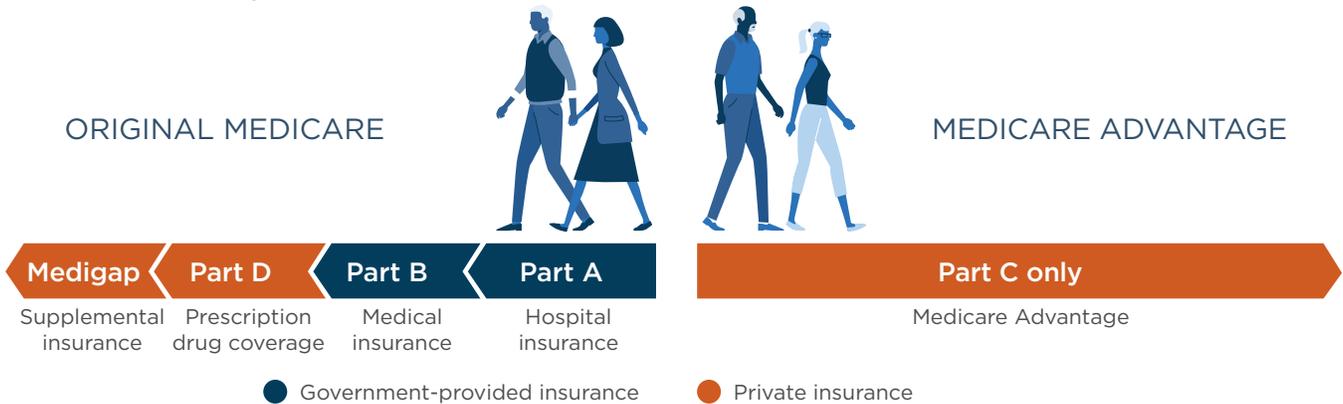


Two options for Medicare coverage

When enrolling in Medicare, individuals must choose one of two options: Original Medicare or Medicare Advantage.



Both options cover the same core services:

- > Hospitalization
- > Doctor visits
- > Preventive services

Both options have costs:

- > Monthly premiums
- > Deductibles
- > Co-payments
- > Co-insurance

Original Medicare consists of two parts administered by the government:

- > Part A covers hospitalization (that is, inpatient care)
- > Part B is for doctor visits (which is outpatient care)

Then there are two elective parts that are provided by private health insurers:

- > Part D provides prescription drug coverage
- > Medigap is optional supplemental insurance that pays for the out-of-pocket costs a patient accumulates when covered by Original Medicare

Medicare Advantage, also known as Part C, is offered through private health insurance from providers approved by the government. These are usually health maintenance organizations (HMOs) or preferred provider organizations (PPOs).

Medicare Advantage plans replace Original Medicare and Medigap plans.

So how does a person choose? It depends on what you plan to do in retirement and your personal health. The chart on the reverse points out some key considerations.



Work with your financial professional to account for Medicare expenses as part of your retirement income plan.



#DecodingMedicare

HOW ORIGINAL MEDICARE AND MEDICARE ADVANTAGE PLANS DIFFER

Feature	Original Medicare	Medicare Advantage
Geography	A national program in which enrollees can see any doctor who accepts Medicare patients	Both regional and national networks: HMO plans will require an in-network doctor (<i>Exception: Emergency room visits and urgent care are always covered anywhere in the country</i>); PPOs may allow an out-of-network doctor for additional cost
Top-line considerations	More flexible, especially for those who plan to travel a lot	Less flexible, but may cost less (<i>Snowbirds who always travel to the same spot may be able to find a Medicare Advantage plan that covers both locations</i>)
Costs	Part A is usually premium free, but there are deductibles and co-pays; Part B has a monthly premium and an annual deductible After the Part B deductible is met, co-insurance is 20% of the Medicare-approved price of the service	The monthly Part B premium must be paid, and there may be an additional premium, depending on the plan you choose; co-pays are specific dollar amounts and may be less than the Original Medicare 20% co-insurance
Coverage limits	Does not cover certain services, including vision, dental and hearing	May cover “extras” such as vision, dental and hearing (<i>These are some of the most popular features of Medicare Advantage plans</i>)
Limit on out-of-pocket expenses?	No (but Medigap pays those costs on approved services)	Yes
Guarantees	Guaranteed access to Medigap during specified periods, but may be denied at other times due to pre-existing conditions	Switching to or among Medicare Advantage plans is guaranteed during open enrollment

It's important to think through various scenarios before deciding which Medicare option is best for you. For example, suppose you select a Medicare Advantage plan and later become ill. If a specialist you want to see is not in your network, you could switch back to Original Medicare, but may be denied Medigap coverage at that time. Many people see their health decline as they age. It may be appropriate to choose the most robust coverage you can afford — especially if you already have a chronic condition or a family history of disease.



The information in this document is sourced from medicare.gov, cms.gov, hhs.gov and some state-level sources.

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