Choosing Healthcare Coverage at Retirement

An introduction to Medicare and the different ways to supplement Medicare coverage in retirement

PLEASE NOTE:
While this publication has been updated with 2020 rates for Medicare Supplement from the Board of Pensions, it does NOT reflect 2020 costs for Medicare coverage.

When Medicare costs for 2020 coverage are announced, an updated version of this publication will be available.
## Contents

1. **Introduction**  
   - What happens to my healthcare coverage when I retire  
   - Why should I read this?  
   1

2. **Medicare in Brief**  
   - What is Medicare?  
   - Choice 1: Original Medicare  
   - Choice 2: Medicare Advantage  
   - Your Medicare choices  
   - How is Medicare financed?  
   3

3. **Original Medicare**  
   - Am I eligible?  
   - How do I enroll?  
   - What do I pay?  
   - What’s covered?  
   - What’s not covered?  
   - How are claims paid?  
   8

4. **Medicare Advantage Plans**  
   - Am I eligible?  
   - How do I enroll?  
   - What do I pay?  
   - What’s covered, and what’s not?  
   - What types of plans are offered?  
   - How to find and compare plans  
   14

5. **Prescription Drug Coverage**  
   - Am I eligible?  
   - How do I enroll?  
   - What do I pay?  
   - What’s covered, and what’s not?  
   - How to find and compare plans  
   17

6. **Medigap Plans**  
   - Am I eligible?  
   - How do I enroll?  
   - What do I pay?  
   - What’s covered?  
   - What’s not covered?  
   - How to find and compare plans  
   23

7. **Medicare Supplement**  
   - Am I eligible?  
   - How do I enroll?  
   - What do I pay?  
   - What’s covered, and what’s not?  
   - Comparing Medicare Supplement to Medigap and Part D plans  
   26

8. **Deciding on Your Retirement Coverage**  
   - Key considerations  
   - Refining your list  
   - Making your choice  
   31

### Key Resources

Published by the Board of Pensions for the retiring/retired members of the Benefits Plan of the Presbyterian Church (U.S.A.), this booklet is intended to provide a general overview of Medicare and certain healthcare coverage options available during retirement. It may not provide all of the information you need to make a decision about your healthcare coverage. The information provided in this booklet is subject to change.

For more information about healthcare coverage in retirement, contact your personal financial adviser. For more information about Medicare, visit Medicare’s website, medicare.gov, or call Medicare at 800-633-4227 (800-Medicare).
1. Introduction

“Medicare Part A” … “Medigap” … “secondary coverage”…
The healthcare system can be challenging enough to navigate without having to learn a special language, too. The Board of Pensions is here to help you understand your healthcare coverage options when you retire at age 65 or older. We are here to help you make the choices that are right for you and your circumstances now, and to help you understand that you may need to revisit these decisions in the years ahead.

What happens to my healthcare coverage when I retire?

Your healthcare coverage under the Medical Plan of the Presbyterian Church (U.S.A.) ends when you retire.

If age 65 or older

You can enroll for Medicare, a federal health insurance program for people ages 65 and older, and for people younger than age 65 who have certain disabilities.

Medicare provides the foundation for your healthcare coverage in retirement. But it may not provide the full extent of coverage that you need. For that reason, a number of supplemental policies are available on a subscription basis, which means you pay the cost. Medicare Supplement is one such program.

If younger than age 65

You may be eligible for medical continuation coverage or other qualified healthcare coverage. You can find information about medical continuation coverage on pensions.org.
Why should I read this? If the Board offers coverage, that’s all I need to know …

The Board is providing this booklet because healthcare coverage is not one size fits all. Your personal circumstances should drive your decision, as some plans may be more appropriate for certain circumstances than others.

To ensure that you are appropriately covered at a cost you can afford, you need to understand Medicare — what it provides, what it doesn’t, and how other coverage can complement it. Otherwise, you may pay more than is necessary for your needs or expose yourself to a risky gap in coverage.

This booklet offers a high-level look at what Medicare provides, where the gaps are, and the types of plans available to fill those gaps. The Board is pleased to offer this booklet and other helpful resources to assist you in preparing for retirement. But in the end, only you can decide which coverage is best for you.
2. Medicare in Brief

Making the transition from employer-based coverage to the federally funded Medicare Program can be a challenge. That’s because, in general, your coverage under the Medical Plan of the Presbyterian Church (U.S.A.) while you are working is more comprehensive than your coverage under Medicare during retirement. What’s more, you must pay for your healthcare coverage throughout your retirement.

You’ll want to consider how you will cover the cost of any care you may need that exceeds the limits of your Medicare coverage. To do that, you need a good understanding of the Medicare Program.

What is Medicare?

Medicare is a federally funded system of health insurance established in 1965. It assists people in paying their medical costs at ages 65 and older, or before age 65 if they have certain disabilities.

There are two ways to get your Medicare coverage:

- through providers you choose (Original Medicare)
- using a managed care plan (Medicare Advantage)

As a member of the Medical Plan of the Presbyterian Church (U.S.A.), you already are familiar with the first way, in which providers, such as doctors, hospitals, and labs, bill fees for the services they provide. Most plans, including your coverage under the Medical Plan while you are working, cap, or limit, the amounts paid to participating providers. That’s also how Original Medicare works. Less familiar but no less effective is the second way, in which care is managed by a private insurer. With a managed care plan, such as an HMO, additional services typically are covered in exchange for certain restrictions on where you can go for care. That’s how Medicare Advantage plans work.

You will need to choose which of the two ways works best for you.
Choice 1: Original Medicare

Original Medicare is a fee-for-service type of coverage provided by the government for many healthcare services and supplies. It consists of two parts: Part A, hospital insurance, and Part B, medical insurance. With Original Medicare, you also can add Part D coverage, an outpatient prescription drug plan.

Part A
Part A helps pay:
- the costs of a stay in the hospital
- some follow-up costs after hospitalization
- skilled nursing facility, hospice, and home healthcare expenses

Most people ages 65 and older do not pay a premium for this coverage, as they and their employers paid Medicare taxes throughout their working years to fund this coverage. Most U.S. hospitals accept Medicare Part A coverage, so access to hospital care generally is not an issue.

