**What is Medicare?**

Medicare is a federal health insurance program for people who are 65 and older, for some younger persons with disabilities, and for people with end-stage kidney disease. Medicare has several options covering a variety of services:

**MEDICARE PART A**
(hospital insurance) helps cover
- Inpatient care in hospitals
- Skilled nursing facility care, hospice and home health care

**MEDICARE PART B**
(medical insurance) helps cover
- Doctors’ services and outpatient care
- Preventive services to help you maintain your health

**MEDICARE PART C**
refers to Medicare Advantage Plans. These plans:
- Are managed care plans (like HMOs or PPOs)
- Allow you the option to get Medicare benefits through private companies approved by Medicare

**MEDICARE PART D**
refers to Medicare Prescription Drug Coverage. Part D:
- Helps cover the cost of your prescription drugs
- Provides coverage through private insurance companies under contract with Medicare

**What Types of Medicare Plans Are Available?**

There are two options for how you receive Medicare: Original Medicare or Medicare Advantage.

1. **Original Medicare:** This is the fee-for-service plan provided by Medicare. Original Medicare includes Part A and Part B, and covers many—but not all—of your health care costs. It generally pays 80 percent of the Medicare-approved amount after you pay the Part B deductible. With Original Medicare, you can choose to add Part D (prescription drug coverage).

2. **Medicare Advantage:** These are different types of private plans offered as an alternative to Original Medicare. They are provided by Medicare-approved private insurers. All Medicare Advantage plans include Part A, Part B, and (in most cases) prescription drug coverage. They may also offer other services that Original Medicare does not cover.

**Generally, how much you pay for Medicare depends on:**

- Which Medicare plan you choose
- How often you go to the doctor or hospital
- Whether you have other health insurance
- Whether you qualify for help with Medicare costs

Medicare does not cover all of your health care costs. Depending on which plan you choose, you might have to share in the cost of your care by paying deductibles, co-payments, premiums, and co-insurance. The amount of some of these payments can change over time.
OPTION 1: ORIGINAL MEDICARE

If you choose Original Medicare:

- Coverage includes Part A (hospital insurance) and Part B (medical insurance).
- You usually pay a premium for Part B.
- You choose your doctors, hospitals, and other health providers.
- You (or your supplemental insurance) pay any deductibles and out-of-pocket costs.

You decide if you want Medicare Part D (Prescription Drug Coverage).

- Anyone on Original Medicare can sign up for this voluntary drug coverage.
- You will have to select a Medicare-approved prescription drug plan offered through a private insurance company.
- Plans vary in cost and in drugs covered.

You decide if you want supplemental (Medigap) insurance.

- You can choose to buy a policy to fill gaps in your Original Medicare coverage.
- Insurance companies in most states can offer up to 11 standard Medigap plans.
- Medigap plans vary in cost and in the benefits they offer.

OPTION 2: MEDICARE ADVANTAGE

If you choose Medicare Advantage:

- These plans include both Medicare Part A and Part B. Most plans include Part D.
- You must use the doctors, hospitals and other health providers on the plan’s list.
- You pay a monthly premium (in addition to Part B premium), and a co-payment for covered services.
- Plans vary in cost, extra coverage, and plan rules.

If needed, you can choose a Medicare Part D plan (Prescription Drug Coverage).

- In most cases, Medicare Advantage plans cover prescription drugs. If so, you must get this coverage through your plan.
- If your plan does not offer drug coverage, you can choose a Medicare Prescription Drug Plan. Costs and benefits vary depending on the plan.

With Medicare Advantage, you will not need supplemental insurance.

- Once you have a Medicare Advantage plan, you cannot be sold a Medigap policy.
- If you already have a Medigap policy, you cannot use it to pay for out-of-pocket costs under your Medicare Advantage plan.

Where to get more information
AARP: www.aarp.org/health/insurance
Medicare: www.medicare.gov

Information on this fact sheet has been adapted from the Medicare and You 2010 Handbook.

D19329 (5/10)