

## Understanding Medicare Options (Updated July 2024)

Older adults have options when it comes to picking a Medicare health plan. Traditional Medicare (or Medicare Fee-For-Service) is offered directly through the federal government. Private health insurance companies offer Medicare Advantage plans and are reimbursed by the federal government for the Medicare services they provide. Medicare Advantage plans offer value in two key ways: 1) some may offer extra benefits (e.g., dental, transportation) that traditional Medicare doesn't cover, and 2) they have a cap on out-of-pocket spending which can offer protection on expensive care.

### Two Options To Choose From:

#### Traditional Medicare (Fee-For-Service)

- Administered directly through the federal government
- Includes hospital (Part A) and medical/physician coverage (Part B)
- Beneficiaries pay Medicare premiums, deductibles, and coinsurances
- Beneficiaries can go to any doctor who accepts Medicare
- No referrals or no prior authorization required
- Medigap plans used for supplemental coverage
- Prescription Drug Plans (Part D) are sold separately

#### Medicare Advantage Plans

- Sold by private insurance companies that provide Medicare benefits
- Includes same Part A and Part B benefits as traditional Medicare
- Can also include extra benefits (e.g., dental)
- Beneficiaries pay Medicare premiums, plan's premium (if additional), and plan's deductibles/copays
- Usually required to use doctors within a plan's network
- Cannot buy Medigap to help pay out-of-pocket costs
- Most MA plans (MA-PD) plans include drug coverage

### Example Out of Pocket Costs:

#### Traditional Medicare (Fee-For-Service)

- Part A deductible: \$1,632
- Part B annual deductible: \$174.70
- Monthly Part B premium (**optional, varies by income**)
- Monthly insurance premium for Prescription Drugs (Part D) (**optional, varies by income and plan selection**)
- Supplemental insurance premium (**optional, covers out of pocket costs, varies by plan selection**)

#### Medicare Advantage

- Monthly Part B premium
- Monthly health plan premium: **varies by plan\***
- Deductibles and cost-sharing: **varies by plan\***

\*Plans work to reduce these amounts to attract enrollees