Part B
Part B pays:
- some of the cost of doctors’ services and outpatient medical care
- some preventive care services

You pay a monthly premium for this optional coverage. Most physicians accept Medicare Part B coverage, so access to physician care generally is not an issue.

More information about Part A and Part B can be found in Chapter 3, Original Medicare.

Part D
Part D, added to Medicare in 2006, pays:
- some of the cost of outpatient prescription drugs

You pay a separate monthly premium for this optional coverage. Part D plans are managed by private health insurers, and not all cover the same drugs.

More information about Part D coverage can be found in Chapter 5, Prescription Drug Coverage.
Choice 2: Medicare Advantage

Also known as Part C plans, Medicare Advantage plans offer an alternative to Original Medicare. They typically provide all-in-one coverage for hospitalization and physician services, and are offered by private companies approved by Medicare.

A Medicare Advantage plan must provide:

- Part A benefits
- Part B benefits

It also may include:

- Part D coverage
- additional benefits, such as vision, hearing, dental, and/or health and wellness programs

When you choose to get your Medicare coverage through one of these plans, you typically pay two premiums for covered services: a monthly premium and a Part B premium.

Various Medicare Advantage plans provide your Medicare coverage by different means. Some are set up as HMOs, others as PPOs, and still others as private fee-for-service plans. This means they have different rules for how you get services (referral requirements differ, for example), and require you to use specific provider networks. They also can charge you different out-of-pocket amounts as well as different premiums. Generally, you must live in a Medicare Advantage plan’s service area in order to join it.

More information about Medicare Advantage plans can be found in Chapter 4, Medicare Advantage Plans.

**This guide gives** you a good foundation for researching Medicare coverage, but it can’t help you pick specific plans. You’ll need to compare your healthcare and budget needs with what the individual plans have to offer.

---

**HMOs** – health maintenance organizations; a type of managed care organization in which the affiliated doctors and hospitals have agreed to treat patients in accordance with the HMO’s guidelines for a set reimbursement amount.

**PPOs** – combinations of hospitals and physicians that agree to render particular services to a group of people, typically under contract with a private insurer; also healthcare delivery systems that contract with providers to provide services at discounted fees to members.

**Fee-for-service plans** – health insurance plans in which you are not limited to specific doctors and hospitals, and insurance pays according to a schedule for the services performed.
Your Medicare Choices

First decide whether you want to get your Medicare the traditional way, through Original Medicare or from a private company through Medicare Advantage. In subsequent steps, you decide whether to supplement your basic Medicare benefits with additional “parts” of Medicare, as needed.

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Decide if you want Original Medicare or a Medicare Advantage plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Original Medicare</strong></td>
<td><strong>Medicare Advantage plan</strong></td>
</tr>
<tr>
<td>Part A, hospital insurance</td>
<td>Part C (includes Part A and Part B), but like an HMO or PPO:</td>
</tr>
<tr>
<td>Part B, medical insurance</td>
<td>• may include prescription drug coverage, depending on plan</td>
</tr>
<tr>
<td>Part D, prescription drug coverage</td>
<td>• may include supplemental benefits, depending on plan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 2</th>
<th>Decide if you need to add prescription drug coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part D, prescription drug coverage</td>
<td>(if not included in your Part C plan)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 3</th>
<th>Decide if you want Medigap or Medicare Supplement coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medigap coverage</td>
<td>Medicare Supplement offered by the Board (includes Part D prescription drug coverage)</td>
</tr>
</tbody>
</table>
How is Medicare financed?

In most cases, your healthcare coverage is funded largely by your church or other employing organization while you work. In retirement, your healthcare coverage is financed by the government (through Medicare) and you.

Medicare funding comes from three sources:

- payroll tax contributions (from current workers and employers)
- general revenues (drawn mostly from federal income taxes)
- the premiums you pay

Most of the funding comes from the first two. As a result, the expense of purchasing healthcare coverage in retirement may be more affordable than you think.

**Note:** Help is available for those who cannot afford the premiums for Part B and Part D coverage. If you have limited income and resources, you can get more information from Social Security or your state Medicaid office.

The following chapters provide an overview of each of the “parts” of Medicare, as well as Medicare Supplement offered by the Board of Pensions.
3. Original Medicare

Signed into law by President Lyndon B. Johnson in 1965, the Social Security Act — the original Medicare act — gave seniors access to basic health and hospital benefits, regardless of health status, financial means, or advanced age. It has provided millions of Americans with a source of healthcare coverage during their retirement years, and still does today.

This chapter looks at key factors to consider when deciding which Medicare coverage is right for you: eligibility, enrollment, cost, benefits, and claims payments.

Am I eligible?

**Part A**
- Almost anyone age 65 or older is eligible for Part A benefits under Original Medicare.

**Part B**
- If you are age 65 or older and have been a legal U.S. resident for at least five consecutive years, you are eligible to enroll in Medicare Part B medical insurance.
How do I enroll?

Part A

If you will be getting benefits from Social Security, you are automatically enrolled in Part A starting the first day of the month you turn 65. You will get your Medicare card in the mail three months before your 65th birthday.

If your card does not arrive in the mail three months before your 65th birthday, immediately contact Social Security. This will allow them time to enroll you so that coverage will be in place when you turn 65.

If you will not be getting benefits from Social Security (for instance, because you are still working), you still should enroll in Part A. Contact Social Security three months before your 65th birthday to sign up. This will allow them time to enroll you so that coverage will be in place when you turn 65.

Part B

If you will be getting benefits from Social Security, in most cases you will also automatically be enrolled in Part B starting the first day of the month you turn 65. You will be responsible for paying a monthly premium for this coverage. If you don’t want Part B coverage, you must let Social Security know before the effective date on the front of your Medicare card.

If you decide to keep Part B coverage, the monthly premium will automatically be deducted from your Social Security benefit payment. If you don’t get a Social Security benefit payment, Medicare will bill you directly.

If you will not be getting benefits from Social Security because you are still working, you’ll likely want to defer enrollment in Part B until you retire. You can do this without penalty if you have medical coverage through your employer.

Proof of coverage

Show your Medicare card to your hospital or medical care provider whenever you seek services. Note that the effective dates of both your Part A coverage and your Part B coverage, if you enroll, are listed on the front of your card.
What do I pay?

