in this guide.

Regardless of which plan you choose to supplement or replace Medicare coverage, we hope this guide provides you with the information and tools you need to make the right decision for you.

Enjoy the guidebook.

Select a good plan—
and get on with your life.



What Is Medicare?

Medicare is a federal health insurance program for:

- People ages 65 and older
- People younger than age 65 with certain disabilities
- People of all ages with end-stage renal disease or permanent kidney failure

Medicare, which has supported these beneficiaries since the mid-1960s, now has three main parts:

Part A—Hospital Insurance

Most people don't pay a premium for Part A because they or their spouse already paid for it through their payroll taxes while working.

Part B—Medical Insurance

For this insurance, which covers care you'll receive from your doctors and other health care providers, most people pay a monthly premium.

Part D—Prescription Drug Coverage

Most people pay a monthly premium for this optional coverage.

Medicare Options

There are several ways people access Medicare.

The primary ones are:

- **Original Medicare:** Original Medicare is our country's health insurance program for people who are Medicare-eligible. The program helps with the cost of health care, covering Medicare Parts A and B, but it does not cover all medical expenses or the cost of most long-term care. Many people who choose this option also select a Medicare supplement insurance policy, or "Medigap" plan, called this because these plans can help protect you from some of the coverage gaps in Original Medicare's plan coverage.
- **Medicare Advantage Plans:** Types of plans include Medicare HMOs, Medicare PPOs and Medicare PFFS plans. With a Medicare Advantage plan, you receive the equivalent of the Original Medicare coverage through your Medicare HMO, PPO or PFFS plan—and other benefits as well.
- **Medigap Policy (Medicare Supplemental Insurance):** A Medigap policy is health insurance offered by private insurance companies to fill the gaps in Original Medicare coverage.

When to Enroll

You're probably not there yet, but you should plan to apply for Medicare Parts A and B (if eligible) **during the three months before** the month you turn age 65. With no penalty, you can apply during any of the seven months that make up what's called the **initial enrollment period**. This includes the three months before your birth month, the month of your birthday and the three months after your birth month. But if you apply at any time during the three months before your birth month, you'll be covered by Original Medicare on the day you turn age 65. Otherwise, you'll have to wait another month or more. Because Medicare has some limitations in coverage, **before you turn age 65** is also a great time to line up your other Medicare coverage.

Who's Eligible?

Most people ages 65 and older who are citizens or permanent residents of the United States are eligible for Medicare hospital insurance (Part A) without paying a monthly premium, based on their own or their spouse's employment. In general, you're eligible if:

- You're age 65 or older, or
- You have received disability benefits from Social Security or the Railroad Retirement Board for at least 24 months, or
- You have end-stage renal disease and meet certain requirements.

If you don't fit into any of these groups, you can still get Medicare Part A hospital insurance by applying for it through Social Security and paying a monthly premium, as long as you are age 65 or older and a citizen or lawfully admitted alien who has lived in the United States for at least five years.

If you are eligible for Part A hospital insurance, either for free or by paying for it, you can also enroll in Medicare medical insurance (Part B) by applying for it through Social Security and paying a monthly premium.

* These policies have limitations and exclusions.

How to Enroll

Medicare Parts A and B

To sign up for Medicare, call Social Security toll-free at **1-800-772-1213 (TTY: 1-800-325-0778)**. You can set up an appointment at your local Social Security office or handle matters on the phone. You'll need to either mail or bring proof of age, such as a birth certificate.

The retirement age for Social Security benefits is increasing; however, you will still be eligible for Medicare upon turning age 65. Due to the change in the Social Security retirement age, you must contact a Social Security administrator to determine when you will be eligible for Social Security benefits. The administrator will also be able to advise you on how to enroll in Medicare and pay the Medicare Part B premium, if eligible.

Medicare Part D Prescription Drug Coverage

Medicare's prescription drug program is called Medicare Part D and is offered through private companies. It covers both brand-name and generic prescription drugs at participating pharmacies in your area. You should consider joining a plan unless you will already have drug coverage that is at least as good as Medicare Part D prescription drug coverage.*

Cost

For most people, Medicare Part A hospital insurance is free. Part B medical insurance, which you can decline, requires a monthly premium (\$96.40** in 2009). Part D plans, unless they are offered as part of a Medicare Advantage plan, also require a monthly premium; the cost varies according to the plan you choose. Medicare Advantage and supplement plans require you to continue to pay your Medicare Part B premium in addition to your plan premium, if applicable.

If you cannot afford to pay your Medicare premiums and other medical costs, you may be able to get help. To find out, call Medicare toll-free at **1-800-633-4227 (TTY: 1-877-486-2048)**. Those with limited resources may be able to get extra help paying for the Medicare Part D prescription drug program. To learn more, call Social Security toll-free at **1-800-772-1213 (TTY: 1-800-325-0778)**.

** Subject to income adjustments

Overview of Medicare

When it comes to health care coverage, you have several options. The key is to explore them thoroughly and make the choice that best fits your lifestyle and health needs.

You can get your Medicare health care coverage in one of two ways:

ORIGINAL MEDICARE PLAN

Part A (Hospital Insurance):

No premium for most

+

Part B (Medical Insurance):

Optional at a standard monthly premium of \$96.40* in 2009

+

MEDIGAP POLICY (MEDICARE SUPPLEMENT INSURANCE)

This optional policy can be purchased from private insurance companies to fill in gaps in Original Medicare coverage.

+

PART D DRUG COVERAGE

This optional prescription drug coverage can be purchased from private insurance companies. A late penalty may apply if you delay your Part D enrollment.

