



Allsup Medicare Advisor®



How to Choose a Medicare Plan

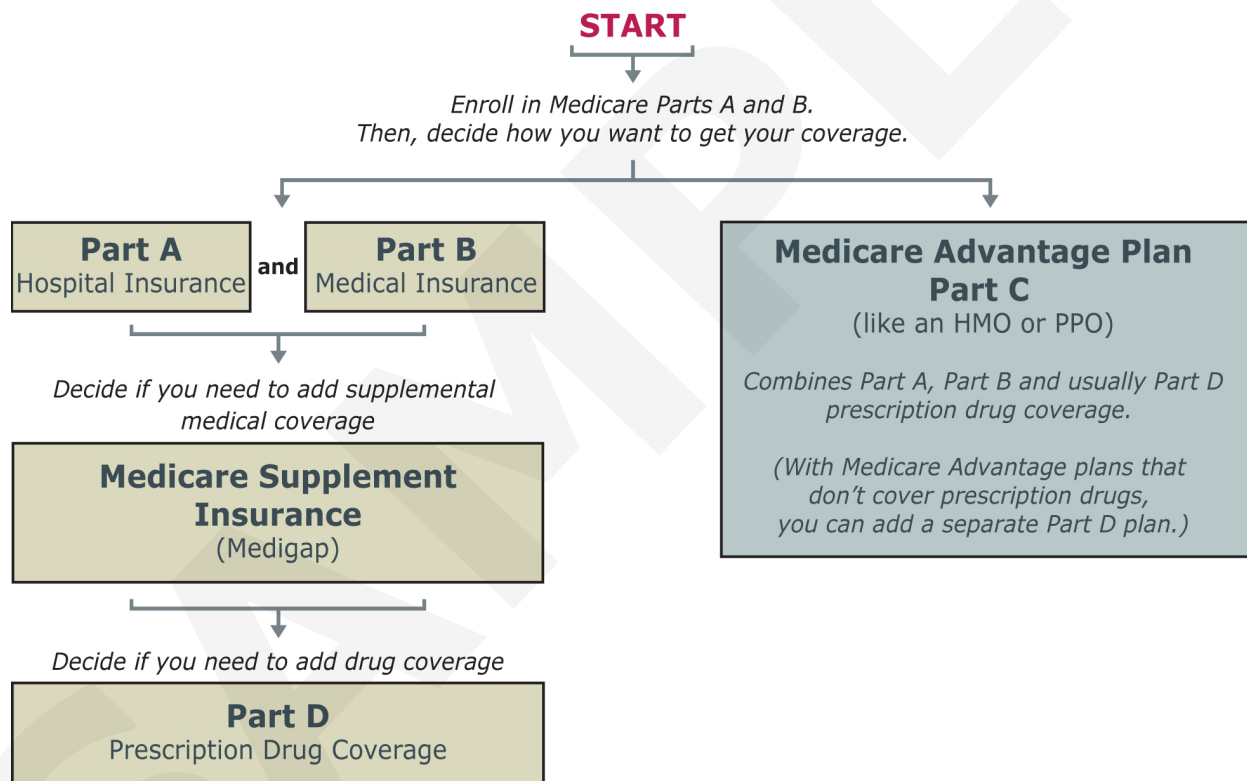
There are two different paths you can take to get your Medicare benefits:

- You can choose **Original Medicare** (Parts A and B). Most people who choose Original Medicare also enroll in a prescription drug plan (Part D). Many people also add a Medicare supplement plan (Medigap) to pay costs that Original Medicare doesn't cover.

OR

- You can choose **Medicare Advantage** (Part C). Medicare Advantage plans are health insurance plans offered by private companies that you can choose instead of Original Medicare. Most Medicare Advantage plans also cover prescription drugs.

In this section, we provide an overview of each of these paths. We'll also review some things to consider as you decide which path is right for you.



Medigap Policies: Plan G

	Plan Option A	Plan Option B	Plan Option C
Phone	(800) 332-3377	(800) 845-5512	(800) 261-5962
Website	www.website.com	www.website.com	www.website.com
Monthly premium quote	\$5.00	\$10.00	\$20.00
Pricing method	Community-Rated	Community-Rated	Community-Rated
A.M. Best rating	A	C	B
Application fee	\$1	\$4	\$5
Discounts	\$4	\$5	\$6
Average premium increase based on age	3%	3%	3%
Average premium rate increase	10%	11%	12%

Here's a guide to the information in the tables:

Monthly premium quote

Medigap plans are standardized, but different companies can charge significantly different premiums for the same plan with the same benefits. Each company may also personalize your premium based on factors such as your age, your gender, whether you use tobacco and where you live. The premium quotes in the tables are sample rates for people of your age, gender, tobacco use status and zip code.

Pricing method

The pricing method an insurance company uses can have a big impact on the amount of your premium and how it may increase in years to come. Medigap companies use three pricing methods:

- **Community rating** means that the price is the same for people of all ages in your area. The premium may increase over time because of inflation or rising healthcare costs, but it won't increase because of your age.
- **Issue-age rating** means that your premium is based on the age you are when you buy the policy. This means that the younger you are when you buy the policy, the lower your premium will be. The premium may increase over time because of inflation or rising healthcare costs, but it won't increase because of your age.

