

NC Family to Family Health Information Center

*"A beacon for families of children with special
health care needs."*

NC Family to Family Health Information Center
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Fact Sheet

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Medicare is a federally funded and administered program that provides health insurance for older Americans and those who are disabled. Individuals contribute to Medicare during their working years, just as they do to Social Security. Since Medicare is a federal program, eligibility guidelines and services are much the same all over the country.

People eligible for the program include:

- Most persons over the age of 65.
- Persons with disability status; or
- Persons with irreversible kidney failure.

There are a few Medicare plan choices. The two most widely available plans are Original Medicare and Medicare Advantage.

Original Medicare

The Original Medicare Plan is available nationwide and is a pay-per-visit health plan. You can go to any health care provider who accepts Medicare and is accepting new Medicare patients. There are usually coverage "gaps" or costs that you must pay, such as deductibles, co-payments and coinsurance. Some people buy a Medigap policy to cover these gaps in coverage (see **Medigap** below). The Original Medicare Plan has two parts. Part A provides hospital insurance and Part B, which is optional, provides medical insurance. If someone chooses Part B, a monthly premium is deducted from his or her Social Security benefits. Insurance coverage for prescription drugs is a new benefit added January 1, 2006. Insurance companies and other private companies work with Medicare to offer the drug benefit. Costs vary depending on which plan is selected by the individual. This prescription coverage is also called **Part D**. Medicare does not cover all health care services, nor does it pay the entire cost of all the services that it does cover.

Medicare Advantage

Medicare Advantage Plans are health plan options that are part of the Medicare program. If you join one of these plans, you generally get all your Medicare-covered health care through that plan. This coverage can include prescription drug coverage. Medicare Advantage Plans include:

- Medicare Health Maintenance Organizations (HMOs).
- Preferred Provider Organizations (PPOs).
- Private Fee-for-Service Plans.
- Medicare Special Needs Plans.

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In most of these plans, there are usually extra benefits and lower co-payments than in the Original Medicare Plan. You may have to see doctors that belong to the plan or go to certain hospitals to get services. To join a Medicare Advantage Plan, you must have Medicare Part A and Part B. You will have to pay your monthly Medicare Part B premium to Medicare. In addition, you might have to pay a monthly premium to your Medicare Advantage Plan for the extra benefits they offer.

If you join a Medicare Advantage Plan, your Medigap Policy won't work. This means it won't pay any deductibles, co-payments, or other cost-sharing under your Medicare Health Plan. You may want to drop your Medigap coverage if you join a Medicare Advantage Plan even though, legally, you have the right to keep the Medigap plan.

Medigap

Medigap insurance is also known as Medicare supplemental insurance. A Medigap policy provides reimbursement for out-of-pocket costs that are not covered by Original Medicare. Gaps in the Original Medicare Plan consist of deductibles, coinsurance and co-payments that the individual is responsible for paying. Medigap policies are sold by private health insurance companies. There are 12 standardized policies, called Plans "A" through "L". Each plan has a different set of benefits. Not all companies sell all policies. When purchasing a Medigap insurance, shop around. Policies offering the same benefits can vary a great deal in price. Since the plans are standardized they are easy to compare across companies. In addition, you want a policy that truly supplements Medicare— one that will cover that portion of the bill not covered by Medicare, as well as covering some additional health services not provided by Medicare. Also consider your own situation; not everyone needs a Medigap policy. For example, you might not need a Medigap policy if you have a Medicare Advantage Plan or a supplemental health insurance plan through your former employer.

For More Information

For more information about Medicare coverage and the new prescription plan go to: www.medicare.gov or call 1-800-633-4227.

Source: FV-Talk Medicare and Medicaid and Medigap: What is the Difference? Fact sheet from Family Voices website: www.familyvoices.org