Part A
You usually don’t pay a monthly premium for Part A coverage if you or your spouse paid Medicare taxes while working. If you aren’t eligible for Part A without charge, you may be able to buy it.

When you receive a Part A service, you must pay an initial amount — a hospital insurance deductible — before Medicare will pay its portion. Copayments and coinsurance also may apply.

Part B
You pay the monthly premium, which depends on your yearly income and when you sign up for Part B. The premium amounts usually change each year.

Deductibles, copayments, and coinsurance may apply for any Part B service.

If you did not pay into Social Security during your years of employment and you do not qualify through your spouse, Medicare coverage is still available to you, but at a significantly higher rate. Contact Social Security for more information.
What’s covered?

Medicare covers the following services, subject to a deductible, copayments, and coinsurance. Services must be medically necessary. Additional rules and limits may apply, depending on the type of service and facility. For details, refer to the Medicare & You handbook, which is mailed annually to Medicare-eligible individuals, and is available on medicare.gov.

Here’s a brief look at services that are generally covered by Medicare Part A and Part B.

<table>
<thead>
<tr>
<th>Part A covers:</th>
<th>Part B covers:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>hospital stays</strong>: semi-private</td>
<td><strong>medical and other services</strong>: doctors’ services,</td>
</tr>
<tr>
<td>room, meals, general nursing, drugs,</td>
<td>outpatient medical and surgical services and</td>
</tr>
<tr>
<td>and other hospital services and</td>
<td>supplies, diagnostic tests,</td>
</tr>
<tr>
<td>supplies; includes care in inpatient</td>
<td>durable medical equipment, and more</td>
</tr>
<tr>
<td>rehabilitation facilities</td>
<td><strong>laboratory services</strong>: blood tests,</td>
</tr>
<tr>
<td></td>
<td>urinalysis, and some screening tests</td>
</tr>
<tr>
<td><strong>skilled nursing facility care</strong>:</td>
<td><strong>home healthcare services</strong>: can include</td>
</tr>
<tr>
<td>semi-private room, meals, skilled nursing</td>
<td>part-time or intermittent skilled nursing care,</td>
</tr>
<tr>
<td>and rehabilitation services, and</td>
<td>and physical therapy, speech-language pathology</td>
</tr>
<tr>
<td>other services and supplies</td>
<td>services, and occupational therapy</td>
</tr>
<tr>
<td><strong>home healthcare services</strong>:</td>
<td><strong>outpatient hospital services</strong>: hospital</td>
</tr>
<tr>
<td>can include part-time or intermittent</td>
<td>services and supplies you get as an outpatient as</td>
</tr>
<tr>
<td>skilled nursing care, and physical</td>
<td>part of a doctor’s care</td>
</tr>
<tr>
<td>therapy, speech-language pathology</td>
<td><strong>Many preventive care services</strong>: includes annual</td>
</tr>
<tr>
<td>services, and occupational therapy</td>
<td>well visits, mammograms, Pap tests, prostate</td>
</tr>
<tr>
<td></td>
<td>cancer screenings, bone density tests, annual flu</td>
</tr>
<tr>
<td><strong>hospice care</strong>: includes drugs and</td>
<td>shots, and more</td>
</tr>
<tr>
<td>medical and support services from a</td>
<td></td>
</tr>
<tr>
<td>Medicare-approved hospice</td>
<td></td>
</tr>
</tbody>
</table>

What’s not covered?

Medicare pays only a portion of Part A and Part B services; it does not cover the services or items in the following chart. Additional rules and limits may apply, depending on the type of service and facility. For details, refer to the Medicare & You handbook at medicare.gov.
Here’s a partial list of what’s **not** covered for 2019. These are some of the key gaps for which you may want supplemental coverage; visit medicare.gov for more information. **NOTE:** All dollar amounts shown are based on 2019 coverage. This information will be updated when Medicare costs for 2020 are announced.

<table>
<thead>
<tr>
<th>Part A does not cover:</th>
<th>Part B does not cover:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>During a hospital stay:</strong></td>
<td></td>
</tr>
<tr>
<td>• the deductible for days 1–60 of a hospital stay for each <strong>benefit period</strong> ($1,364 for 2019)</td>
<td>• the annual deductible ($185 for 2019)</td>
</tr>
<tr>
<td>• the coinsurance amount for days 61–90 of a hospital stay ($341 per day for 2019)</td>
<td>• 20% of the Medicare-approved amount for most doctor services</td>
</tr>
<tr>
<td>• the coinsurance amount for days 91–150 of a hospital stay ($682 per day for 2019)</td>
<td>• 15% above the Medicare-approved amount if provider is not a Medicare participating provider (Note: You cannot be billed more than this.)</td>
</tr>
<tr>
<td>• any cost for each day beyond 150 of a hospital stay</td>
<td>• 20% of the Medicare-approved amount for outpatient hospital services</td>
</tr>
<tr>
<td>• medical expenses incurred while traveling outside the United States</td>
<td>• 35% of the Medicare-approved amount for most outpatient mental healthcare</td>
</tr>
<tr>
<td><strong>During a stay in a skilled nursing facility:</strong></td>
<td>• some routine examinations and testing</td>
</tr>
<tr>
<td>• the coinsurance amount for days 21–100 for each benefit period ($170.50 per day for 2019)</td>
<td>• prescription drugs</td>
</tr>
<tr>
<td>• any cost for each day beyond 100 in a benefit period</td>
<td>• dental care</td>
</tr>
<tr>
<td>• custodial care</td>
<td>• routine hearing exams</td>
</tr>
<tr>
<td><strong>For home healthcare:</strong></td>
<td>• glasses, hearing aids, or dentures</td>
</tr>
<tr>
<td>• 20% of the approved cost of durable medical equipment or approved non-skilled care</td>
<td>• routine foot care (unless you have diabetes-related nerve damage and/or meet certain conditions)</td>
</tr>
<tr>
<td>• Any cost for nonmedical personal care services</td>
<td>• acupuncture</td>
</tr>
<tr>
<td><strong>Other:</strong></td>
<td>• most chiropractic services</td>
</tr>
<tr>
<td>• Long-term nursing home care</td>
<td>• treatment that is not considered medically necessary</td>
</tr>
<tr>
<td><strong>Important!</strong> Unlike your coverage under the Medical Plan of the PC(USA) while you were actively working, Original Medicare does not cap your out-of-pocket costs. This means there is no limit to, or ceiling on, your costs in the event of catastrophic illness unless you are protected by supplemental health insurance.</td>
<td>• eye exams related to prescribing glasses</td>
</tr>
<tr>
<td></td>
<td>• concierge care</td>
</tr>
</tbody>
</table>
How are claims paid?