OR

MEDICARE ADVANTAGE PLANS

- Provide Original Part A and B benefits and may include extra benefits
- Can be purchased from private insurance companies
- Your out-of-pocket cost for covered benefits may be lower.
- Network and benefits vary by plan types and insurance companies.
- Medicare Advantage Plans include:
 - HMO
 - PPO
 - PFFS
- Most Medicare Advantage plans include Part D drug coverage.
- Your monthly premium = Part B standard premium (\$96.40* in 2009) + MA plan premium.

* Subject to income adjustments

* Subject to income adjustments

Part A is hospital insurance under Original Medicare. It helps cover your inpatient care in hospitals and skilled nursing and rehabilitation facilities (excluding custodial or long-term care). It also helps cover hospice and some home health care.

Services	What You Pay
<p>HOSPITAL STAYS: semiprivate room, meals, general nursing, and other hospital services and supplies</p>	<p>What you pay under Original Medicare, without other insurance in 2009:</p> <ul style="list-style-type: none"> ■ Initial hospital deductible per benefit period (\$1,068 in 2009) ■ \$267 a day for days 61 to 90 ■ \$534 a day for days 91 to 150
<p>SKILLED NURSING FACILITY CARE: semiprivate room, meals, skilled nursing, rehabilitation, and other services and supplies, only after a qualifying three-day hospital stay</p>	<p>Per benefit period:</p> <ul style="list-style-type: none"> ■ Days 1 to 20: \$0 ■ Days 21 to 100: \$133.50 a day (in 2009) ■ Days over 100: 100%
<p>HOME HEALTH CARE: part-time skilled nursing, physical and speech-language therapy, or a continued need for occupational therapy</p>	<ul style="list-style-type: none"> ■ \$0 for all covered home health visits
<p>HOSPICE CARE: medical and support services from a Medicare-approved hospice; drugs; short-term respite care (to give your caregivers a break); and care in a hospice facility, hospital or nursing home</p>	<ul style="list-style-type: none"> ■ \$0 for hospice care ■ Up to \$5 copayment for outpatient prescription drugs ■ 5% for inpatient respite care
<p>BLOOD: given in a hospital or skilled nursing facility</p>	<ul style="list-style-type: none"> ■ 100% for first three pints of blood; 20% of approved amounts thereafter

A benefit period begins on the first day you receive services as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

Part B is optional medical insurance under Original Medicare. It helps cover your doctors' services and outpatient care. It may also cover some physical and occupational therapy and home health care services that Part A doesn't cover.

Services	What You Pay
<p>DOCTOR OFFICE VISITS: covers medically necessary services you get from your doctor in his or her office, a hospital, a skilled nursing facility, your home, or any other location. Routine annual physicals and gynecological exams are not covered.</p>	<p>What you pay under Original Medicare, without other insurance:</p> <ul style="list-style-type: none"> ■ A standard monthly premium (\$96.40* in 2009) ■ An annual deductible (\$135 in 2009) ■ Medicare covers 80% of the Medicare-approved amount. You must cover the remaining 20% of the cost. ■ Medicare pays 100% of lab services. ■ Amounts you must pay may be higher if a doctor, health care provider or supplier does not accept Medicare's assignment.
<p>CLINICAL LABORATORY SERVICES: for example, blood tests and urinalysis</p>	<ul style="list-style-type: none"> ■ Nothing
<p>DURABLE MEDICAL EQUIPMENT: covers durable medical equipment that your doctor prescribes for use in your home</p>	<ul style="list-style-type: none"> ■ The amount you pay varies. Make sure your supplier participates with Medicare.
<p>OUTPATIENT HOSPITAL SERVICES: for diagnosis or treatment</p>	<ul style="list-style-type: none"> ■ Set copayment varies with type of service.
<p>PREVENTIVE SERVICES:</p> <ul style="list-style-type: none"> ■ One-time "Welcome to Medicare" physical exam ■ Bone mass measurements ■ Colorectal cancer screening ■ Diabetes monitoring (glucose monitors, test strips, lancets and self-management training) ■ Annual mammogram screening ■ Pap test and pelvic and clinical breast exams: once every two years (or annually with higher risk) ■ Prostate cancer screening ■ Vaccinations: flu shot once a year; pneumonia shot; hepatitis B shot, if medium to high risk 	<ul style="list-style-type: none"> ■ Some of these preventive services involve the Part B deductible and/or a 20% copayment by you; some do not. <p>* Subject to income adjustments</p>



What Medicare Parts A and B Do Not Cover

Original Medicare doesn't cover everything. Aside from required deductibles, co-insurance and copayments, items and services that aren't covered include:

- Most prescription drugs
- Custodial care (help with bathing, dressing, using the bathroom and eating) at home or in a nursing home
- Long-term care, such as custodial care in a nursing home
- Dental care and dentures (with only a few exceptions)
- Blood (first three pints)
- Acupuncture
- Cosmetic surgery
- Eye refractions
- Hearing tests for the purpose of fitting a hearing aid, and hearing aids
- Orthopedic shoes (with only a few exceptions)
- Routine foot care
- Routine eye care and most eyeglasses
- Routine or yearly physical exams, except for a one-time physical exam within the first six months you have Part B
- Some screening tests and screening laboratory tests
- Shots (vaccinations), except for flu shots, pneumococcal shots and hepatitis B shots for at-risk people
- Some diabetic supplies, such as syringes or insulin, unless the insulin is used with an insulin pump or you join a Medicare prescription drug plan
- Private-duty nurses, television, telephone or a private room—unless medically necessary—when hospitalized
- Care while traveling abroad (with limited exceptions)

Medicare Part D prescription drug coverage is insurance offered through private companies that covers both brand-name and generic prescription drugs at participating pharmacies.

