Taking the Mystery Out of Medicare

Your how-to guide for finding the right plan for your needs
Whether you’re new to Medicare or want a refresher, this guide will help you understand the costs, benefits and choices offered by Medicare.

Medicare covers more than 55 million people today who are age 65 and older or have disabilities. Medicare started in 1965 with basic coverage for hospital and medical services. Since then it has grown to offer other health plan options and prescription drug coverage from private insurers.

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**Medicare’s Parts**

Original Medicare has two parts. Medicare Part A is offered at no cost to nearly everyone eligible for Medicare. Medicare Part B is available for a monthly premium to most people eligible for Medicare. Medicare premiums, deductibles and cost-sharing amounts are set by the federal government each fall for the next year.

There are also Medicare Parts C and D. Medicare Part C refers to the Medicare Advantage plans offered by private companies. Medicare Part D refers to the prescription drug programs offered by private companies.

The Social Security Administration contacts most people about enrolling in Medicare at age 65 if they already receive Social Security benefits. You can also enroll in Medicare or other Medicare plans by contacting the Social Security Administration before you turn age 65, when you retire and no longer have employer coverage or at certain times of the year. These are described in “When to enroll” on page 8.

**What Original Medicare covers**

Medicare Part A is generally offered at no cost to you but there is a deductible for hospital stays and you may also have copayments for longer stays. You must pay a monthly premium for Part B coverage and pay a yearly deductible before Medicare pays. The premium, deductibles and copayments may change from year to year.

For more information on what Medicare Part A and Part B cover, visit medicare.gov or review the Medicare & You handbook.

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**WHAT PART A AND PART B DO NOT COVER**

Part A and Part B don’t cover all of your medical costs. Exams for fitting hearing aids, routine eye exams and most outpatient prescription drugs are not covered. Plus, you must pay deductibles and coinsurance when you receive eligible health care services.

Your out-of-pocket expenses for these gaps in coverage can add up quickly. Fortunately, you have a choice of private health plans to help pay for costs and services that Medicare Part A and Part B don’t cover.
Other plans that work with Medicare

You can supplement your Original Medicare coverage to help pay for things Medicare doesn’t, such as the deductibles, copayments or coinsurance and prescription drug coverage. You have choices in how you want to add coverage, and there are a variety of plans available so you can pick those that best meet your needs.

A choice of plans for you

Blue Cross Blue Shield of Arizona (BCBSAZ) offers you a choice of plans. You can add our Medicare supplement and/or prescription drug plans to your Original Medicare coverage, or enroll in a Medicare Advantage plan offered by Blue Cross Blue Shield of Arizona Advantage (BCBSAZ Advantage). These Medicare Advantage options combine medical and drug coverage in one plan. Read on to find a plan that’s right for you.

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| D | ● Covers prescription drugs  
| | ● Must have Medicare Part A OR Part B to enroll  
| | ● Offered by private companies |
| Medicare Supplement Plans |
| | ● Helps pay for deductibles, copays and other costs Medicare doesn’t pay  
| | ● Must have Medicare Part A AND Part B to enroll  
| | ● Offered by private companies |
| PART B | **OPTION 2** |
| Medical | Medicare Advantage Plans |
| C | ● Joins Medicare Parts A and B  
| | ● Most include drug coverage (Part D)  
| | ● Usually have lower deductibles and copays than Medicare  
| | ● Often include additional benefits  
| | ● Must have Medicare Part A AND Part B to enroll  
| | ● Offered by private companies |
Medigap (Medicare supplement) plans

Medigap plans are sold by private health coverage companies like BCBSAZ. They help pay for some of the health care costs or “gaps” that Medicare Part A and Part B don’t cover. In most cases, you must have both Medicare Part A and Part B to purchase a Medigap policy. Medigap plans also do not cover prescription drugs. If you want or need prescription drug coverage, you would need to buy a separate Part D prescription drug plan, such as that offered by BCBSAZ.

Medigap health plans are optional. You don’t have to purchase one. If you don’t enroll in a Medigap plan when you’re first eligible, it might cost you more to enroll later. The Medigap enrollment period is described in “When to enroll” on page 8.

Part D Prescription drug plans

Medicare works with health plans and other private companies to offer prescription drug coverage through stand-alone Part D plans.

Medicare prescription drug plans provide coverage for generic and brand-name drugs. If you join a Part D plan, you will likely pay a monthly premium, plus a share of the cost for your prescriptions. Drug plans vary by types of drugs covered, how much you pay and the pharmacy network you can use.