Although many do, not every physician or supplier of healthcare equipment agrees to Medicare’s rates, which affects how claims are paid. Some always do, others sometimes do, and still others never do. Make sure you know whether your doctor or supplier is enrolled in the Medicare Program and always accepts Medicare’s reimbursement, called assignment, at Medicare-approved rates, plus any applicable deductible or coinsurance, as payment in full. If so, that doctor or supplier is a participating provider. You’ll have the lowest out-of-pocket costs with a Medicare participating provider, and the doctor’s office will bill Medicare directly.

Non-participating physicians may choose to accept assignment on a case-by-case basis. Regardless of whether your doctor accepts assignment in your case, the doctor’s office still sends the claim to Medicare for you, and Medicare reimburses you for Medicare-approved charges. If your doctor does not accept assignment, you may have to pay an amount exceeding what Medicare allows for the service — up to 15 percent more.

Some physicians don’t participate in Medicare at all except to provide emergency care. These are called private contract doctors. Medicare will not pay the doctor, or you, for the services you receive, and there’s no limit to the amount the doctor may charge.

Similarly, some healthcare equipment suppliers do not participate in the Medicare Program. If you rent equipment from a supplier who is not enrolled, Medicare will not pay; you will be responsible for paying the entire bill for any equipment or supplies from this provider. If you have Original Medicare, be sure to ask your healthcare provider and/or supplier if they participate in the Medicare Program.

Keeping track of your claims

With Original Medicare, you’ll receive a Medicare Summary Notice (MSN), similar to Highmark’s Explanation of Benefits. Your MSN shows which services and supplies were billed to Medicare during the previous three months, what Medicare paid, and what you may owe the providers.

If you already know you are choosing Original Medicare for your Medicare coverage, skip to Chapter 5, Prescription Drug Coverage.
4. Medicare Advantage Plans

*Medicare Advantage plans were created to give you greater choice in your healthcare coverage at retirement. Offered by private companies approved by and under contract with Medicare, each must provide the same benefits as Original Medicare, but various plans can deliver those benefits by different means. Typically, Medicare Advantage plans also include additional coverage, such as prescription drug, vision, and even dental benefits. If you choose one of these plans, the company offering the plan takes responsibility for managing all aspects of your healthcare, including claims and billing. This can mean a lot less paperwork for you. Keep in mind, though, that the quality and scope of these plans can vary widely. It’s important to thoroughly research the plans available in your area so that you can choose the plan that meets your specific needs.*

**Am I eligible?**

Medicare Advantage plans must follow rules set by Medicare.

- If you are eligible for Part A and Part B coverage, you are eligible for a Medicare Advantage plan.
- You must live in the service area of the plan you select.

**How do I enroll?**

If you choose to join a Medicare Advantage plan, you enroll yourself anytime during your initial eligibility for Medicare. This is the seven-month period that begins three months before you turn 65, includes the month of your birthday, and ends three months after you turn 65. Depending on the plan, you may be able to join by completing a paper application, calling the plan, or enrolling through the plan’s website.

Generally, you must stay enrolled for the calendar year, with one exception: You can switch to a 5-Star Medicare Advantage Plan from December 8, 2019-November 30, 2020. You can only use this 5-star special enrollment period once during this timeframe. (A 5-Star Plan is one that Medicare has awarded with its highest rating.) For information, visit medicare.gov.
Your coverage renews automatically from year to year, provided you pay the premium and the plan is still available in your service area.

**What do I pay?**

Every month, Medicare pays a fixed amount for your care to the company offering the Medicare Advantage plan you choose. In addition, you may pay a **monthly premium** for the plan and your **Part B premium**.

Costs for items and services vary by plan, although many Medicare Advantage plans cap your out-of-pocket costs.

**What’s covered, and what’s not?**

Medicare Advantage plans cover all of the services that Original Medicare covers, except hospice care. (Original Medicare covers hospice care even if you’re in a Medicare Advantage plan.) See Chapter 3, Original Medicare, to review the basic benefits covered by and excluded from any Medicare Advantage plan.

Most Medicare Advantage plans offer some extra coverage, such as vision, hearing, or dental benefits, and many offer prescription drug coverage. If your plan does not offer prescription drug coverage, you can join a Part D plan to add such coverage.

**Note:** You don’t need and can’t use a Medigap policy with the Medicare Advantage plan. (See Chapter 6, Medigap Plans.)

**What types of plans are offered?**

Different types of Medicare Advantage plans include:

- Health Maintenance Organization (HMO) plans;
- Preferred Provider Organization (PPO) plans;
- Private Fee-for-Service (PFFS) plans; and
- HMO Point of Service (HMOPOS) plans.

Not every type of Medicare Advantage plan is available in all regions of the country. For more information, see the Medicare & You handbook, available on medicare.gov.
How to find and compare plans

It’s important to take the time to understand differences between individual plans. To find and compare Medicare Advantage plans in your area, go to medicare.gov and click on Find health & drug plans. Then use Medicare’s Plan Finder. This tool will allow you to see how plans in your area compare to each other, so that you can gather preliminary information before contacting certain plans. It also provides phone numbers for each plan.

Call the companies offering the Medicare Advantage plans that provide the coverage you are seeking. They can give you the cost information you need to complete your comparisons.

It will be worth your while to make close comparisons. Making the right choice can save you significant dollars.

- Even if you know you are choosing a Medicare Advantage plan that covers prescription drugs, read about prescription drug coverage in this booklet. Much of the information it contains applies to any Part D coverage, whether provided through a stand-alone plan or a Medicare Advantage plan.
5. Prescription Drug Coverage

Medicare prescription drug coverage — Medicare Part D — was introduced in 2006 to help seniors pay for prescription drugs taken at home. Offered by private insurers and partially subsidized by Medicare, Part D plans must provide at least a standard level of coverage established by Medicare. Beyond that, benefits vary by plan.

