



BlueCross BlueShield of Montana

Ease into MedicareSM

Exploring Employer-sponsored Medicare Plans



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Getting ready for Medicare

If you are getting ready to enroll in an employer-sponsored Medicare plan, you'll want to understand how Medicare works and what it covers. Your employer may offer you several plan options, or a single plan. This booklet from Blue Cross and Blue Shield of Montana, can help you get ready to select the Medicare plan that is right for you.

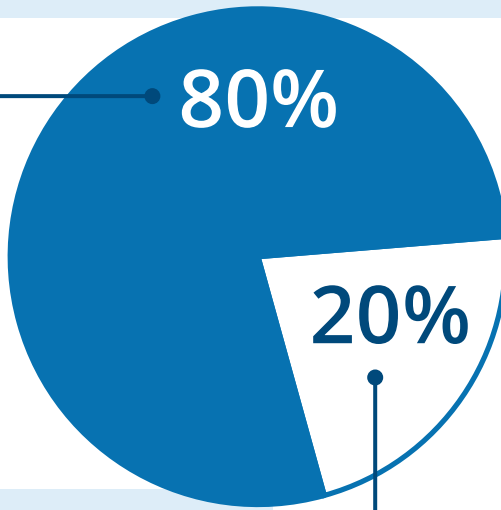


Introduction to Medicare

What is Medicare?

Original Medicare is basic coverage that is guaranteed by the federal government. There are four parts, each providing coverage for the different types of health care services you may need. It was designed to cover about 80% of your hospital and medical costs. You may be responsible for paying the other 20%.*

Original Medicare covers only about 80% of your Medicare-eligible hospital and medical expenses.



You MAY BE responsible for the other 20%.

* Source: Medicare 2021 costs at a glance; Medicare.gov.

How Medicare Works

There are four parts to Medicare, each providing coverage for different types of services.

Part A and Part B are considered Original Medicare.

Part A is hospital coverage.

Part A helps cover your inpatient care in hospitals, including critical access and long-term care hospitals, skilled nursing care and hospice. Most people automatically get Part A without having to pay a monthly premium.

Part B is medical coverage.

Part B helps cover medical services like doctors' office visits and outpatient care when they are medically necessary. Most Medicare beneficiaries pay a monthly premium for Part B, even if they choose to add more coverage.

Part C is Medicare Advantage.

Medicare Advantage is managed care that combines Part A, Part B, and usually Part D.* Medicare oversees private insurers that manage your coverage. These plans may offer benefits beyond Original Medicare and may or may not cover prescription drugs. They are usually Health Maintenance Organizations (HMO) or Preferred Provider Organizations (PPO) with provider networks to help manage costs.

* Traditional Medicare Advantage plans usually require you to use network hospitals and doctors for maximum coverage and in non-emergency medical situations. Open Access PPO plans do not have network restrictions, however providers must accept Medicare assignment.

Part D is prescription drug coverage.

Part D coverage helps to lower your prescription drug costs. Part D coverage is available as a stand-alone plan or may be included as part of a Medicare Advantage plan. Most prescriptions are not covered by Part A or Part B.

Retiree Supplemental Medical Plan^{†‡}

A retiree supplemental medical plan can fill the gaps in Original Medicare. It helps to cover out-of-pocket costs such as copays and coinsurance. You can usually see any provider that accepts Medicare. Many employers pair a supplemental medical plan with a Part D plan as part of their retiree coverage. You must have Medicare Part B to be eligible for a retiree supplemental medical plan. You cannot have a Medicare Advantage Plan and a retiree supplemental medical plan at the same time.

[†] You are free to use any hospital or physician that is a Medicare contracted provider.

[‡] Not connected with or endorsed by the U.S. Government or Federal Medicare Program.

Medicare Enrollment Basics

You are eligible to enroll in Original Medicare if you answer yes to at least one of the following questions.

- Are you age 65 or older and entitled to Social Security or Railroad Retirement Board benefits?
- Are you under age 65 with certain disabilities?

Part A and Part B

Your first step is to enroll in Original Medicare Parts A and B at your local Social Security office or online at www.ssa.gov.

If you plan to retire at age 65, enroll in Original Medicare three months before, through three months after, your 65th birthday. Sign up early in that seven-month window of time so your benefits begin the first day of your eligibility.

If you plan to work past age 65, you can go ahead and enroll in Part A. It won't cost you anything if you or your spouse paid into Social Security for 10 years. Just remember that signing up for Part A and/or Part B means you can no longer add funds to a health savings account. At retirement, you'll have an eight-month special enrollment period to enroll in Part B and make other important choices. Contact Social Security before your workplace benefits end, so you don't have a gap in coverage.

Part C, Part D and Medicare Supplement Insurance

If you plan to retire at age 65, you will select your retiree group Medicare plan around the same time you enroll in Parts A and B. If you delay retirement, you'll enroll in Part B and retiree group Medicare plan when you retire.

Annual Open Enrollment Period — Dates defined by your employer

During the open enrollment period you can change plans if your employer offers multiple options.

If you decide NOT to enroll in your retiree group Medicare plan when you become eligible, you may not have the option to enroll at a later date.

What are the costs of Medicare?

Medicare Parts B, C and D are voluntary programs that provide additional coverage.

