UF IFAS Extension UNIVERSITY of FLORIDA

FCS2340

# Important Things to Know about Medicare: Chapter Four--Medicare Part C – Medicare Advantage[1]

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*Important Things to Know about Medicare* is a series of 10 publications that will cover the most common Medicare concerns. The series will provide general information about Medicare, including the four major plans, supplemental policies, interactions with different types of insurance, and assistance programs. This section explains Medicare Advantage Plans (Medicare Part C). Medicare Part C is an inherently different Medicare option from Medicare Part A and Part B. Medicare Advantage Plans still cover all of the services of Part A and Part B and may offer additional benefits as well.

- You must have Medicare Part A and Part B to be able to join a Medicare Advantage Plan.
- What is different about these plans is that they are offered by private insurance companies approved by Medicare.
- There are several different types of Medicare Advantage Plans, including Health Maintenance Organization (HMO) Plans, Preferred Provider Organization (PPO) Plans, Private Fee-for-Service (PFFS) Plans, Special Needs Plans (SNP), HMO Point-of-service (HMOPOS) Plans, and Medical Savings Account (MSA) Plans.
- The most common plans are described in the Centers for Medicare and Medicaid Services (CMS) Handout **Medicare Advantage Plans** (CMS 2013).
- If you prefer the HMO plans but don't like the restriction of the network, HMO Point-of-Service (HMOPOS) plans are essentially HMO plans that may allow you to get some services out-of-network at a higher copayment or coinsurance (CMS 2013).
- Another type of Medicare Advantage Plan is a Medical Savings Account (MSA). Essentially, this is a high deductible plan with a savings account. Medicare deposits money into the savings account, and you can use that account to pay for your health care needs (CMS 2013).

If you choose to get a Medicare Advantage Plan, make sure that you do your homework. Since Medicare Part C is more complex than Medicare Part A and Part B, no Medicare Advantage Plan is the same. It is important to read the fine print and understand the details of the plan, including coverage, network, and out-of-pocket costs. Also keep in mind that many Medicare Advantage HMO and PPO plans may not cover services or may have higher costs for out-of-network services, so it could be beneficial to check if your health care providers are within their network before deciding which plan to choose. Also, since Medicare Advantage Plans are offered by private companies, they can choose to make changes at any time (they must inform you of the change). If the plan chooses to leave Medicare, you will have to choose another Medicare option (CMS 2013).

To help you in this complex process, Medicare uses a rating system of 1 star to 5 stars to rate Medicare Advantage Plans. A 1-star rating is the poorest rating and a 5-star rating is considered excellent. The information used to generate these ratings comes from satisfaction surveys from members and health care providers. Keep in mind that

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these ratings may change every year. However, it is a great resource to use when considering which plan to choose (CMS 2013).

## When Coverage Begins

The earliest time you can sign up for Medicare (excluding sufferers of end-stage renal disease) is during your 7-month **initial enrollment period**, which begins 3 months before you turn 65 and ends 3 months after you turn 65. If you sign up before your 65th birthday, your coverage will usually start the first day of your birthday month. If you sign up in the 3 months after your birthday, your coverage start date may be delayed. If you become eligible for Medicare due to a disability, you can join any time from the 3 months before your 25th month of disability to the end of the 3rd month after your 25th month of disability (CMS 2013).

The **general enrollment period** occurs between January 1 and March 31 each year. If you did not sign up for Medicare when you first became eligible, you can sign up during the general enrollment period and your coverage will start the following July. If you chose not to sign up for Medicare when you first became eligible, you may be responsible for a **late enrollment penalty** (CMS 2013).

You may be exempt from the late enrolement penalty if you didn't sign up for Medicare when you originally became eligible because you were covered under your own health insurance, usually through your employer or that of a spouse or other family member. In this case, you can sign up for Medicare during an 8-month **special enrollment period**, which begins the month after your employment or your coverage ends. COBRA and retiree health plans do not qualify you for the special enrollment period, and you will still be responsible for a late enrollment penalty (CMS 2013).