Part D coverage may be added to, or included with, your Medicare healthcare coverage. You pay a separate premium for any coverage that you “add.” If you choose Original Medicare for your Medicare healthcare coverage, you can add a Part D plan. If instead you join a Medicare Advantage plan, it may already include Part D benefits. If it doesn’t, you can add a Part D plan to your coverage. If eligible, you may also pay for Part D coverage through Medicare Supplement.*

With the high cost of prescription drugs today, having prescription drug coverage is more essential than ever, especially as you age. The Board of Pensions recommends that you have some form of prescription drug coverage during retirement.

Am I eligible?

- If you are eligible for Part A and/or have Part B, you can join a stand-alone Medicare prescription drug program (i.e., a Part D plan).

- You must live in the plan’s service area.

To join a Medicare Advantage plan with prescription drug coverage, you must be eligible for both Part A and Part B. You also must live in the service area the plan serves.

* An alternative source of prescription drug coverage is available through the Board of Pensions if you are eligible and pay for supplemental medical coverage and qualified Part D prescription drug coverage through Medicare Supplement. See Chapter 7, Medicare Supplement, and Guide to Medicare Supplement for details.
How do I enroll?

You have choices. You can enroll for coverage with a stand-alone Part D plan offered by an insurance carrier, or, if eligible, you can enroll in Medicare Supplement offered by the Board of Pensions.

If you choose a stand-alone plan, contact the company offering it for enrollment information. Depending on the company, you may be able to join by calling the plan, mailing or faxing a completed enrollment form, or enrolling online.

When you first become eligible for Medicare, you can join a stand-alone Part D plan three months before the month you turn 65 to three months after the month you turn 65.

Note: If you don’t join a Medicare prescription drug plan when you are first eligible, you’ll pay a late enrollment penalty unless you have similar prescription drug coverage (called creditable coverage) from an employer or union. Because it is added to your premium for as long as you have Medicare drug coverage, a late enrollment penalty can be quite costly.

There is an exception to this enrollment window if you are eligible for and wish to enroll in Medicare Supplement, which includes Part D coverage. As long as you are actively working and covered by the Medical Plan of the PC(USA), regardless of your age, you have creditable prescription drug coverage. When you retire, if you are eligible, you may enroll — or waive immediate enrollment — in Medicare Supplement within 30 days of your last day of coverage under the Medical Plan as an active member. (To review the eligibility rules, see Chapter 7, Medicare Supplement Plan.)
What do I pay?

Medicare Part D coverage costs vary, depending on your choice of plan. For your reference, figures based on Medicare’s standard benefit design parameters for a Part D plan in 2019 are provided on the next page. **NOTE: Costs shown for Medicare Part D coverage are based on 2019 costs. The information on this page will be updated once 2020 Medicare costs become available.**

Remember, it’s important to take the time to understand and compare Medicare prescription drug plans so that you can find the most appropriate coverage for the most reasonable cost.

**Medicare Supplement Prescription Drug Program**

Under Medicare Supplement’s prescription drug program, offered through the Benefits Plan of the Presbyterian Church (U.S.A.), your copayment will vary with the medication you take and the pharmacy you use. You will not encounter a “donut hole” (gap in coverage) because the program includes supplemental coverage to “fill” the hole, and because it caps your out-of-pocket costs. Even if you fill only a few prescriptions a year, you can limit your costs. The program is easy to use because there are no deductibles or claim forms.

**Medicare Part D Stand-alone Plans**

**Premium and deductible**

*In general, if you enroll in a stand-alone Part D plan at your earliest opportunity, you will pay a monthly premium, which varies by plan. In 2019, you may also pay a $415 annual deductible.*

**Coinsurance**

In addition, in most stand-alone plans, you pay a percentage of the retail cost of your prescriptions — called coinsurance. In general, you usually pay **25 percent** of your annual drug costs, and your plan pays 75 percent, until you reach $3,820 in out-of-pocket drug expenses.

At this point you enter the gap in coverage known as the donut hole, which gradually will close by 2020. In 2019, during this phase of coverage (from $3,820 to $5,100 in out-of-pocket costs), you will pay a portion of your annual drug costs (25 percent for brand-name drugs and 37 percent for generics).

By 2020, you’ll pay no more than 25% for covered brand-name and generic drugs during the gap. This is the same percentage you pay from the time you meet the deductible (if your plan has one), until you reach the out-of-pocket spending limit (up to $5,100 in 2019).

After your out-of-pocket drug costs exceed $5,100, you pay only **5 percent** (or a minimum copay of $8.50 for brand-name drugs and $3.40 for generics), and the plan pays the balance.
The Board offers a qualified Medicare Part D plan plus supplemental coverage through Medicare Supplement.

Copays

On top of your coinsurance, you may be responsible for a flat fee amount, or copay. The copay varies based on the tier of drugs, and whether it is a brand-name or generic drug.

Note: Extra help for paying your Medicare prescription drug plan costs is available, based on financial need. Contact Social Security for information.
What’s covered, and what’s not?

This is one of the most important questions you can ask about a Medicare prescription drug plan, and the answer varies from plan to plan.

In general, Medicare prescription drug plans cover generic and brand-name drugs that you take while not confined to a hospital or other inpatient facility. All plans must cover the same categories (or classes) of drugs, but individual plans can choose which specific drugs they will cover for each category. Before you join a plan, you’ll want to confirm that all of your prescription drugs are covered by your chosen plan and check to see how much you will pay for them. For drugs that are not covered under your plan, you pay 100 percent of the cost.

Be aware that Medicare prescription drug plans routinely add and subtract drugs from their list of covered drugs, or formulary. Each fall, when plans announce their new formularies for the following year, it’s important to review your plan’s list to make sure your prescriptions continue to be covered. If they are not, you may want to consider changing plans.

If you have a Medicare Advantage plan with prescription drug coverage, you must go to a pharmacy that participates in that particular plan or else your plan may not pay.

If you have Original Medicare and enroll in a Part D plan, ask your pharmacy if it participates in the Medicare Program. If you go to a pharmacy that does not participate, Medicare will not pay. You will be responsible for paying the entire bill for any prescription filled at this pharmacy.
How to find and compare plans
To find and compare stand-alone Part D plans in your area, go to medicare.gov. Click on Find health & drug plans and use the Medicare Plan Finder that appears. This tool can help you find which plans in your area cover your prescriptions and which pharmacies you can use to fill them.

