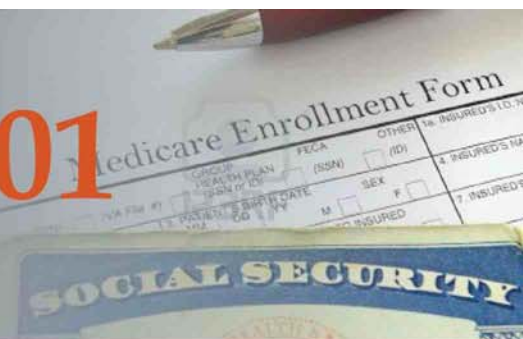




Medicare 101

Frequently Asked Questions for 2014



As Americans age, the Baby Boomer generation reaches retirement age in ever growing numbers. Of these 75 million Americans, about 3 million will hit retirement age, every year, for the next 20 years. This presents an increasing challenge as well as a huge opportunity in the Healthcare marketplace.

Who qualifies for Medicare?

You qualify at age 65 or older if...

- You are a US Citizen or permanent legal resident
- You or your spouse have worked long enough to be eligible for Social Security or Railroad Retirement benefits
- You are or your spouse is a government employee or retiree who has not paid into Social Security but has paid Medicare payroll taxes while working

You may qualify under age 65 if...

- You have been entitled to Social Security disability benefits for at least 24 months
- You have amyotrophic lateral sclerosis (Lou Gehrig's Disease)
- You receive a disability pension from the Railroad Retirement Board and meet certain conditions
- You have end stage renal disease (permanent kidney failure)

What is the difference between Medicare Part A and B?

Medicare Part A (Hospital Insurance)

Medicare Part B (Medical Insurance)

Part A covers:	Part B covers:
<ul style="list-style-type: none"> • Hospital Stays • Skilled Nursing Care • Home Health Care • Hospice Care 	<ul style="list-style-type: none"> • Doctors' Services • Outpatient Medical/Surgical Services • Diagnostic Tests • Outpatient Therapy

- Most people don't pay a monthly premium for Part A.
- Medicare Part B is Medical Insurance to cover medically necessary services like doctor visits and outpatient care.

What are the costs involved for enrolling in Medicare Part B and when can I enroll?

You can enroll in Medicare Part B when you enroll in Medicare Part A, unless you are still covered by you or your spouse's group medical plan.

There are two options for members that want to enroll for Medicare Part B benefits if you don't take advantage of signing up when you are first eligible: through 1 March 31 each year.

- The General "Open Enrollment" Period - January 1 through March 31 each year.
- A Special Enrollment Period - Extending up to eight months after your group coverage ends.

Part B Premiums may vary depending on your household income.

If your yearly income in 2012 (for what you pay in 2014) was...

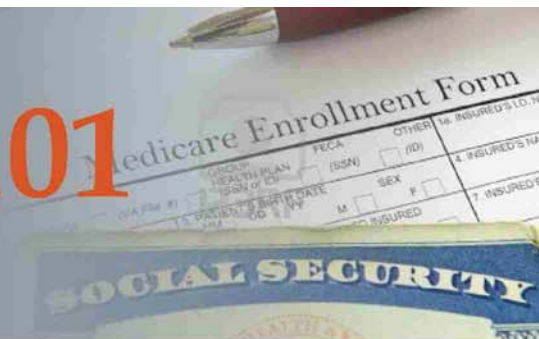
File individual tax return	File joint tax return	You Pay
\$85,000 or less	\$170,000 or less	\$104.90
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	\$146.90
above \$107,000 up to \$160,000	above \$214,000 up to \$320,000	\$209.80
above \$160,000 up to \$214,000	above \$320,000 up to \$428,000	\$272.70
above \$214,000	above \$428,000	\$335.70

NOTE: If you do not enroll for Medicare Part B when you become eligible, your premiums will increase by 10% for each full 12 months until you enroll.