There are two ways to get this coverage. You can join a Medicare prescription drug plan (PDP) offered by many private insurers, or you can join a Medicare Advantage health care plan, such as a Medicare HMO, PPO or PFFS plan, which typically offer drug coverage as part of their overall coverage.

Whatever plan you choose, Medicare drug coverage will help you by covering the most commonly used brand-name and generic drugs.

Signing up for a Medicare Part D prescription drug plan is voluntary. Some Medicare Advantage plans have Medicare Part D coverage that is included for all members. You may be required to have Medicare Part D coverage through the plan in order to join.

If you do join a Medicare PDP, you will pay a monthly premium, in some cases, which varies by plan and plan options, and a yearly deductible (no more than \$295 in 2009) depending on the plan. You will also pay part of the cost of your prescriptions, including a copayment or co-insurance. Costs will vary depending on which drug plan you choose. Some plans may offer more coverage and additional drugs for a higher monthly premium.

Most Medicare drug plans have a coverage gap, also called the doughnut hole. This occurs when you and your plan have spent a total of \$2,700 (in 2009) on the cost of drugs for the year. This amount includes any deductibles and copayments/co-insurance and the amount your plan has paid toward the cost of your medications. Once you hit this total, you have to pay all of the cost of drugs out of pocket until your out-of-pocket costs reach \$4,350 (in 2009). When you reach your plan's out-of-pocket limit, you will be covered by catastrophic coverage. At this point, you will only pay in 2009 the greater of \$2.40 for generics (or drugs that are treated like generics), \$6 for all other drugs or 5 percent co-insurance.

If you have a limited income and resources and qualify for extra assistance, you may not have to pay a premium, deductible or other cost-share. You can apply or get more information about the extra assistance by calling Social Security at **1-800-772-1213** (TTY: **1-800-325-0778**) or visiting www.ssa.gov.

It's hard to anticipate future prescription drug needs. So even if you don't take many or any prescription drugs, you should consider getting Medicare Part D coverage now. Also, if you delay signing up for a Medicare Part D plan when you first become eligible, you could pay a penalty in terms of higher monthly premiums. The penalty is 1 percent of the national base beneficiary premium (\$30.36 in 2009, of which 1 percent is approximately \$0.30) times the total number of uncovered months. The only exception is if you already have drug coverage deemed as good as or better than the coverage Medicare Part D provides.

In determining which Medicare prescription drug plan would be best for you, consider:

- Your current drug costs
- Your out-of-pocket costs for a Part D plan
- Whether your medications are on the list of drugs a Part D insurer covers (formularies) and how much they cost
- "Gap" coverage—if you have high drug costs, you might consider a plan that continues to provide at least some coverage for the coverage gap, the period where you typically must pay 100 percent of your drug costs.

Medicare can help you sift through the plans available in your area, either via phone—**1-800-MEDICARE (1-800-633-4227)**; TTY: **1-877-486-2048**—or at www.medicare.gov, which offers online comparison tools.

Bridging the Gaps in Medicare

While Original Medicare offers extensive coverage, it won't cover all your health care costs or prescription drugs. To bridge these gaps, you have several options:

Medicare Supplement Insurance Policies

Also known as Medigap policies, these insurance plans are offered by private insurance companies to help you cover extra health care costs, including co-insurance, copayments and deductibles—"gaps" in Original Medicare coverage.

Currently, there are two Medicare supplement insurance policies available in Massachusetts. Besides filling in some of the coverage gaps, some of these Medicare supplement insurance policies provide benefits that Original Medicare does not cover, such as emergency health care while traveling outside the United States.

With these Medigap policies—as with Original Medicare—you can go to any doctor or hospital that accepts Medicare. Medicare will first pay its share of your costs, then your Medigap policy will pay its share of your costs. In addition to the monthly Part B premium, you will pay a monthly premium to the private insurance company providing you the policy. In most cases, these plans are good companion plans with a PDP plan.

Medicare Advantage HMOs, PPOs and PFFS Plans

When you join a Medicare Advantage plan, you generally get all your Medicare-covered health care through that plan. It may include Part D prescription drug coverage. Usually, there are extra benefits and lower copayments than in the Original Medicare plan. However, you may have to get your care from primary care doctors, specialists or hospitals in the plan's network except in an emergency.

Medicare HMOs are ideal for individuals who take advantage of preventive care to help stay healthy and who prefer working with a primary care physician to coordinate care with contracting plan specialists and hospitals. A Medicare HMO covers everything Medicare does, plus additional supplies and services

such as preventive health care screenings.

In most Medicare PPOs, you pay less if you use primary care doctors, specialists and hospitals in the plan's network. You can go to any doctor, specialist or hospital not in the plan's network, but it will usually cost extra.

Medicare PPOs are designed to meet the needs of people who want to more actively manage their own health care. You have the freedom to choose which participating doctor or specialist to visit. You'll also have the flexibility to go out of the network anytime you want for services. Keep in mind, you will have higher out-of-pocket costs when you receive out-of-network services if you do this.

Many Medicare Advantage PFFS plans offer comprehensive medical and optional prescription coverage and give you the flexibility to use any Medicare-participating provider in the U.S. who agrees to accept the health plan's terms and conditions of participation. If you have providers you prefer to see for your care, it's a good idea to check with them before you enroll to see whether they will provide for your care under the Medicare Advantage PFFS plan.