Once you’ve identified possible plans based on coverage, contact the plans for particulars. The difference between deductibles, coinsurance, and copayments should play a significant role in plan selection. In addition, some plans have coverage rules, like prior authorization and step therapy, or discount mail-order programs for maintenance drugs. These may be familiar to you, as your coverage under the active Medical Plan has/had them. The presence or absence of these rules and programs also may influence your choice.

To learn more about Medicare Supplement, including its Part D coverage, see Chapter 7, Medicare Supplement.

Prior authorization – a formal process for obtaining approval from a service provider or health insurer before a certain prescription can be filled.

Step therapy – a formal process that requires certain therapies or medications be tried before more complex, expensive therapies are covered as eligible expenses.
6. Medigap Plans

As should be clear from the preceding pages, Medicare does not cover all of your healthcare costs in retirement — and in some instances, not even half of the costs. Moreover, with Original Medicare you have unlimited out-of-pocket costs. For this reason, many private insurers offer Medicare Supplement Insurance policies — Medigap, for short — to help pay some of the costs Original Medicare doesn’t cover.

These policies must follow federal and state laws designed to protect you, and they must be clearly identified as Medicare Supplement Insurance. In most states, Medigap policies are standardized by letters A through N. (These letters have no relationship to the Medicare Part A, B, C, and D designations.) Each standardized Medigap policy must offer the same basic benefits, no matter which company sells it. Cost is usually the only difference between policies that share the same letter designation but are sold by different companies.

Am I eligible?

• If you have Original Medicare (Part A and Part B), you are eligible to buy a Medigap policy.

Note: If you have Medicare Advantage, you are not eligible, as Medicare Advantage plans already include supplemental coverage.

Once you are covered, the insurance company can’t cancel your policy as long as you pay the premium.

Do not confuse Medicare Supplement Insurance, or Medigap, with Medicare Supplement offered by the Board of Pensions. Although they serve much the same purpose, the Medicare Supplement coverage available through the Board technically is not a Medigap policy. To better understand the distinction between the two, read Chapter 7, Medicare Supplement.
How do I enroll?
Contact the company offering the plan for this information. Depending on the company, you may be able to join by calling the plan, mailing or faxing a completed enrollment form, or enrolling online.

You have a **six-month open enrollment period** to buy your Medigap policy. It begins the first month that you are age 65 or older and enroll in Medicare Part B. During this period, you can buy any Medigap policy sold in your state; you cannot be denied coverage or charged a higher premium for your Medigap policy because of health problems.

After this period, you may not be able to get the policy you want at a later date, or you may be charged a higher premium.

What do I pay?
Medicare doesn’t pay any of the costs for you to get a Medigap policy. You’ll pay a **monthly premium** directly to the private insurance company you buy the policy from, in addition to your **Part B premium**.

The premiums charged for a particular level of benefits vary by company and by state.

What’s covered?
All standardized Medigap policies offer the same basic benefits, but some offer additional benefits so you can choose which one meets your needs. The alphabet letter designations allow you to compare policies that provide the same benefits but are offered by different companies. By comparing a G plan to another G plan, for example, you know you are comparing apples to apples.

All Medigap plans fully cover these **basic benefits**:

- Part A coinsurance costs for up to an additional 365 days of hospital care after Medicare benefits are used up
- Part B Medicare preventive care coinsurance costs, if any

All Medigap policies also cover, either fully or in part:

- Part B coinsurance or copayment
- first three pints of blood
- Part A hospice care coinsurance or copayment

Some policies cover deductibles; others cover skilled nursing facility care coinsurance, either fully or in part.
The specific benefits provided by Medigap Plans A through N are listed in Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare, at medicare.gov.

Note: Plans E, H, I, and J are no longer sold.

What’s not covered?
Medigap policies don’t cover long-term care, vision or dental care, hearing aids, eyeglasses, and private-duty nursing.

New Medigap plans no longer include prescription drug coverage, although people already enrolled in such coverage through an older Medigap policy are allowed to continue it. If you choose a Medigap plan, you can enroll in a Part D plan separately (see Chapter 5, Prescription Drug Coverage).

How to find and compare plans
First you need to determine which benefits you need, then decide which of the Medigap plans, indicated by plan letter, best meets your needs.

Next, to find and compare plans in your area, go to medicare.gov. Click on Find health & drug plans, and under Additional Tools on the next page, you’ll find links to finding and comparing Medigap policies. Enter the information requested.

Medicare recommends that you also contact your state insurance department for information you’ll need to evaluate the insurance companies selling the policies.

In Massachusetts, Minnesota, and Wisconsin, Medigap policies are standardized differently. If you live in one of these states, see Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare, at medicare.gov, or contact your state insurance department for information.
7. Medicare Supplement

For many retiring members of the Benefits Plan of the Presbyterian Church (U.S.A.), your healthcare coverage choices extend beyond Medicare’s official programs. If you meet the eligibility requirements, you may choose to enroll in supplemental healthcare coverage offered by the Board of Pensions. Regardless, Medicare provides your primary healthcare coverage in retirement.

Although it is not a standardized Medigap plan, Medicare Supplement offered by the Board of Pensions (Medicare Supplement) nevertheless fills many of the gaps in Original Medicare. Introduced not long after Medicare was first enacted, Medicare Supplement was intended to ease the transition to retirement healthcare coverage for long-term members of the Benefits Plan. One of its primary attractions was that it offered a single, trusted resource to address participants’ benefit concerns. It still does today.

But just as Medicare has evolved, incorporating private plans into its delivery system, so too have the healthcare coverage choices available to seniors. The quality and cost of some of these coverage opportunities make them worth your consideration. Medicare Supplement offered through the Board of Pensions may or may not be your best option for supplemental coverage. Only by assessing your coverage requirements and examining the full range of options available to you, as well as the associated costs, can you be sure which will best meet your needs.

Am I eligible?

