BlueCross BlueShield of Texas

Ease into Medicare℠

Exploring Group Retiree Medicare Plans

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Getting ready for Medicare

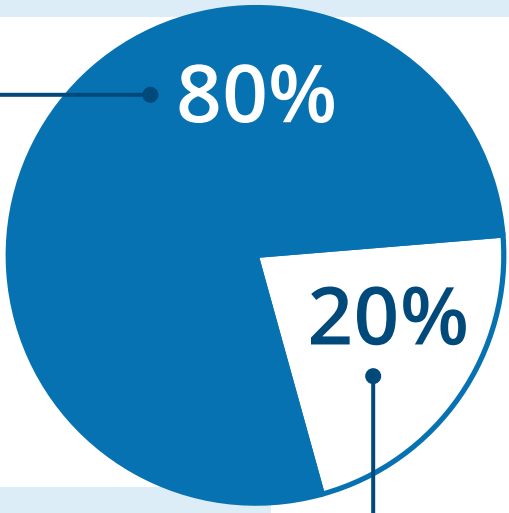
Understanding the basics of Medicare can empower you to make the right health care decisions in your retirement. Your benefit administrator may offer you several Medicare plan options, or a single plan. This booklet from Blue Cross and Blue Shield of Texas explains how Medicare works, what it covers, your costs and more to help you get ready to select the Medicare plan that fits your needs.

Introduction to Medicare

What is Medicare?

Medicare is a federal government health insurance program for people ages 65 and over. There are four parts, each providing coverage for the different types of health care services you may need. Medicare Part A and Medicare Part B are known as Original Medicare, which was designed to cover about 80% of your hospital and medical costs. You may be responsible for paying the other 20%.*

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



You MAY BE responsible for the other 20%.

* Source: Medicare 2025 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 who manage your coverage. These plans may offer benefits beyond Original Medicare and may or may not cover prescription drugs. The plans 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.

The Inflation Reduction Act (IRA) of 2022 is a federal law that has enhanced Part D coverage. It reduces the cost of covered insulin products to $35 for a one-month supply and allows Part D vaccines to be available at no cost to you. You don't need to meet any required deductible for these items.

This law sets a limit on the out-of-pocket costs you will pay for Part D drugs. This limit will be adjusted based on inflation ever year. You will pay $0 for Part D drugs after you reach the limit.

The Medicare Prescription Payment Plan is also included in the IRA. It is a payment option that helps you manage your budget when it comes to out-of-pocket drug costs. It spreads costs across monthly payments throughout the plan year, instead of you paying all at once at the pharmacy. This payment option might help you manage your expenses, but it doesn't save you money or lower your drug costs. Anyone with Part D coverage can participate in this voluntary program.

Group Retiree Supplemental Medical Plan[†‡]

A group retiree supplemental medical plan can fill the gaps in Original Medicare. It helps to cover out-of-pocket costs such as copays, coinsurance and deductibles. You can usually see any provider that accepts Medicare. Many benefit administrators pair a supplemental medical plan with a Part D plan as part of their retiree coverage. You must have Medicare Part A and Medicare Part B to be eligible for a group retiree supplemental medical plan.

You cannot have a Medicare Advantage plan and a group 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.

A group retiree Medicare plan can offer generous benefits that support your care and increase your quality of life.

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

You will be enrolled automatically in Original Medicare Parts A and B if you are receiving Social Security benefits at least four months before you turn 65. Your coverage will start the first day of the month you turn 65. If your birthday is on the first day of the month, your coverage will start on the first day of the prior month.

Medicare will send you a welcome package three months before your Medicare coverage starts. It will have a letter, booklet and your Medicare card. The booklet covers the important decisions you need to make before your Medicare Part A and Medicare Part B coverage begins.

If you are not automatically enrolled in Original Medicare Parts A and B, you will need to enroll at your local Social Security office or online at **www.ssa.gov**. You can enroll during your **Initial Enrollment Period (IEP) that starts three months before the month of your 65th birthday and runs through three months after you turn age 65**. Your coverage usually begins on the first day of the month after you sign up.

If you plan to retire at age 65, we recommend you enroll in Original Medicare three months before the month of your 65th birthday to avoid a gap in coverage.

If you plan to work past age 65, you have the option to enroll in Part A during your IEP. 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 A (if you didn't enroll during your IEP), Part B and make other important choices. Contact Social Security before your workplace benefits end, so you don't have a gap in coverage.

Medicare will send you a welcome package that has a letter, booklet and your Medicare card about two weeks after signing up for Medicare or Social Security benefits. The booklet covers important decisions you should make now that you have Medicare.

Part C, Part D and Supplemental Medical Insurance

Your benefit administrator may offer one or more group retiree Medicare plans (Part C Medicare Advantage plans and Part D Prescription Drug plans) and/or group retiree supplemental medical plans. If you plan to retire at age 65, you will select your plan(s) around the same time you enroll in Medicare Parts A and B. If you delay retirement, you'll enroll in Medicare Part A (if you didn't enroll during your IEP), Medicare Part B and your plan(s) when you retire.

If you have multiple group retiree plan options, you can change plans during the **Annual Open Enrollment Period**. Your benefit administrator sets the dates for this period.

If you decide NOT to enroll in your group retiree Medicare plan(s) 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 group retiree Medicare plan may include a subsidy from your benefit administrator 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.

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

Compare group retiree Medicare to your workplace plan.

What is different?

Your workplace plan probably includes an out-of-pocket limit, so you know the maximum 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 group retiree plan is designed to fill the gaps left by Original Medicare.

- As an active employee, your dependent family members were probably covered by your workplace plan. Group retiree 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, group retiree Medicare plans may, and offer additional benefit options as well.
- Workplace health insurance is usually comprehensive, covering medical care and prescription drugs. Some benefit administrators 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?

Drug Coverage

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 group retiree Medicare options with your doctor to see if the drugs you take now are included.

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.

Prior Authorization, Step Therapy and Quantity Limits

Before you can be covered for some medications or services, 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 to out-of-network providers 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 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.

While Open Access PPO and supplemental medical plans let you get care from any provider who accepts Medicare, we encourage you to choose in-network providers, all of whom have met our strict professional standards. If you need help finding a provider, the plan can help.

Annual Notice of Change

If you have a Medicare Advantage or a Part D prescription drug 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.

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 benefit administrators 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 to what may be a higher premium for a supplemental medical plan
- Are interested in additional benefits like dental, vision or hearing services, if available in your plan options
- 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 group retiree 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 Texas
Learn more about group retiree Medicare plan options.
www.bcbstx.com/medicare/group-retiree-medicare

Group Non-Discrimination Notice and Language Assistance Services:
www.bcbstx.com/group-mapd-ndn

BlueStages Plan Notice:
BlueStages, a group retiree supplemental medical plan, is offered by Blue Cross and Blue Shield of Texas, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company, an Independent Licensee of the Blue Cross and Blue Shield Association. Not connected with or endorsed by the U.S. Government or Federal Medicare Program.

Prescription Drug Plan Notice:
Prescription drug plans provided by Blue Cross and Blue Shield of Texas, which refers to Health Care Service Corporation, a Mutual Legal Reserve Company (HCSC), an Independent Licensee of the Blue Cross and Blue Shield Association. A Medicare-approved Part D sponsor. Enrollment in HCSC's plans depends on contract renewal.

Medicare Advantage Plan Notice:
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