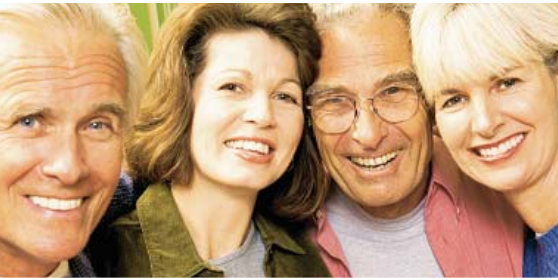
In 2007 and 2008, in some cases you can enroll in a PFFS plan and get your Part D coverage separately. If you enroll in a Medicare Advantage HMO or PPO plan and want to elect drug coverage, you must get prescription coverage through the Medicare Advantage plan.

Group Coverage

If your employer offers to continue your group health coverage after you retire, carefully weigh your options. You should compare the costs and benefits of your group health coverage vs. Original Medicare and a Medicare supplement policy or a Medicare Advantage plan.

In such comparisons, group health coverage isn't always the most economical. Your group health premiums and cost-sharing may actually cost more

(continued on page 13)



Countdown to 65!

Here is a handy pullout of specific steps you will need to check off to ensure the smoothest health coverage transition once you turn 65. Your birthday might seem far off, but it's best to get started now.

Figuring out your Medicare health care options is like all the other important decisions you've made in your life, whether they involved choosing where your children should go to school, buying a house or deciding where to put your retirement savings.

The more time you take to familiarize yourself with your options, the more you're likely to ultimately choose the best plan for you. And if you use this checklist as a guide, the more confident and comfortable you'll feel that you've made the right choice when your 65th birthday arrives.

Enrolling in Medicare

If you are already getting Social Security benefits, you will automatically be enrolled in Medicare Parts A and B starting the first day of the month that you turn age 65. You will receive your Medicare card about three months before you

turn age 65. This card will show you the date your coverage begins. If you decide you don't want Part B coverage, follow the instructions on the card.

If you are close to age 65 and haven't filed for Social Security, you must enroll. To do this, contact the Social Security Administration at **1-800-772-1213**. TTY users should call **1-800-325-0778**.

Enrolling in Medicare Part B

If you are nearing age 65, there's a seven-month period during which you can get Medicare Part B. This seven-month period includes the three months before your 65th birthday, the month of your 65th birthday and the three months after your 65th birthday.

The best time to sign up for Medicare is during the three months **before** your 65th birthday.

Medicare Part B Enrollment Timeline

If you enroll in this month:	Your coverage starts:
3 months before your birthday month	Your birthday month
2 months before your birthday month	Your birthday month
1 month before your birthday month	Your birthday month
Your birthday month	1 month after you enroll
1 month after your birthday month	2 months after you enroll
2 months after your birthday month	3 months after you enroll
3 months after your birthday month	3 months after you enroll

Your Medicare Countdown to Age 65

Check off each item as you complete the task.

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months before your birthday, have you ...

- Begun educating yourself about Medicare and Social Security?
- Called Social Security to determine your eligibility for both?
- Considered your options for coverage to help protect yourself from costs not included in Medicare coverage?
- Talked with family and friends, your doctors, and others about these options?
- Asked your doctors whether they accept Medicare?

5

months before your birthday, have you ...

- Spoken with your employer to see whether group health coverage is an option?
- Begun to identify the type of extra Medicare coverage that is right for you?
- Begun narrowing your choices of insurers? If you've already made your decision on a Medicare supplement insurance plan, you can enroll now.

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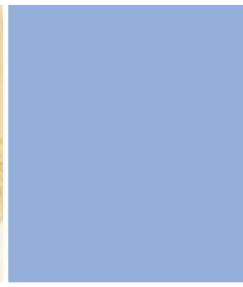
months before your birthday, have you ...

- Applied for your Medicare benefits through the Social Security Administration? (This is the first month you are eligible to apply.)
- Determined how the plans that you are considering cover you if you plan to travel throughout the United States or abroad?
- Determined how these plans would affect your selection of doctors?
- Asked about the plans' Medicare Part D coverage, including:
 - Monthly premiums?
 - Copays/co-insurance?
 - Coverage for the drugs you currently take?
 - Possible conveniences such as mail-order pharmacy services?
- Asked whether the plans offer hearing and vision discounts or dental coverage options?
- Signed up for Social Security if you've decided to take early Social Security benefits? (It usually takes three months after you sign up before you begin receiving benefits.)

?

Questions?

The Centers for Medicare & Medicaid Services can help.
Call 1-800-MEDICARE (TTY users, call 1-877-486-2048)
or go to www.medicare.gov.



2

months (or one month) before your birthday, have you ...

- Decided whether you want Medicare Part B medical insurance? If not, have you returned the form that Medicare sent you indicating that you decline Part B coverage? (Most people take Part B.)
- Checked to see if your doctor participates in Medicare, and in Medicare Advantage plans, if appropriate?
- Selected and signed up for an insurance policy that supplements Medicare or otherwise covers you if you think you need more protection?
- Checked with your benefit coordinator at your job to be sure that both your retirement and health insurance transitions will go smoothly?