Your Medicare Advantage Plan Comparison

	Plan Option A (HMO)	Plan Option B (PPO)	Plan Option C (PPO)
Plan Rating	Not enough data	3.0 out of 5 stars	3.5 out of 5 stars
Doctor and hospital choice			

What you will pay monthly			
Medicare Part B premium*	\$104.90	\$104.90	\$104.90
Medicare Part D adjustment*	\$1.95	\$1.95	\$1.95
Medicare Advantage plan premium	\$0.00		\$0.00

What you will pay annually			
Total annual Part B premium*	\$1,258.80	\$1,258.80	\$1,258.80
Total annual Part D adjustment*	\$23.40	\$23.40	\$23.40
Total annual Medicare Advantage plan premium	\$0.00	\$0.00	\$0.00
Estimated annual prescription drug costs (based on current drug list)	\$3,319.45	\$3,372.71	\$3,327.23
Total annual premiums and prescription drug costs	\$4,601.65	\$4,654.91	\$4,609.43

Additional coverage information			
Annual medical deductible			
Annual prescription drug plan deductible	\$0.00	\$321.00	\$100.00
Annual out-of-pocket limit for medical expenses			\$3,400.00

*The standard Part B monthly premium is \$104.90. If you owe a higher monthly Part B premium or a Part D adjustment, it reflects one or both of the following: an additional amount for high-income individuals or a late-enrollment penalty.

Your Medicare Part D Options

Medicare Part D plans cover prescription drugs. If you choose to get your health coverage through Original Medicare, you most likely will want to enroll in a Part D plan so that you have insurance to help with prescription drug costs. A Part D plan is an important piece of the Original Medicare path because Medicare Part A and Part B do not cover most prescriptions. Medigap supplement plans also do not cover prescriptions.

In this section, we provide detailed information about the Part D prescription drug plans we've identified for you. But, first, we explain how the Medicare prescription drug benefit works, and we go over some points to consider when choosing a plan.

How do Medicare prescription drug plans work?

Medicare Part D plans are offered by private insurance companies and approved by Medicare. With most plans, you pay a monthly premium. The amount of this premium varies by plan. Many plans also have an annual deductible that you must pay before the plan starts to pay a share of your costs.

Every Part D plan has its own **formulary**. A formulary is a list of drugs the plan covers. Medicare requires plans to cover drugs to treat almost every medical condition. But the specific drugs on a plan's formulary vary from plan to plan. Some plans may cover all the drugs you take; some may not.

What you pay at the pharmacy for a drug can also be different with different plans. Each plan places the drugs it covers into different **tiers**. Every tier has its own co-pay or coinsurance amount. One of your drugs could be in Tier 3 in one plan and in Tier 4 in another, for example, which can affect what you pay when you fill the prescription.

Example

Catherine takes a brand-name drug to treat a chronic condition. Without insurance, Catherine would pay about \$250 a month for the drug. She is comparing how various Part D plans cover her drug. With one plan, the drug is in Tier 2, and Catherine would pay a \$35 co-pay when she fills the prescription. With another plan, the drug is a Tier 3 drug, with a \$92 co-pay.

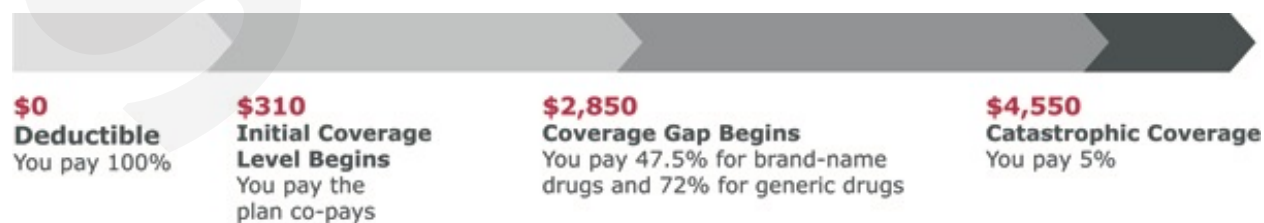
What about the donut hole?

With Medicare drug coverage, you pay a portion of your drug costs and the plan pays the rest. It can get complicated because the portion of the cost you pay may change as your drug costs add up during the year. This is where the coverage gap or "donut hole" comes in.

You'll move through different levels of coverage as your drug costs reach certain set amounts:

1. **Annual drug deductible.** If your plan has a deductible, you pay the deductible amount before the plan starts to pay a share of your drug costs. This deductible is limited to no more than \$310 in 2014.
2. **Initial coverage level.** After you meet the deductible, you pay the plan's co-pay or coinsurance for each of your drugs and your plan pays the rest. You continue to pay only the co-pays or coinsurance until you and your plan together have paid \$2,850 in total drug costs. At this point, you enter the donut hole.
3. **Coverage gap or "donut hole."** In the donut hole, you pay a higher share of the costs of your drugs. Here's how the donut hole works in 2014:
 - For brand-name drugs, you pay 47.5 percent of the cost. Your plan picks up 2.5 percent of the cost, and the remaining 50 percent of the cost is a discount from the drug manufacturer.
 - For generic drugs, you pay 72 percent of the cost. Your plan picks up the rest.
 - You stay in the donut hole until your out-of-pocket drug costs for the year total \$4,550. But, you actually get out of the donut hole sooner than it might appear. Why? Because Medicare counts the 50 percent manufacturer discount you get on brand-name drugs toward this \$4,550.
4. **Catastrophic coverage.** After you've reached \$4,550 in out-of-pocket costs, you will pay only 5 percent of the cost of your drugs for the rest of the year.

Every January 1, this cycle starts over: You pay your plan's deductible and then move through each level of coverage.



Example

Catherine enters the donut hole during 2014. During the initial coverage level, she paid a \$35 co-pay for her brand-name drug. Now that she's in the donut hole, she pays 47.5 percent of the retail cost. The retail cost of the drug is \$250 a month, so Catherine pays a little less than \$120 a month for the drug while she's in the donut hole.