BlueCross BlueShield of New Mexico

The Basics of Medicare

Knowing the basics of Medicare can help you choose the right coverage. As your health care provider, we can help make your transition to Medicare easy – when you're ready. Meanwhile, here's some information that can help you prepare.

What is Medicare?

- Medicare is the government health care program designed for people aged 65 and over. For most people, retirement and Medicare go hand-in-hand. That's why, if you are planning for your retirement, you should also be making plans to switch to Medicare for your health care benefits.
- Most U.S. citizens earn the right to enroll in Medicare by working and paying their taxes for a minimum of 10 years. Under certain circumstances, people under 65 may be eligible for Medicare.

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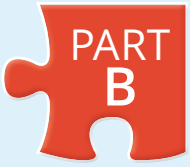
There are four parts to Medicare:

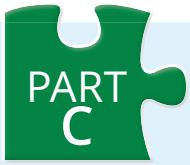
Hospital Insurance

Helps pay for inpatient hospital care, skilled nursing facility care, home health care and hospice care. While most Americans are enrolled automatically in Medicare Part A, it may not cover all of your health care costs. Parts B, C and D are voluntary programs that provide additional coverage.

Medical Insurance



Helps pay for covered doctor's services and many other medical services and supplies. If you don't enroll in Part B when you are first eligible, you may have to pay a penalty later.



Medicare Advantage Plans

Offer medical coverage through a network of providers, such as an HMO or PPO, and are alternatives to Original Medicare (Parts A & B). These plans may or may not cover prescription drugs.

Prescription Drug Coverage

Helps pay for covered prescription medications. As with Part B, if you do not enroll when first eligible, you may have to pay a penalty later.

Medicare Supplement Insurance

Optional coverage helps to pay for expenses beyond what is covered by Medicare. There are several Medicare Supplement insurance plans, each with different benefits and premiums, so you can choose the plan that works best for your specific needs. Medicare Supplement insurance plans are identified by the letters "A" through "N".[1] The basic benefits of each plan are identical for all insurance companies.

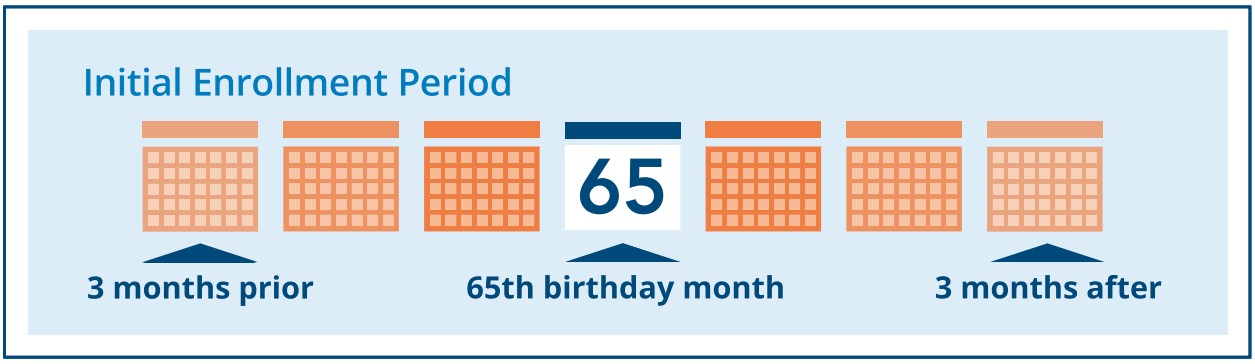
Original Medicare (Parts A & B) was not designed to cover all of your health care expenses and does not have an out-of-pocket maximum. That means there is no limit to what you may have to spend on deductibles, copays, and coinsurance. Medicare Advantage plans, prescription Drug Plans, and Medicare Supplement plans can help cover additional expenses.

Enrollment and Premiums:

If you are age 65 or older and already receiving Social Security benefits, you will be automatically enrolled in Medicare Part A. If you are turning 65, you can enroll in Part A even if you keep working. Most people do not pay a premium for Part A. You should plan to enroll in Part B when you retire. Before you do, find out if your workplace offers a Medicare plan for retirees.If you plan to retire at age 65, you can enroll in both Part A and Part B during your Individual Enrollment Period (IEP). If you retire after age 65, you will have eight months to enroll from the time any active employer group health plan coverage ends. Most people pay a monthly premium for Medicare Part B. This is usually deducted from your Social Security benefit and is adjusted annually. Please note that signing up for Part A and/or Part B means you can no longer add funds to a health savings account.

Your Initial Enrollment Period:

The Initial Enrollment Period is only for those turning 65 and reaching Medicare eligibility for the first time — not for those who are switching Medicare plans. It is a seven-month period — the three months before your birthday month, your birthday month, and the three months after your birthday month.



Planning Ahead for Retirement and Medicare:

- **Talk to your employer or benefits administrator** about your Group Medicare plan.
- **Sign up for Medicare Parts A & B before your current coverage ends.** Do this at least a month in advance so that you don't have a gap in coverage.
- **Stop contributing to your Health Savings Account (HSA).** To avoid a tax penalty, you and your employer should stop making contributions 6 months before you retire.

"Get Ready for Medicare" Packet

This welcome package is the first mail you will receive from Medicare. It includes a letter, booklet, and Medicare card. The booklet explains important decisions you need to make before your Medicare Part A (Hospital Insurance) and Medicare Part B (Medical Insurance) coverage starts.

The packet is sent to those people who are automatically enrolled in Medicare because they are getting Social Security benefits.

You can enroll online at www.ssa.gov even if you're not ready to retire. You can enroll by phone at **1-800-772-1213 (TTY 1-800-325-0778)**, Monday through Friday, 7:00 a.m. – 7:00 p.m. local time. You can also enroll in person at any Social Security office. Call the same number above toschedule an appointment.

Questions about Medicare?

Visit **www.medicare.gov** for more information.