Your 65th Birthday

During your 65th birthday month, make sure you:

- **Discuss your situation with your employer.** If you are still covered by your employer's health care plan after your 65th birthday, you should compare your premiums and other costs with that plan vs. the costs of paying for Medicare Part B and a Medicare supplement or Medicare Advantage insurance policy. Surprisingly, the latter may be more economical. Even if you continue to be covered by your employer, you should apply for Medicare Part A to supplement your employer's plan. You will receive a guide, *Medicare & You*, from the Centers for Medicare & Medicaid Services that explains your options and how they work. In addition, call **1-800-MEDICARE** or **TTY: 1-877-486-2048** to request *Enrolling in Medicare*, or go to **www.medicare.gov**, "Search Tools," and then "Find a Medicare Publication." This guide explains your rights if you wish to enroll in Medicare Part B later.
- **Have received your Medicare card.** Make sure you check it to verify your name and the coverage you want. Sign the card, make a copy for your files and keep it in a safe place.
- **Sign the form that Medicare sent along with the card and return it if you don't want Part B.** You'll get another card indicating that you have only Part A coverage. Sign it, make a copy for your files and keep it in a safe place.
- **Ask your physicians whether they participate in Medicare or your preferred Medicare Advantage plan option.** This means they accept Medicare assignment or Medicare's allowable rates as payment in full.
- **Tell your physicians to send your bills to Medicare if you sign up for Original Medicare or to any new Medicare plan you may have.**
- **Make arrangements for your spouse.** This is particularly important if he or she was covered by your employer's health plan. Such coverage is still a possibility.
- **Consider signing up for a Medicare supplement or Medicare Advantage insurance policy.** This is key. These policies can reduce your out-of-pocket expenses by picking up where Original Medicare coverage leaves off.



Researching Medicare

As you reach your final decisions regarding Medicare and Medicare supplemental insurance policies, you may want to consult:

The Social Security Administration (SSA)

For information and publications about signing up for both Social Security benefits and Medicare, talk with an expert at your local SSA office by calling toll-free **1-800-772-1213 (TTY: 1-800-325-0778)**. Recorded information is available 24 hours a day. Service representatives and the TTY number are available from 7 a.m. to 7 p.m. on business days. You can ask about getting a Social Security statement and benefit verification or when you should apply for a Social Security or Medicare card. Or visit them online at **www.ssa.gov**. Here you will find the answers to many frequently asked questions. The Web site also offers a retirement planner that you can download.

Medicare

You can find information about Medicare and your other choices. Publications include *Medicare & You* and *Choosing a Medigap Policy: A Guide to Health Insurance for People With Medicare*. Call **1-800-MEDICARE (1-800-633-4227)** or **TTY: 1-877-486-2048** to request them. Or visit the Web site at **www.medicare.gov**, where you will find many of these publications online so that you can compare the Medicare supplement and Medicare Advantage HMO, PPO and private fee-for-service (PFFS) plans, as well as the Medicare Part D prescription drug plans available in your area.

SHINE

(Serving Health Information Needs of Elders)

You can contact the SHINE program, Massachusetts' state health insurance program that provides free, one-on-one health insurance information, counseling and assistance to Medicare beneficiaries of all ages. Call SHINE toll-free at **1-800-AGE-INFO (1-800-243-4636)**, and press 2 (**TTY: 1-800-872-1066**). Visit their Web site at **www.medicareoutreach.org**.

Benefit Coordinators Where You Work

These coordinators can explain the Medicare process and other retirement issues and discuss whether you should continue with your group coverage.

Your Doctor

He or she may be a good source of information. The insurance coordinator in your doctor's office may also be able to discuss health care coverage choices and the claims reliability of area insurers.



(continued from page 12)

than the combined total of Medicare supplement premiums and the monthly Part B premium.

Also keep in mind that some companies reserve the right to reduce or cancel retiree benefits or raise your costs including both your premiums and how much you pay when receiving benefits.

If you opt for your employer's plan, you can sign up later for Medicare Part B. To avoid any financial penalties, though, you must do so during the eight-month period that starts when your group coverage, or employment through which you received the coverage, ends. Your Medicare supplement six-month open enrollment period begins at the time you enroll in Medicare Part B.

If you have coverage under a program from:

- **The Department of Defense:** Your health benefits may change or end when you become eligible for Medicare. Contact the Department of Defense or a military health benefits adviser for information

before you decide to enroll in Medicare Part B medical insurance.

- **The Indian Health Service, the Department of Veterans Affairs or state medical assistance:** Contact staff in those offices to help you decide whether you should have Medicare Part B medical insurance.

Medicare Part D Prescription Drug Plans

As previously stated, under Medicare Parts A and B, you are not covered for most prescription drugs. But Medicare Part D prescription drug plans are available through private insurers.

In addition to filling coverage gaps, some Medicare supplement insurance policies provide benefits Original Medicare does not cover.



How to Choose

The Right Coverage for You

There are a number of different ways you can receive Medicare and coverage that works together with Medicare to give you even more protection.

The right plan for you depends on a number of factors. As you familiarize yourself with your Medicare options, consider the following:

- **Cost.** What will you pay out-of-pocket, including premiums? Don't forget to factor in deductibles, copayments and co-insurance—and how much, if any, of these are covered by a particular policy.
- **Benefits.** Are extra benefits and services, such as prescription drug coverage, eye exams or hearing aids, covered? (These may be covered by some plans.)
- **Doctor and hospital choice.** Can you see the doctor(s) you want to see? Do you need a referral to see a specialist? Can you go to the hospital you want?
- **Convenience.** Where are the doctors' offices? What are their hours? Is there paperwork? Are they accepting new patients? Do you spend part of every year in another state? If so, how would you be covered?
- **Prescription drugs.** Are your prescription medications on the plan's list (formulary) of covered drugs?
- **Pharmacy choice.** Can you use the pharmacies you want? Are the pharmacies convenient?
- **Quality of care.** How is the quality of the plans in your area? Information about quality is available at www.medicare.gov.