All Part D prescription drug plans must provide at least a standard Medicare-approved level of coverage. The standard Part D prescription drug plan has four stages of coverage as shown on the next page. In each stage, you and the plan pay a different share of your prescription drug costs.

Not all Part D prescription drug plans follow this standard design. Some plans offer added drug coverage for a higher premium. There are also plans with no deductible and/or coverage gap. Companies offering prescription drug plans provide their current premium(s), deductible(s) and other cost-sharing amounts in a Summary of Benefits document.

You can enroll in a prescription drug plan when you’re first eligible for Medicare or switch to this type of plan during the Medicare annual enrollment period. For more information see the “When to enroll” section on page 8 or “When you can switch” section on page 10.

BCBSAZ’S MEDICARE SUPPLEMENT PLANS

BCBSAZ offers several Medicare supplement plans. Senior Security Plans A, C, F and N are for people throughout Arizona, and Senior Preferred Medicare Select Plans C and N are for residents of Maricopa, Pima, Apache, Cochise, Coconino, Mohave, Pinal and Santa Cruz counties.

All of the plans cover many of the costs not covered by Medicare. Most of the Senior Security plans also include coverage when you travel outside of Arizona or cover emergency care if you travel worldwide. For more information about these Medicare supplement plans, call our Medicare Solutions specialists at the number listed on page 13.
HOW STANDARD PART D DRUG COVERAGE WORKS

Monthly premium – the amount you pay for Part D drug coverage throughout the year

STAGE 1
Yearly Deductible
Depending on the plan, you may pay the standard Part D deductible, a partial or no deductible.

STAGE 2
Copay or Coinsurance
After the deductible you pay a copay or coinsurance and your plan pays its share until the combined amount reaches the dollar limit for that year. This is sometimes referred to as the Initial Coverage stage.

STAGE 3
Coverage Gap
Once your and the plan’s costs reach the dollar limit for that year, you enter the coverage gap or “donut hole.” You, the plan and drug manufacturers share the costs in this stage. What you pay (and the discount paid by the drug company) counts as out-of-pocket spending, and helps you get out of the coverage gap and to the final stage.

STAGE 4
Catastrophic Coverage
In this stage, the plan pays nearly all of the costs. If you reach this stage, you pay a small coinsurance or copayments for each covered drug until the end of the plan year. The plan pays the rest.

BCBSAZ’s Blue MedicareRx℠ (PDP)

BCBSAZ offers Blue MedicareRx, a stand-alone prescription drug plan. The two options within this plan have different formularies and different amounts you pay for prescription drugs. You can add Blue MedicareRx to Original Medicare or a Medicare supplement plan.

Although you must live in Arizona to enroll, the plan has a nationwide network of pharmacies so you can have prescriptions filled at home or on the road. For more information, please contact our Medicare Solutions specialists at the number listed on page 13.
Medicare Advantage plans

Medicare Advantage plans offer more health plan choices than Original Medicare and are also optional. With these plans you get Medicare Part A and Part B benefits and some plans may offer extra benefits. Most Medicare Advantage plans also include prescription drug coverage. Like all Medicare plans, benefits, premiums and copayments may change from year to year. The different types of Medicare Advantage plans include:

- Preferred Provider Organization (PPO),
- Health Maintenance Organization (HMO) and
- Private-Fee-For-Service (PFFS) plans.

You can enroll in a Medicare Advantage plan when you’re first eligible for Medicare or switch to this type of plan during the Medicare annual enrollment period. For more information see the “When to enroll” section on page 8 or “When you can switch” section on page 10.

BCBSAZ Advantage offers three Blue Medicare Advantage plans that combine medical and prescription drug coverage into one plan. The plans have different premiums reflecting the different amounts you pay for services such as office visits and prescription drugs. To be eligible you must live in Maricopa County, Pima County or select ZIP codes in Pinal County.

For more information about BCBSAZ Advantage plans, call our Medicare Solutions specialists at the number listed on page 13.
**ORIGINAL MEDICARE**
You can enroll in Medicare if you are a U.S. citizen or have been a legal resident for five straight years and:

- Are 65 years or older and eligible to receive Social Security, or
- Are under age 65, are permanently disabled and have received Social Security disability payments for at least twenty-four (24) months, or
- Require ongoing dialysis for end-stage renal disease (ESRD) or need a kidney transplant.

**MEDICARE PRESCRIPTION DRUG PLANS**
To enroll in a Medicare Prescription Drug Plan, you must:

- Be eligible for Medicare Part A and/or enrolled in Medicare Part B, and
- Live in the plan’s service area, and
- Continue to pay your Part B premium (and Part A if applicable, if not paid by Medicaid or another third party).