If you choose a Medicare Advantage Plan during the general enrollment period but later change your mind, you have from January 1 to February 14 to change back to original Medicare (Part A and Part B) and add Medicare prescription coverage if you choose. However, after the general enrollment period is over, you cannot make changes. This means that you cannot switch from Medicare Part A and Part B to a Medicare Advantage Plan or from one Medicare Advantage plan to another; nor can you switch from one Medicare Prescription Plan to another; nor can you make any changes to a Medicare medical savings account. You may be able to make changes to your Medicare Advantage Plan (or join one) at a time outside the enrollment period if you move away from your plan's service area, if you have Medicaid, if you qualify for extra help, or if you live in an institution (CMS 2013).

To join a Medicare Advantage Plan, have your Medicare card available and call 1-800-MEDICARE or visit www.medicare.gov. You can also contact the plan directly. Keep in mind that legitimate and approved Medicare Advantage Plans cannot call you personally to enroll you (you must seek them out), ask you for personal financial information, or visit your home. If you experience any of these things, do not provide the plan representative with any personal information and call 1-800-MEDICARE to report the problem (CMS 2013).

## What It Covers

- Medicare Advantage Plans *must* cover all of the same services that are covered in Medicare Part A and Part B, except for Hospice care and some care related to clinical research studies.
- Medicare Advantage Plans offer more variety and are more diverse than the **Original Medicare** (Part A and Part B), and so some plans may offer additional coverage such as hearing, dental, and other wellness services.
- They also may have different rules about referrals for specialists and network health care providers.
- It is very important to look into a variety of different plans and carefully consider their benefits and costs. Every Medicare Advantage Plan is different, so make sure you know what you are signing up for.
- They are required to send you "Evidence of Coverage" and "Annual Notice of Change" documents each fall that will provide you with specific details about the plan and if there have been any changes (CMS 2013).
- Many Medicare Advantage Plans offer prescription coverage as well. If yours does not, you can still enroll in Medicare Part D for Prescription Coverage. However, it is important to note that if your Medicare Advantage Plan does cover prescriptions, you cannot join a Medicare Prescription Drug Plan or else you will be dis-enrolled from your Medicare Advantage Plan and returned to Original Medicare Part A and Part B (CMS 2013).

## What It Costs You

Since each Medicare Advantage Plan is different, it is impossible to calculate what your exact costs would be. Keep in mind that since you must have Medicare Part A and Part B to enroll in a Medicare Advantage Plan, you will also be responsible for those associated costs, like the premium for Part B. Remember to read the fine print

carefully and understand exactly what services will be covered and what costs you will be held responsible for. Most Medicare Advantage Plans require an annual deductible and monthly premium. In some cases, the Medicare Advantage Plan may actually pay part of your Medicare Part B premium, lowering your out-of-pocket costs. The coinsurance and copayments will vary according to the plan and should be made explicit to you. These costs may also differ if you receive services in-network or out-of-network. Each plan will have a limit for out-of-pocket annual costs that will vary as well (CMS 2013).

## How It Interacts With Other Coverage

If you have employment coverage either through yourself or through a spouse or other family member, make sure you discuss your options with that coverage provider. Some employers will automatically dis-enroll you from your existing coverage if you join a Medicare Advantage Plan. Others may not. Your decision may also affect any dependents you may have. Having multiple coverage plans can get complicated, so it is important to have these conversations with your current providers about their policies (CMS 2013).

Medicare Advantage Plans are different than Medicare Supplemental Insurance (Medigap) Policies (these are described in Section 8 of this series). If you have a Medicare Advantage Plan, you can't be sold a Medigap policy. It may also be more difficult to re-enroll in a Medigap policy than a Medicare Advantage Plan. Therefore, it is important to choose wisely and do research on both Medicare Advantage Plans and Medigap Policies to see which best fits your needs (CMS 2013).

## Reference

Centers for Medicare and Medicaid Services. 2013. *Medicare and You: The Official U.S. Government Medicare Handbook* (CMS Product No. 10050-28). Washington, DC: Government Printing Office.