Be a Smart Consumer

In reviewing any policy that supplements or replaces Medicare, make sure you check the following:

Avoid Duplication

If you prefer to remain in Original Medicare and want to fill in the coverage gaps, you need only one Medicare supplement policy to work with your Medicare coverage. Federal law actually prohibits any company from selling you a second Medicare supplement policy unless you state, in writing, that you are going to cancel the first policy. A single comprehensive policy is more likely to give you the coverage you need rather than several policies with overlapping or duplicate coverage.

Duplicate coverage is costly and unnecessary. If you have some other kind of private insurance besides Original Medicare and a Medicare supplement, check with your insurance plan. Ask how your private plan fits with Medicare insurance—and if insured through your employer or union, check to see how any changes you make might affect other members of your family who are also covered under the private insurance. Do not cancel any private health insurance you have until your Medicare supplement coverage becomes effective.

You need only one Medicare option to work with your Medicare coverage.

Duplicate coverage is costly and unnecessary.

Take Advantage of Your Free Review Period

You legally have at least 30 days to review a Medicare supplement policy. If you decide you don't want the coverage, you can get a full refund of any premiums you've paid during this "free-look" period.



**Original Medicare pays for many health care services and supplies,
but it doesn't cover all your health care costs.**

Because Medicare rarely pays the full cost of covered services, you may want to consider adding a Medicare Supplement insurance policy or choosing a Medicare Advantage plan instead.

Questions to Ask

In considering either a policy to supplement your Medicare coverage or a Medicare Advantage policy such as a Medicare HMO, PPO or PFFS plan, through which you get all your Medicare-covered health care, ask yourself these questions.

How financially secure is the company you are considering?

Ask the agent or company to furnish you with the company's latest financial statement. You should be assured that the company will be able to pay your claims whenever you need care.

Does the company have a good reputation?

With a well-recognized company, you can have the confidence that comes from knowing your insurance is widely accepted worldwide for urgent and emergency care.

Where is the company located?

Location may or may not be a key ingredient for you. For example, a well-recognized local company may

have better knowledge of the specific issues that face the people who live and work in your state. A large national out-of-state company may lack a local touch but offer more benefit options. Either way, the choice is up to you.

What types of plans and benefits are offered?

Does the company offer both value and variety through a full selection of types of plans? You may find it helpful to have a choice among the following:

- Medicare supplement plans to cover the costs Original Medicare doesn't
- Medicare Advantage plans, many of which may offer their own networks of quality doctors and hospitals and cover everything Medicare does and more
- Medicare Part D prescription plans





Are you more concerned with keeping your costs low? Or would you rather have more choices in terms of providers, benefits and services? If cost is an issue, consider:

- How much will you pay in premiums and out-of-pocket costs?
- Does the plan offer a select network of doctors and hospitals? Often you can save money by using providers who are in-network and may have to pay extra to see providers who are out-of-network.

For some people, cost is a main concern.

Other people prefer to have more choices in terms of providers, benefits and services.

What extras does the company offer?

Some of the value-added services and benefits offered at little or no cost may include:

- Fitness benefit
- Weight-loss benefit
- Discounts on health care services and supplies
- Savings on acupuncture and massage therapy

What doctors and hospitals can I use?

Does the plan offer a large network of providers, doctors and hospitals to choose from? What, if any, restrictions are there? Will you have to change your current doctor?

Medicare on the Go

As you approach age 65, you may have more time to travel. If you do, you'll want health insurance that travels as well as you do, which means you'll probably want more than just Original Medicare coverage.

The good news is, Original Medicare covers you anywhere in the United States, even if you're away from home or in another state for months at a time.

If you want to travel outside the country, however, be aware that Original Medicare applies only within the United States and its territories, such as Puerto Rico and the U.S. Virgin Islands. With

only a few exceptions, Medicare will not cover you if you're outside this country.

But you can help protect yourself with a Medicare supplement plan or Medicare Advantage HMO, PPO or PFFS plan that provides coverage for emergency care whether in the United States or a foreign country. Typically, Medicare Advantage PPO plans

pay for plan-covered services anywhere in the United States at out-of-network cost-share levels.

Whether you're visiting your grandchildren in a neighboring state or traveling around the world, you deserve the extra peace of mind that comes with knowing you're protected if a health emergency arises, wherever you are.



Know Your Long-Term Care Options

Most of us pride ourselves on being independent. But there may come a time when you or someone you love may need help with everyday activities, such as shopping, cooking and bathing. When people require others to help them with physical or emotional needs over an extended period of time, they need long-term care.*

The key to successful long-term care is planning ahead. Be prepared by getting information ahead of time. That way, you'll know what's available and affordable before there's a crisis.

There are a variety of living arrangements that offer different levels of care. They include:

Home and community care. An ill or disabled person who needs some help may be able to receive home services that could render a nursing home unnecessary. Services include meals-on-wheels programs, shopper services and adult day care.

In addition, a variety of programs help care for people in their homes. Some nursing homes offer respite care, in which they admit a person for a short period of time to give the home caregivers a break.

Subsidized senior housing. Federal and state programs provide subsidized housing for older people with low to moderate incomes. Some facilities may offer assistance to residents who need help with certain tasks, such as transportation and doing laundry, but residents basically live independently in an apartment within the complex.

Assisted living (nonmedical senior housing). Assisted living is a general term for living arrangements in which some services—such as meals, laundry and medication reminders—are available to residents who still live independently within the complex. The residents usually pay a regular monthly rent and possibly additional fees for the services they require.

Board and care homes. These are group living arrangements (sometimes called group or residential care homes) designed to meet the

needs of people who can't live independently but don't require nursing-home services.

These homes offer a wider range of services than independent-living options. Most provide help with some of the activities of daily living.