**MEDICARE ADVANTAGE PLANS**
To enroll in a Medicare Advantage plan, you must:

- Be eligible for Medicare Part A and enrolled in Part B, and
- Live in the plan’s service area, and
- Continue to pay your Part B premium (and Part A if applicable, if not paid by Medicaid or another third party).

**MEDIGAP (Medicare supplement) PLANS**
To enroll in a Medigap plan you must:

- Be eligible for Medicare Part A and enrolled in Part B, and
- Live in the plan’s service area, and
- Continue to pay your Part B premium (and Part A if applicable, if not paid by Medicaid or another third party).

Note: If you have ESRD, you may not be eligible.

**ELIGIBILITY**

**ORIGINAL MEDICARE**
You can enroll in Medicare if you are a U.S. citizen or have been a legal resident for five straight years and:

- Are 65 years or older and eligible to receive Social Security, or
- Are under age 65, are permanently disabled and have received Social Security disability payments for at least twenty-four (24) months, or
- Require ongoing dialysis for end-stage renal disease (ESRD) or need a kidney transplant.

**MEDICARE PRESCRIPTION DRUG PLANS**
To enroll in a Medicare Prescription Drug Plan, you must:

- Be eligible for Medicare Part A and/or enrolled in Medicare Part B, and
- Live in the plan’s service area, and
- Continue to pay your Part B premium (and Part A if applicable, if not paid by Medicaid or another third party).

**MEDICARE ADVANTAGE PLANS**
To enroll in a Medicare Advantage plan, you must:

- Be eligible for Medicare Part A and enrolled in Part B, and
- Live in the plan’s service area, and
- Continue to pay your Part B premium (and Part A if applicable, if not paid by Medicaid or another third party).

Note: If you have ESRD, you may not be eligible.

**MEDIGAP (Medicare supplement) PLANS**
To enroll in a Medigap plan you must:

- Be eligible for Medicare Part A and enrolled in Part B, and
- Live in the plan’s service area, and
- Continue to pay your Part B premium (and Part A if applicable, if not paid by Medicaid or another third party).

Note: If you have ESRD, you may not be eligible.
WHEN TO ENROLL

Original Medicare

You are eligible to enroll in Medicare Part A and Part B when you turn age 65, even if you are still working. If you already receive Social Security benefits, the Social Security Administration will contact you a few months before you become eligible for Medicare. If you don’t receive an enrollment notice from Social Security a few months before your 65th birthday, call them at 1-800-772-1213 (Railroad Retirees call 1-877-772-5772). TTY users should call TTY 1-800-325-0778. If you are disabled and under age 65, there is a 24-month waiting period for Medicare after you become disabled. During this time, you may qualify for Medicaid/Medical Assistance, COBRA coverage or services from state programs.

Part B Initial Enrollment Period

You can enroll in Part B during the three months before the month of your 65th birthday, the month you turn 65, and the three months after the month you turn 65. If you are disabled and under age 65, you can enroll after receiving disability benefits for 24 months.

If you don’t want to enroll in Part B during your seven-month Initial Enrollment Period, you must return your Part B notice to Social Security to decline coverage. Be aware that a 10 percent penalty will typically be added to your Part B premium for each year you delay enrolling in Part B (unless you qualify for a Special Enrollment Period such as leaving an employer plan). You will pay the penalty for as long as you have Medicare Part B.

Part B Special Enrollment Period

A Special Enrollment Period allows you to avoid the penalty for late enrollment. You may qualify for a Special Enrollment Period if:

- You or your spouse has medical coverage through a union or employer with more than 20 employees, or
- You canceled Part B coverage because you went back to work and have group medical coverage.

Note: If you want to enroll in a Medigap plan and a stand-alone prescription drug plan, you must enroll in each plan separately.

MEDIGAP (MEDICARE SUPPLEMENT) PLANS

You have a six-month Open Enrollment Period to enroll in a Medigap plan. It begins on the first day of the month you are both 65 and enrolled in Part B. If you enroll during this period, you don’t need to provide a health history to your health plan. If you delay Medigap coverage, you may need to provide your health history and could be denied coverage.
The Special Enrollment Period lasts eight months. It begins when your employer or union coverage ends or when your employment ends, whichever is first. Contact Social Security four months before you retire or when your employer or union coverage ends. Request a form that your employer will complete to begin your Special Enrollment Period and send the form with your Part B enrollment form to Social Security.