Premiums

- Part B — you must pay this no matter what other plans you choose.
- Medicare Advantage, Part D and supplemental medical plans may have monthly premiums, too. Your retiree group Medicare plan may include a subsidy from your employer to help with the cost of premiums.

Coinsurance

A percentage of the cost you pay depending on the product or service received.

Copay

A set amount you pay depending on the product or service received.

Deductible

Some plans require you to pay up to a certain amount before the plan will start paying.

Out-of-pocket limits

Some plans have limits on how much you are expected to pay out of pocket each year.

If you don't enroll in Part B or Part D when you are first eligible for Medicare, or when you retire after age 65, you may have to pay a penalty later.

Compare retiree group Medicare to your workplace plan.

What is different?

Your workplace plan probably includes an out-of-pocket limit, so you know the most your care will cost annually. However, Medicare Part A and Part B have no out-of-pocket maximum. You pay for everything beyond what Original Medicare covers, including prescription drugs. So, if you only enroll in Original Medicare, your coverage probably will not be as broad as what you have now. Your employer-sponsored coverage may fill the gaps left by Original Medicare.

- As an active employee, your dependent family members were probably covered by your workplace plan. Employee-sponsored Medicare plans cover only the retiree, and may cover their retired Medicare-eligible domestic partner and Medicare-eligible dependents.
- Some services such as dental and vision care may have been included in your workplace plan. While Original Medicare does not cover dental and vision, employer-sponsored Medicare plans may, and offer more supplemental benefit options as well.
- Coverage for your prescription drugs is likely part of your workplace plan. Original Medicare doesn't cover them, but Part D and most Medicare Advantage (Part C) plans do. The list of covered drugs may be different from what you're used to. It's a good idea to share the drug list for your employer-sponsored Medicare options with your doctor to see if the drugs you take now are included.
- Workplace health insurance is usually comprehensive, covering medical care and prescription drugs. Some employers only offer Part D prescription drug plans to their retirees. If this is true for you, consider adding a Medicare Supplement Insurance plan that you can buy on your own to help manage medical costs.

What is the same?

Prior authorization, step therapy and quantity limits

Much like your workplace plan, in Medicare Advantage (Part C) and Part D plans, prescription drugs are placed into tiers. The costs for drugs in lower tiers are less than in higher tiers. And before you can be covered for some medications,

- Your doctor may need to get prior authorization from the plan.
- You may first need to try other clinically appropriate or cost-effective drugs.
- Quantity limits may be set for some drugs for cost or safety reasons.

Provider Network

Medicare Advantage plans usually have a provider network that includes primary care doctors and a wide range of specialists. It may include your current doctors. Using network providers will help you get the most from your benefits for the least amount of money. Depending on the type of plan, visits out-of-network may cost you more or be restricted.

- A traditional PPO plan copay will be less for an in-network office visit than if you choose a provider who is out-of-network.
- An open access PPO or supplemental medical insurance plan will allow you to see any provider that accepts Medicare.
- An HMO plan will require a primary care provider (PCP) to manage your care and will restrict your use of out-of-network providers except in emergencies.

Supplemental medical insurance plans generally do not require you to use network providers. If you need help finding a provider, the plan can help.

Annual Notice of Change

If you have a Part D prescription drug or a Medicare Advantage plan, you will get an Annual Notice of Change in the mail telling you about any changes to rates or benefits for the next year.

If you have supplemental medical insurance, you will get a mailing informing you about any changes to Medicare Part A and Part B copays and deductibles.

These documents can help you decide if you need to make a change during open enrollment. If your plan still works for you, no action is needed. You will automatically stay enrolled in that plan. If you find it is not meeting your needs, check with your benefit administrator to see if other options are available.



Choosing a Plan

Here are some helpful tips

Some employers offer multiple Medicare plan options to retirees. How do you decide which kind of medical plan to get? When looking at the plans offered, consider your health needs and the prescription drugs you take, as well as your budget and lifestyle.

You may prefer a Medicare Advantage plan if you:

- Like all your benefits in one plan with one premium
- Prefer a lower premium than a supplemental medical plan
- Are interested in additional benefits like dental, vision or hearing services
- Want your prescription drug coverage included as a plan benefit
- Want to reduce your out-of-pocket costs
- Are comfortable using network providers, if required
- Like the convenience of the plan managing all your benefits, paperwork and premiums)

You may prefer a supplemental medical plan if you:

- Want flexibility when choosing your providers
- Frequently go to the doctor and need to keep the cost of office visits low
- Are willing to enroll in a separate prescription drug plan
- Would rather pay a higher monthly premium and keep your out-of-pocket costs low
- Don't mind keeping track of multiple plans, paperwork and premiums (Original Medicare, Supplemental Medical Plan, and Prescription Drug Plan)

Make sure you are enrolled in Original Medicare before you sign up for your retiree group Medicare plan. Research all your options then enroll in a plan that best fits your needs. If you have multiple options, you can change every year or during a special enrollment period if you have a qualifying event.

Questions about Medicare?

Look for helpful resources online:

Medicare

You'll find good information on the government website:
www.Medicare.gov

Social Security Administration

Visit your local office or save time by using the website.
www.ssa.gov

Blue Cross and Blue Shield of Montana

Learn more about retiree Medicare plan options.
www.bcbsmt.com/medicare/retiree-group-medicare

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