Continuing-care retirement communities (CCRCs). These are housing communities that provide different levels of care—from independent-living apartments to skilled nursing in an affiliated nursing home. Residents move from one setting to another based on their needs but continue to remain a part of their CCRC's community.

Nursing homes. A nursing home provides rooms, meals, recreational activities, help with daily living and protective supervision to residents.

Usually, nursing-home residents have physical or mental impairments that keep them from living independently. Nursing homes are certified to provide different levels of care, from custodial to skilled nursing (services that must be administered by a trained professional).

For more information about long-term care and how to plan for it, go to the National Clearinghouse for Long-Term Care Information at www.longtermcare.gov.

Planning ahead for long-term care

can help ease the burden on caregivers and ensure that the person receiving care is in the best situation for his or her needs.

* Original Medicare, Medicare Supplement and Medicare Advantage plans do not cover long-term care services.

Many people in your generation are planning to work right through age 65. They enjoy what they're doing, so why stop?

If that describes you, you should know that group health plans of employers who have 20 or more employees must offer workers who are age 65 or older the same health benefits they provide for younger employees. Regardless of your age, if your spouse is age 65 or older, such plans must also offer her or him the same health benefits they give younger spouses.

If you accept your employer's coverage, that plan will pay first on your hospital and medical bills, and Medicare may pay some of the remaining expenses. If you decline the employer's coverage, Medicare will be your primary health insurer.

If your employer has fewer than 20 employees, he or she may suggest or prefer that you sign up for Medicare as your primary health insurer once you turn age 65. Your employer may then provide additional coverage for you.

The best advice: Talk with your employer or union ahead of time to learn your options.

What About Your Spouse?

When you turn age 65, if you are covered by Medicare as your primary health insurer, the coverage is just for you—even if you and your spouse were covered jointly by the health insurance you had through your employer.

In such cases, if your wife or husband is younger and not yet eligible for Medicare, there are several options. There's a good chance your spouse is eligible to keep the group coverage through your employer for at least 36 months. You may have to pay all the premiums, however—both your share and the share your employer was covering.

Ask your employer about health care options that may be available for your spouse after you retire or turn age 65.

What About Social Security?

Medicare isn't the only federal benefit you must consider. Obviously, there's Social Security as well. Just because you become eligible for Medicare when you turn age 65, however, doesn't mean you

have to start taking Social Security benefits then.

Because you can begin collecting Social Security retirement benefits at age 62, you may already be receiving Social Security. But if you haven't yet turned age 65, you won't be eligible to collect full Social Security benefits as soon as you are eligible for Medicare.

If you were born in 1941, the full retirement age for Social Security benefits is age 65 and eight months. If you were born in 1942, the full retirement age creeps up to age 65 and 10 months. For those born between 1943 and 1954, the full retirement age is 66.

The choice is completely up to you. If you elect to take Social Security before your full retirement age, your monthly Social Security payments will be slightly reduced. But as a general rule, early retirement will give you about the same total Social Security benefits as full retirement over your lifetime. You just get them in smaller amounts to take into account the longer period you will receive them.

Age to Receive Full Social Security Benefits

Year of Birth	Full Retirement Age
1941	65 and 8 months
1942	65 and 10 months
1943–1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Note: People born on January 1 of any year should refer to the previous year.

Should You Keep Working?

If you work after you reach your full Social Security retirement age, you can keep all your benefits—no matter how much you earn.

If you are younger than full retirement age, there is a limit to how much you can earn and still receive your full Social Security benefits. If, for example, you were younger than full retirement age throughout all of 2008, Social Security would deduct \$1 from your benefits for each \$2 you earned above \$13,560.

If you reach your full retirement age during 2008, Social Security will deduct \$1 from your benefits for each \$3 you earn above \$36,120 until the month you reach full retirement age.

But working may be more important to you—from either a financial and/or satisfaction standpoint—than those deductions. Again, the choice is all yours.

One More Factor to Consider

The amount of your Social Security benefit is based on the average of your 35 highest years of earnings. Every year Social Security reviews the records of all Social Security recipients who work. If your latest year of earnings turns out to be one of your highest years, your benefit will be automatically increased accordingly. The calculations are usually completed by October of the following year. So Social Security recipients who have one of their best earning years in 2007 will receive a benefit raise in October 2008, and the raise will be retroactive to January 2008.



If you are already getting Social Security benefits when you turn 65, your Medicare starts automatically.

If you are not getting Social Security, you should sign up for Medicare before your 65th birthday, even if you are not ready to retire.



Q. What are the benefits of signing up for Medicare before or around my 65th birthday?

A. If you're eligible, you will be covered automatically by Medicare Part A hospital insurance when you turn age 65. But if you wait to sign up for the Part B medical insurance after your initial seven-month enrollment period ends, you'll have to wait until the general enrollment period from January 1 through March 31 each year. However, your Medicare Part B coverage won't begin until July 1 of the year you apply. And for each year you skip Part B coverage, your monthly premium will increase another 10 percent. The only exception: If you're covered by a group plan after you turn age 65, you can delay enrolling in Part B without paying the 10-percent-per-year premium surcharge.

Q. What's the most important question to ask my doctors?

A. Before you receive treatment, always ask, "Do you accept Medicare assignment?" If your doctor says yes, that means he or she accepts Medicare's allowable fees

as payment in full. If he or she says no, that means your doctor can choose to charge you more than Medicare allows for any or all services up to the limited charge that Medicare allows. That's called balance billing.

If your doctor does not participate in Medicare, you may want to switch doctors. Or you may consider a Medicare supplement plan, which will cover you for some or all balance billing.