Medicare Supplement is available on a self-paid basis to qualifying members of the Benefits Plan when they retire, and to qualifying former members, whether working or retired. Certain family members also may enroll in Medicare Supplement.
This section summarizes the eligibility requirements for Medicare Supplement. For further details, see Guide to Medicare Supplement, available at pensions.org or by calling the Board of Pensions.

If you are working and preparing to retire

If you are working and are enrolled for coverage under either the Medical Plan or medical continuation, you may qualify for Medicare Supplement at the time you retire if you:

- are Medicare-eligible (generally age 65 or older);
- are enrolled in Original Medicare (Medicare Part A and Part B); and
- meet the Rule of 70 (see below).

The Rule of 70

- You must be age 55 or older when you terminate service to the Presbyterian Church (U.S.A.).
- You must have at least five years of Medical Plan participation.
- The sum of your age and years of Medical Plan participation at termination must equal 70 or more.

If you are not participating in the Medical Plan at the time you retire, you still may be eligible for Medicare Supplement. To qualify, you must meet all three criteria for the Rule of 70 and have filed a waiver with the Board (complete the waiver portion of the Medicare Supplement Subscription, Waiver, or Withdrawal form, available from the Board of Pensions).

Other healthcare coverage during retirement

If you are eligible at retirement for Medicare Supplement but have access to other qualified healthcare coverage that you prefer, you may file a waiver with the Board to postpone participation in Medicare Supplement. It’s important to do this, as you may want to sign up for Medicare Supplement coverage in the future if you lose your other coverage, and you cannot enroll after initial eligibility unless you submitted a waiver upon retiring.
How do I enroll?

If you are eligible for Medicare Supplement, complete the subscription portion of the **Medicare Supplement Subscription, Waiver, or Withdrawal** form and return it, together with a copy of your Medicare ID card, to the Board of Pensions at least 30 days in advance of retirement.

If you will be receiving a pension benefit, the Board will deduct your monthly subscription charge from your pension payment. If your benefit does not cover the subscription, the Board will bill you monthly.

If you are choosing other healthcare coverage at retirement and wish to preserve your right to sign up for Medicare Supplement when your other coverage ends, you must complete the waiver portion of the Medicare Supplement Subscription, Waiver, or Withdrawal form (above) and return it to the Board of Pensions at least 30 days in advance of retirement.

What do I pay?

**Premium**

You pay a subscription rate, or premium, set annually by the board of directors of the Board of Pensions. The rate charged is lower than the actual cost to cover you, because Medicare Supplement is partially subsidized by the federal government and the pharmaceutical industry (for the Part D prescription drug portion of the program).

You pay a maximum of two subscriptions:

- one for yourself
- one for your spouse and/or eligible children

To get current subscription rate (dues) information, go to pensions.org or call the Board of Pensions at 800-773-7752 (800-PRESPLAN) and speak with a service representative.
Deductible

For Medicare Supplement, you pay an **annual deductible of $305** for each participant, to a maximum of two, for 2020.

Coinsurance

Generally, after you have paid your Medicare Supplement deductible and Medicare has paid its share for covered services, the plan pays 80 percent and you pay copayments (coinsurance) of **20 percent, up to an annual maximum of $2,435**, per participant, for 2020.

You pay **nothing** for a routine eye exam and/or any uncovered routine tests associated with your annual well visit, up to $125 (in addition to what Medicare provides).

After you have paid your Medicare Supplement annual maximum and Medicare has paid its share for covered services, the plan pays 100 percent for covered expenses and you pay **nothing** for the rest of the calendar year.

What’s covered, and what’s not?

Medicare Supplement provides coverage for a number of medically necessary services beyond what Original Medicare covers, and some costs that Medicare does not cover at all. Generally, these include:

- prolonged hospitalization
- your Medicare Part A and Part B deductibles
- outpatient prescription drugs
- skilled nursing facility care
- inpatient and outpatient mental health treatment
- medical supplies and services
- routine vision exams
- ambulance services
- required medical care when traveling outside the United States

Medicare Supplement does not cover dental or hearing care, custodial care, or services for you if you reside outside the United States.

*For coverage details*, look in *Guide to Medicare Supplement* on pensions.org or request a copy from the Board of Pensions. This guide shows what’s covered and what’s not, as well as applicable reimbursement limits under Medicare Supplement.
Comparing Medicare Supplement to Medigap and Part D plans

If you’ve decided to get your Medicare coverage through Original Medicare and plan to add supplemental coverage, you may want to compare Medicare Supplement offered through the Board of Pensions to several prospective Medigap plans in combination with Part D plans.

Medigap

Because Medicare Supplement is not technically a Medigap plan, it’s difficult to make an exact comparison between it and the Medigap plans you are considering. Generally speaking, Medicare Supplement coverage available through the Board of Pensions is most like a Medigap L plan, or you could think of it as an “L-plus” plan.

Remember that, unlike some Medigap plans, Medicare Supplement comes with Part D and supplemental drug coverage built in. It uses a drug list, or formulary, similar to the one the Medical Plan provides for active members.

Once you have identified your supplemental coverage needs, if you are considering Medigap L plans, compare the benefits and costs of Medicare Supplement to those plans. (See Guide to Medicare Supplement on pensions.org for details, or call the Board of Pensions and speak with a member service representative for this information.)

Part D

Then, compare the Medicare Supplement Part D and supplemental drug coverage to any Part D plans you’re considering. Note the differences in coinsurance requirements among the plans. Be sure to compare the out-of-pocket costs for prescription drug coverage through Medicare Supplement to the out-of-pocket costs for the Part D plans under consideration. Remember, there is no donut hole with Medicare Supplement prescription drug coverage.

Also, if you regularly take an expensive drug, you need to know if it is covered, and if so, what your out-of-pocket costs will be.

Read the next chapter, Deciding on Your Retirement Coverage, for help in deciding priorities and finally choosing your retirement healthcare coverage.
8. Deciding on Your Retirement Coverage

Although you’ll want to consider a number of factors, only a few are central to making the best healthcare coverage decision for yourself. The key drivers will be your personal circumstances — the state of your health, your financial resources, where you will live in retirement, and your tolerance for change.