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What about Medicare Part C and the differences?

Medicare Part C plans are also called Medicare Advantage Plans. These plans are offered by private insurance companies that have been approved by Medicare. If you join a Medicare Advantage plan, you will still have Medicare, but you get your Medicare coverage (both Part A - Hospital Insurance and Part B - Medical Insurance) from that insurance carrier. There are usually varying, additional premium costs involved with Medicare Advantage Plans.

What is Medigap insurance?

Medigap insurance is Medicare supplemental insurance provided by private insurance companies to help cover some of the costs not covered by Medicare (such as the 20% co-insurance).

You have a six-month open enrollment period to buy a Medigap policy. The period starts the month you turn 65 and are enrolled in Part B. You have a guaranteed right to buy any Medigap policy sold in your state regardless of your health status during that time. If purchased after the initial enrollment period, however, the insurance company can require underwriting, set waiting periods for pre-existing conditions, different terms or premiums, or may not accept your application at all.

What if I'm still working?

If you or your spouse is still working and has insurance through your employer, contact your benefits administrator to find out how your insurance works with Medicare.

What about Medicare Part D?

Medicare Part D is prescription drug coverage. There are two ways to get Medicare Part D - either through adding a Medicare Prescription Drug Plan (Part D/PDP), or getting a Medicare Advantage Plan (Part C) such as an HMO or PPO that offers Medicare prescription drug coverage included in the plan.

Note that costs will vary depending on the plan you select. There may also be additional charges based on your income. Note that when purchasing Medicare Part D, the following applies:

- Costs will vary based on plan choice
- If you do not apply for coverage when you first become eligible, there may be a penalty
- There may be an additional charge depending on your income (see below)
- You can change your plan during the Annual Coordinated Election Period (October 15 - December 7 each year)

Medicare Part D

If your filing status and yearly income in 2012 was...

File individual tax return	File joint tax return	You pay (in 2014)
\$85,000 or less	\$170,000 or less	\$85,000
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	\$12.10 + your plan premium
above \$107,000 up to \$160,000	above \$214,000 up to \$320,000	\$31.10 + your plan premium
above \$160,000 up to \$214,000	above \$320,000 up to \$428,000	\$50.20 + your plan premium
above \$214,000	above \$428,000	\$69.30 + your plan premium

What is the coverage gap and how does it apply for Medicare Part D?

Most Part D Medicare prescription programs have what is called a "donut hole," or coverage gap. This means that after total retail costs for your prescriptions reach \$2,850 (for 2014), you will be required to pay the full amount until you have paid a total of \$4,550 (for 2014). After you pay the amount in the "gap" your catastrophic coverage will kick-in and cover most of the additional prescription drug costs.

Effective in 2014, there is assistance available for individuals who reach the "donut hole." Those individuals will get a 52.5% discount on brand-name drugs and a 28% discount on generic drugs. You still receive credit for the full cost in meeting the "donut hole" exclusion amount.



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Once enrolled, what do I do if I want to change my coverage?

There are rules as to when you can make changes. There are specific times of year when you are allowed to make changes to your existing coverage. They are as follows:

- During open enrollment periods that occur every year from October 15 – December 7.
- Under certain circumstances that qualify you for a Special Enrollment Period (SEP), such as the following:
 - If you move.
 - If you become eligible for Medicaid.
 - If you qualify for extra help with Medicare prescription drug costs.
 - If you have begun receiving care in an institution, such as a skilled nursing facility or long-term care hospital.

How do I begin the enrollment process?

The Social Security Administration handles Medicare eligibility and enrollment. You can contact the Social Security Administration at 800-772-1213 to enroll in Medicare or to ask questions about whether you are eligible. You can also enroll online at www.socialsecurity.gov.

You are eligible when you turn 65. Sign up three months prior to your birthday to avoid delaying your coverage. You are still eligible to sign up the month you turn 65 and three months after that.