You can also consider a Medicare Advantage HMO or PPO plan, which will cover you if you use doctors who participate in the plan's provider network (PPOs cover out-of-network care, but you will generally pay more for those services) and therefore don't practice balance billing. Or consider a Medicare Advantage PFFS plan. Just be sure to ask your doctors whether they participate with the plan before you enroll.

Q. How can I maximize my Medicare benefits and minimize my out-of-pocket expenses?

A. There are several basics:

- Always carry your Medicare, Medicare supplement or Medicare Advantage plan ID cards and present them whenever you visit a doctor, hospital or other health care provider.*
- Remember to carry your Medicare Part D prescription drug plan ID card and present it at the pharmacy or wherever you obtain prescription drugs.*
- If you have a Medicare supplement or Medicare Advantage plan that involves a network of health care providers, such as doctors and/or hospitals, always try to use those providers when you need care.
- If you are uncertain whether Medicare covers a service, call Medicare first.
- If you are unsure about anything, call Medicare. If it concerns your Medicare supplement, Medicare Advantage or PDP plan, call your plan provider.
- Keep abreast of changes by taking the time to read information Medicare and your private insurer send you.
- Stay fit and active and maintain a strong social life. The articles that follow underscore the benefits of doing so.

* You will need to have your Medicare card to enroll in a Medicare Supplement, Medicare Advantage or Medicare Part D plan.

Seven Reasons to Keep Fit as You Age

“Most people plan for financial independence,” says Cedric Bryant, Ph.D., chief exercise physiologist for the American Council on Exercise. “But too often they neglect what they need to be physically independent.”

How physically independent you are depends on how well you can function physically, he says. That is one of the best reasons to stay physically active—but it’s not the only reason. Here are seven reasons you should make physical activity a part of your everyday life. Of course, to be safe, talk with your doctor before you start or add to an exercise plan.

1. It increases bone density and limits osteoporosis.

Osteoporosis makes your bones weak and brittle. Exercise counters that by increasing bone strength. The best kinds of exercise to make bones stronger

are weight-bearing exercises such as walking and resistance exercises such as lifting weights.

2. It helps you stay independent.

The point of being active, Dr. Bryant says, is to maintain your ability to function. Studies show that people who exercise over their lifetime can avoid being disabled at the end of their life, he adds.

3. It reduces your risk for falls.

Exercise lets you practice keeping your balance and reacting to things around you. It can also help arrest a natural decline in muscle fitness.

4. It makes you more flexible.

Doing things that put your body through the full range of movement helps keep it flexible, Dr. Bryant says. “Any kind of activity will produce results,” he says. Walk instead of drive. Rake instead of using a leaf blower.

5. It’s a reason to be sociable.

Exercise groups are a good way to meet people. Check at the community center or local health club for special exercise groups for seniors.

6. It improves your mood.

Exercise is good for your mind. Studies show it reduces depression. It can also lift your self-esteem.

7. It helps your entire body.

It improves the way your lungs work, helps prevent and control diabetes, and is good for your heart. All the body’s systems deteriorate with age. “We used to think that was a function of aging,” Dr. Bryant says. “But as much as 50 percent of it can be attributed to a lack of physical activity. Exercise will alter that. It will slow the breakdown. In some cases, it can even reverse it.”





How's Your Social Portfolio?

No doubt you've been paying attention to your retirement financial portfolio, but what about your social portfolio? Experts say you also need to plan your future social life to continue developing as a human being.

"The contribution of work to our emotional and intellectual well-being is so basic that it is often overlooked or at least taken for granted," says Gene Cohen, M.D., Ph.D., former acting director of the National Institute on Aging.

To avoid the abrupt, traumatic emotional disruption that can often occur, you need to plan activities to replace your work after you've retired. "There's really no end point for people to continue to expand knowledge and develop new skills," says Dr. Cohen, currently the director of the Center on Aging, Health and Humanities at George Washington University.

These challenging new activities can be new versions of your old pursuits, such as working part-time or as a consultant or volunteering your expertise in your current field.

Explore New Interests

You can also explore new fields of interest. It might be something you've always wanted to do but never had the time. Or it could be a new hobby. The important thing is to have multiple activities and interests that engage both your mind and your body.

Dr. Cohen calls it your social portfolio. He says you need to develop both active and passive activities—some performed alone, such as reading, and others pursued as part of a group, such as a nature or mall-walking club.

Staying Connected Has Rewards

Volunteer work in a variety of fields—service clubs, schools, libraries, your place of worship—or political advocacy might also be worthwhile. It's important to get involved with activities that bring you in contact with more than your own generation. This can help prevent you from dwelling in the past by being actively involved in the present and future. Such contact also helps develop a multigenerational support system that becomes increasingly important as we age and begin to lose friends and relatives. Here are ways to maintain such a support system:

- Stay in contact with friends through letters, e-mails, phone calls and visits.
- Maintain close contact with your family.
- Develop new friends where you live.

Research has shown that seniors who are connected to others in an active, positive way enjoy better health, retain more of their mental sharpness and in general live longer than those who become social recluses.

Live your passions. Enjoy the journey.

Helpful Contact Information

If you have any questions while considering your decisions about Medicare and related issues, contact the following reputable sources:

Centers for Medicare & Medicaid Services

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

TTY: 1-877-486-2048

www.medicare.gov

Serving Health Information Needs of Elders (SHINE)

1-800-AGE-INFO (1-800-243-4636)

www.medicareoutreach.org

Social Security Administration

1-800-772-1213

TTY: 1-800-325-0778

www.ssa.gov



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