Table 1. How do Medicare Advantage Plans work?

| | Health Maintenance Organization (HMO) | Preferred Provider Organization (PPO) | Private Fee-for Service (PFFS) | Special Needs Plan (SNP) |
|---|---|---|---|---|
| **Can I get my health care from any doctor, other health care provider, or hospital?** | No. You generally must get your care and services from doctors, other health care providers, or hospitals in the plan's network (except emergency care, out-of-area urgent care, or out-of-area dialysis). In some plans, you may be able to go out-of-network for certain services, usually for a higher cost. This is called an HMO with a point-of-service (POS) option. | In most cases, yes. PPOs have network doctors, other health care providers, and hospitals, but you can also use out-of-network providers for covered services, usually for a higher cost. | In some cases, yes. **You can go to any Medicare-approved doctor, other health care provider, or hospital that accepts the plan's payment terms and agrees to treat you.** Not all providers will. If you join a PFFS Plan that has a network, you can also see any of the network providers who have agreed to always treat plan members. You can also choose an out-of-network doctor, hospital, or other provider who accepts the plan's terms, but you may pay more. | You generally must get your care and services from doctors, other health care providers, or hospitals in the plan's network (except emergency care, out-of-area urgent care, or out-of-area dialysis). |
| **Are prescription drugs covered?** | In most cases, yes. Ask the plan. If you want Medicare drug coverage, you must join an HMO Plan that offers prescription drug coverage. | In most cases, yes. Ask the plan. If you want Medicare drug coverage, you must join a PPO plan that offers prescription drug coverage. | Sometimes. If your PFFS Plan doesn't offer drug coverage, you can join a Medicare Prescription Drug Plan (Part D) to get coverage. | Yes. All SNPs must provide Medicare prescription drug coverage (Part D). |
| **Do I need to choose a primary care doctor?** | In most cases, yes. | No. | No. | Generally, yes. |
| **Do I have to get a referral to see a specialist?** | In most cases, yes. Certain services, like yearly screening mammograms, don't require a referral. | In most cases, no. | No. | In most cases, yes. Certain services, like yearly screening mammograms, don't require a referral. |

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| **What else do I need to know about this type of plan?** | If your doctor or other health care provider leaves the plan, your plan will notify you. You can choose another doctor in the plan.<br><br>If you get health care outside the plan's network, you may have to pay the full cost.<br><br>It's important that you follow the plan's rules, like getting prior approval for certain services when needed. | PPO plans aren't the same as Original Medicare or Medigap.<br><br>Medicare PPO Plans usually offer extra benefits additional to those offered by Original Medicare, but you may have to pay extra for these benefits. | PFFS Plans aren't the same as Original Medicare or Medigap.<br><br>The plan decides how much you must pay for services.<br><br>Some PFFS Plans contract with a network of providers who agree to treat you even if you've never seen them before.<br><br>Out-of-network doctors, hospitals, and other providers may decide not to treat you even if you've seen them before.<br><br>For each service you get, make sure your doctors, hospitals, and other providers agree to treat you under the plan, and accept the plan's payment terms.<br><br>In an emergency, doctors, hospitals, and other providers must treat you. | A plan must limit membership to the following groups:<br>• People who live in certain institutions or who require nursing care at home<br>• People who are eligible for both Medicare and Medicaid<br>• People who have specific chronic or disabling conditions Plans may further limit membership. You can join a SNP at any time if you're eligible.<br><br>If you have Medicare and Medicaid, your plan should make sure that all of the plan doctors or other health care providers you use accept Medicaid.<br><br>If you live in an institution, make sure that plan providers serve people where you live. |

**There may be several private companies that offer different types of Medicare Advantage Plans in your area. Each plan can vary.** Read individual plan materials carefully to make sure you understand the plan's rules. You may want to contact the plan to find out if the service you need is covered and how much it costs. Visit the Medicare Plan Finder at www.medicare.gov/find-a-plan to find plans in your area. Adapted from: Centers for Medicare and Medicaid Services. 2013. *Medicare and You: The Official U.S. Government Medicare Handbook* (CMS Product No. 10050-28). Washington, DC: Government Printing Office.