If you are age 65 and continue your employer coverage through COBRA, you should enroll in Medicare Part B. You will not get a Special Enrollment Period when COBRA ends. You must sign up for Part B during the first eight months of your COBRA coverage to avoid the late enrollment penalty.

**Part B General Enrollment Period**

If you don’t enroll in Part B during your Initial Enrollment Period, you can enroll during the General Enrollment Period from January 1 through March 31 each year. Coverage begins on July 1 of the year you enroll. You will be charged a 10 percent penalty for each year you delay enrolling in Part B. This charge may increase as Medicare premiums increase and will continue for as long as you are enrolled in Part B.

**MEDICARE ADVANTAGE AND PART D PLANS**

**Initial Enrollment Period**

If you are newly eligible for Medicare, you likely qualify for the Initial Enrollment Period. During this seven-month period you can enroll in a stand-alone prescription drug plan, a Medicare Advantage plan or a Medicare Advantage plan with prescription drug coverage. Your Initial Enrollment Period begins three months before the month of your 65th birthday, includes the month you turn 65, and ends three months after the month of your 65th birthday. If you are under age 65 with a disability, your Initial Enrollment Period begins the three months before and ends the three months after your 24th month of disability.
When You Can Switch

**Annual Enrollment Period**
People with Medicare can make plan changes between October 15 and December 7 each year. During this time you can enroll in or change stand-alone prescription drug plans and Medicare Advantage plans with and without prescription drug coverage. Plan changes begin on January 1 of the next year.

**Special Enrollment Period**
There are circumstances that may allow you to enroll in a prescription drug plan or Medicare Advantage plan after an Initial or Annual Enrollment Period has ended. You might qualify for a Special Enrollment Period if:

- You are eligible for financial help from Social Security or your state
- You move outside your plan’s service area
- Your plan’s government contract ends, or the plan goes out of business
- You lose prescription drug coverage from an employer or union, or your drug coverage is no longer as good as the standard Part D benefit

You may also qualify due to other conditions.

**MEDICARE ADVANTAGE DISENROLLMENT PERIOD**
The Medicare Advantage Disenrollment Period runs from January 1 through February 14 each year. During this time you can disenroll from a Medicare Advantage plan (with or without drug coverage) and return to Original Medicare and a stand-alone prescription drug plan.
Frequently asked questions

Q: Do I need a physical exam to qualify for Medicare?
A: No. You must be 65 or older, under age 65 with a disability, or meet other requirements as explained on page 7.

Q: Can I get Medicare even if I have a pre-existing condition?
A: Yes, you can enroll in Medicare no matter what your health status is or what pre-existing conditions you may have. If you qualify for Medicare (see page 7), you will receive the benefits. The government can’t charge you higher premiums because of past or current health conditions.

Q: Which Medicare health plan is right for me?
A: It depends on what you need from a health plan and how much you can afford to pay. Ask yourself these questions:

- If you travel often or for several months each year, will your health plan cover you in other parts of the country?
- Can you afford the plan’s monthly premium? What are the plan’s cost-sharing and out-of-pocket maximums?
- What medical services will you likely use? Will you use your health plan often, such as for frequent checkups or treatments for an ongoing condition? Or will you seldom use it, such as for an annual physical or flu shot?
- Do you want a plan with drug coverage or do you prefer a stand-alone drug plan?
- Are you OK with benefits and/or cost sharing that may change each year? Or do you want a plan with benefits that do not change from year to year?

Q: What if I don’t join a Part D prescription drug plan?
A: Generally, you will pay the lowest monthly premium if you join during your seven-month Initial Enrollment Period. If you don’t enroll and don’t already have drug coverage that is as good as the standard Part D drug plan, you may have to pay a penalty in the form of a higher monthly premium when you enroll later. The longer you wait to enroll, the greater the penalty. You must pay this higher premium as long as you have Part D drug coverage.

Q: What if I can’t afford Medicare?
A: If you have limited income and resources, you may be able to get Extra Help to pay for your Medicare Part D plan premium and costs. To learn if you qualify for Extra Help, call:

- 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048, 24 hours a day, 7 days a week;
- The Social Security Office at 1-800-772-1213 between 7 a.m. and 7 p.m., Monday through Friday. TTY users should call 1-800-325-0778; or
- Your State Medicaid office.

Q: How do I keep up with changes to Medicare as a result of the Affordable Care Act?
A: For information about Medicare benefits and services:
Call 1-800-MEDICARE (1-800-633-4227)
TTY users call 1-877-486-2048
24 hours a day, 7 days a week
medicare.gov

Q: Do Medicare rates, deductibles and cost sharing change? How will I learn about changes?
A: Medicare rates and deductibles do change. They are announced each fall for the coming year. Medicare members are notified by mail each fall.
**Glossary of Medicare terms**

**Annual Enrollment Period** – The period each fall from October 15 to December 7 when you can enroll in or switch Medicare Advantage or prescription drug plans. Changes made at this time take effect the following January 1.