If you are being treated by a specialist for rheumatoid arthritis, for example, one of the most important considerations for you may be whether you’ll have access to that doctor in your new provider network when you retire. Or if you or a family member is willing to do the research, you may want to change plans, especially prescription drug plans, should coverage terms become less favorable. And if you choose to live outside of the United States, you will not be covered by Medicare, nor will you be able to use any gap or supplemental coverage, as these plans build on Medicare. But if your resources are limited, cost may be the most important consideration in choosing your healthcare coverage in retirement.

Key considerations

The prospect of choosing healthcare coverage at retirement can seem like a daunting task, especially at a time in your life that may involve other changes, such as moving or taking care of an elderly parent. But it will be well worth the investment of time to identify your healthcare coverage needs and options, and then to make a well-considered choice.
The easiest way to approach the task is to make a list of your key considerations. To determine these, do the following:

1. **List your specific health issues.** Are you diabetic? Does your bone density increase the likelihood of a hip injury? Does cancer run in your family? No one can be sure of what the future holds, but the answers to these and similar questions can help you assess your coverage needs.

2. **Decide whether a particular specialist has a certain expertise or experience with you that’s critical to your continued care.** If so, having access to that doctor may be a non-negotiable consideration.

3. **List all the prescriptions you take and their retail cost.** Be sure all your prescriptions will be covered, and note whether the plans you are considering cap your annual out-of-pocket prescription drug costs. Without a cap, your share of the costs may be prohibitive if you have or develop a condition requiring expensive medications.

4. **Note where you plan to live in retirement.** Will you reside outside of the United States? If in the United States, will you live in one location in the summer and another in the winter? Are you moving to a region with a well-regarded HMO system? Your answer should influence whether you consider a Medicare Advantage plan or need to supplement your Medicare benefits in any way.

5. **Compare plan rules, especially those relating to enrolling in and leaving the plan.** Some plans are more limiting than others and may not work for your situation.

6. **For each plan, write down the total premiums, deductibles, copays, and out-of-pocket expenses you are likely to incur in a year.** Compare them under a good case scenario (your best expected health) and a bad case scenario (serious, prolonged illness). Consider what benefits you’ll receive, if any, under the good case scenario. Then assess your ability to handle the cost of the bad case scenario for each plan.

7. **Consider availability within the plan of other coverage you may need, such as dental, vision, or hearing care.** When you add in these benefits, how do the plans compare? If you are in good health otherwise, plans with these features may be more attractive — you know you’ll get a tangible return for your money.
8. **Decide whether you or a family member has the skills to handle the paperwork for Original Medicare.** (Mainly, you’ll need to monitor notices or statements of claims paid to make sure that you are getting the full benefit to which you are entitled.) A Medicare Advantage plan handles the paperwork for you. You’ll need to have access to one, of course, and this option won’t work if you live in different parts of the United States in summer and winter.

9. **Consider whether having a single source of healthcare plan information, billing, and support matters to you.** If you have a spouse and child on medical continuation through the Benefits Plan, and you qualify for Medicare Supplement coverage, it may be a better cost value and more convenient to enroll in Medicare Supplement, at least initially.

10. **Take into account your tolerance for change.** If you will be stressed and upset, rather than merely inconvenienced, by the termination of a plan and the need to find another, consider selecting a plan offered by a prominent, national insurer rather than a regional one. Regional plans are more likely to close (or significantly change) than national ones.

**Refining your list**

After weighing all of these factors, one or two will stand out as prime considerations for your circumstances. Whether it’s physician access, geography, cost, plan stability, or some combination of these that matters to you most, identifying your key considerations should allow you to narrow your options to a few plans in a specific category. Take into account the number of stars Medicare has awarded the plan — the more, the better. Once you’ve done that, contact your state insurance department to see if any of the companies offering the plans have complaints lodged against them. Depending on the answer, you may wish to further edit your list.

**Making your choice**

Finally, weigh the remaining plans against your secondary considerations. One or two plans (or combination of plans) should stand out. After checking your calculations one last time, you are ready to make your choice. Remember to enroll in your chosen plan(s) within the stated timeframe, and keep copies of your enrollment application(s) and related materials.

And regardless of which plan(s) you choose, be sure to periodically review your coverage, as needs and available coverage change.

Whatever your decision, the Board wishes you a happy and healthy retirement!
# Key Resources

Numerous resources are available to support your efforts to understand Medicare, research your options, and decide your retirement healthcare coverage. In fact, the amount of information can be overwhelming, and not all of it is accurate and objective. For that reason, the Board suggests that you turn to the key resources listed below when you are seeking answers to your Medicare coverage-related questions.

<table>
<thead>
<tr>
<th>Resource</th>
<th>For Information About</th>
<th>Phone Number</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td>Enrolling in Medicare or replacing a lost Medicare card; help paying for Medicare prescription drug coverage; general questions about Social Security and Medicare</td>
<td>800-772-1213</td>
<td>socialsecurity.gov</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TTY: 800-325-0778</td>
<td></td>
</tr>
<tr>
<td>Medicare</td>
<td>Medicare coverage details; Medicare health and prescription drug plan choices in your area</td>
<td>800-633-4227</td>
<td>medicare.gov</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(800-Medicare)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TTY: 877-486-2048</td>
<td></td>
</tr>
<tr>
<td>State Insurance Department</td>
<td>Medicare Advantage and Medigap plans in your region; consumer complaints filed against private insurers</td>
<td>Varies by state¹</td>
<td>Varies by state¹</td>
</tr>
<tr>
<td>National Council on Aging</td>
<td>Advocacy for seniors and caregivers; referrals for services</td>
<td>202-479-1200</td>
<td>ncoa.org</td>
</tr>
<tr>
<td>State or County Office on Aging</td>
<td>Advocacy for seniors and caregivers; referrals for services</td>
<td>Varies by state and county²</td>
<td>Varies by state and county²</td>
</tr>
<tr>
<td>The Board of Pensions</td>
<td>Medicare Supplement; basic Medicare questions</td>
<td>800-773-7752</td>
<td>pensions.org</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(800-PRESPLAN)</td>
<td></td>
</tr>
</tbody>
</table>

¹ To locate this information, enter the name of your state followed by insurance department in an Internet search engine, or contact Medicare to get the telephone number for your local state insurance department.

² To find this information, enter the name of your state or county followed by Office on Aging in an Internet search engine. For example, if you live in Pennsylvania, enter PA Office on Aging.