**Centers for Medicare & Medicaid Services (CMS)** – The federal agency that runs Medicare. CMS also works with each state to run their Medicaid program. CMS makes sure that people in both programs have access to high-quality health care.

**Coinsurance** – The percentage of the Medicare-approved amount that you pay for a medical service. With some plans, you do not pay coinsurance until you have paid a deductible.

**Copayment (copay)** – A fixed amount you pay for each medical service, such as a doctor’s visit. For example, a copayment might be $20 for a doctor’s visit and $7 for a prescription drug you receive.

**Cost sharing** – The way Medicare and your health plan share your health care costs with you. Types of cost sharing you may pay include deductibles, coinsurance (percentage) and copayments (a set amount).

**Coverage gap** – Also called the “donut hole,” this is the stage in which you pay most of the cost for prescription drugs. The coverage gap is slowly closing and by 2020 Part D plans will cover drugs the same as in the Initial Coverage stage.

**Deductible** – A set amount of money you must pay before your plan pays. Usually you have a separate deductible for Medicare Part A, Part B and Part D. There may also be deductibles with Medicare Advantage and Medigap plans.

**Eligible care** – Medical care and services that qualify to be covered by your health plan.

**Formulary** – The list of drugs covered by a Medicare Prescription Drug Plan or Medicare Advantage Prescription Drug plan.

**Medicare Advantage** – A Medicare health plan option in which a private company manages Medicare benefits for its members. The most common types of Medicare Advantage plans are HMO, PPO and PFFS plans. Some Medicare Advantage plans may also offer Medicare prescription drug (MA-PD) benefits for their members.

**Medigap (Medicare supplement) plan** – Health insurance policies that typically have standardized benefits and are sold by private insurance companies. Medigap policies work together with your Medicare Part A and Part B coverage.

**Original Medicare** – This refers to the first two parts of Medicare. Part A offers hospital coverage and Part B covers many outpatient services.

**Out-of-pocket costs** – The amount you pay for covered drugs or medical expenses for the calendar year. This does not include the amount the plan has paid or the plan premium you pay.

**Part D (prescription drug plan)** – A Medicare Part D prescription drug plan may be either a stand-alone plan that you can enroll in if you have Original Medicare and/or a Medigap plan, or a Medicare Advantage plan that includes Part D prescription drug coverage.

**Premium** – A fixed payment usually paid each month to be in a Medicare health plan or prescription drug plan.

**Preventive care** – Care that is provided to keep you healthy or find an illness or disease early, when it can be better treated. Examples of preventive care are flu shots, mammograms and screening for diabetes.
Learn more

To get plan information or to enroll, contact:

**Medicare Solutions Specialists**

1-800-708-5315

TTY hearing impaired users call 711

8 a.m. to 8 p.m., local time
October 1 – February 14: 7 days a week
February 15 – September 30: Monday–Friday

azblue.com/medicare

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FOR OTHER HELP AND INFORMATION CONTACT:

Social Security Administration

1-800-772-1213

TTY 1-800-325-0778

7 a.m. to 7 p.m.,
Monday–Friday

ssa.gov

Medicare

Toll free

1-800-MEDICARE

(1-800-633-4227)

TTY users call:

1-877-486-2048

24 hours a day,
7 days a week

medicare.gov
Blue MedicareRx (PDP) is a Prescription Drug Plan with a Medicare contract. Enrollment in Blue MedicareRx depends on contract renewal.

Blue Cross Blue Shield of Arizona Advantage is an HMO plan with a Medicare contract. Enrollment in Blue Cross Blue Shield of Arizona Advantage depends on contract renewal.

This information is not a complete description of benefits. Contact the plan for more information. Limitations, copayments and restrictions may apply. Benefits, premiums and/or copayments/coinsurance may change on January 1 of each year.

This information is available for free in other languages. Please call our Customer Service number at 1-877-853-7693 for additional information. (TTY users should call 711.) Hours are 8 a.m. to 8 p.m., daily, local time.

Esta información está disponible de forma gratuita en otros idiomas. Para obtener información adicional, comuníquese con nuestro Servicio al Cliente al 1-877-853-7693 (los usuarios de TTY deben llamar al 711.) El horario de atención es de 8 a.m. to 8 p.m. todos los días, hora local.