

Medicare 101: What You Need to Know

INSIDE:

What is Medicare
Medicare Coverage Options
Medicare Enrollment
Resources



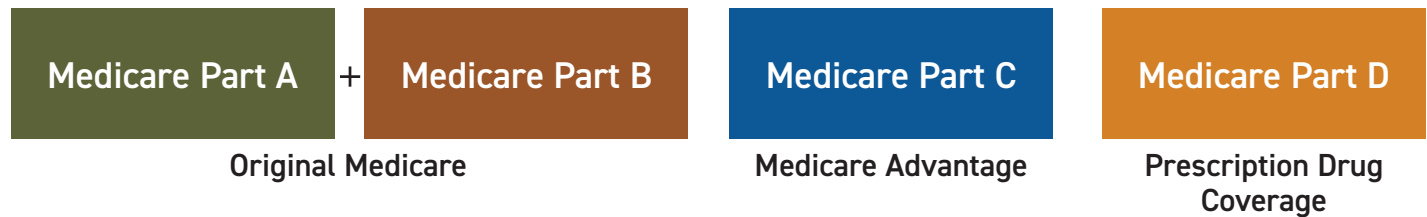
BlueCross BlueShield
of Vermont

An Independent Licensee of the Blue Cross and Blue Shield Association.

What is Medicare?

Medicare is the federal health insurance program for people aged 65 and older, people under 65 with certain disabilities, and people of all ages with End-Stage Renal Disease (ESRD).

Medicare is divided into four parts:



Original Medicare: Parts A & B

Medicare Part A - Hospital Insurance

Part A helps pay for:

- Inpatient hospital care
- Skilled nursing facility (SNF) care
- Home health services
- Hospice care

2025 Part A deductible: \$1,676 per benefit period*

Services	Medicare Pays	You Pay
Hospitalization		
First 60 Days	All but \$1,676	\$1,676 (Part A deductible)
61st – 90th Day	All but \$419 a day	\$419 a day
91st Day & After, while using 60 Lifetime Reserve Days	All but \$838 a day	\$838 a day
Skilled Nursing Facility Care		
First 20 Days	All approved amounts	\$0
21st – 100th Day	All but \$209.50 a day	\$209.50 a day
101st Day & After	\$0	All costs

* A benefit period begins the day you are admitted as an inpatient to a hospital or a skilled nursing facility (SNF) and ends the day you have been out of the hospital or SNF for 60 days in a row.

Medicare Part B - Medical Insurance

Part B helps pay for:

- Physician services
- Hospital outpatient services
- Laboratory & diagnostic services
- Durable medical equipment (DME)
- Home health services
- Some preventive services
- Ambulance

2025 Part B deductible: \$257 annually

Services	Medicare Pays	You Pay
Medical Expenses		
First \$257 of Medicare-approved Amounts	\$0	\$257 (Part B deductible)
Remainder of Medicare-approved Amounts	Generally, 80%	Generally, 20%
Part B Excess Charges** (above Medicare-approved amounts)	\$0	All costs

Your Part B deductible is met for the calendar year once you are billed the first \$257 of Medicare-approved amounts for covered services.

** Vermont law generally prohibits a physician from charging more than the Medicare-approved amount. However, there are exceptions, and this prohibition may not apply if you receive services out of state.

The amounts provided in this brochure are for 2025.

These costs are subject to change each year by the Centers for Medicare & Medicaid Services (CMS).

Your Costs for Original Medicare

Medicare Part A

- \$0 premium for most people because they or their spouse worked at least 10 years and paid Medicare taxes.
- Some people may not get Part A for \$0 premium and might have to buy it. The cost depends on how many years they worked and paid Medicare taxes.
- If you don't enroll in Medicare Part A when first eligible, there can be a late enrollment penalty.

To learn more about your premium costs for Medicare Part A and/or Part B, contact the Social Security Administration (SSA).

If you have limited income and resources, you may be eligible for other programs to help with paying Medicare premiums. To get help, contact your local State Health Insurance Assistance Program (SHIP) or call Medicare.

Medicare Part B

- The standard monthly premium is \$185 (2025).
- People with higher incomes will pay more than the standard premium, with the exact amount varying based on income levels. These increased premiums are determined by the Income-Related Monthly Adjustment Amount (IRMAA).
- The federal government sets the premium amounts and income limits. These can change each January 1.
- The Social Security Administration (SSA) will notify you of the specific premium amount you'll pay based on your income.
- If you don't enroll in Medicare Part B when first eligible, a late enrollment penalty can apply.

Medicare Part C – Medicare Advantage

Medicare Advantage (MA) is a type of health insurance plan that is an alternative to Original Medicare. Medicare Advantage plans are offered by private health insurance companies approved by the Centers for Medicare & Medicaid Services (CMS).

Medicare Advantage Plans Overview:

- Medicare Advantage plans may offer extra benefits that Original Medicare does not cover.
- Plans cover the same services as Original Medicare like hospital stays, provider visits, and medical supplies.
- May require you to use healthcare providers within the plan's network.

To join a Medicare Advantage Plan, you must:

- Be enrolled in both Medicare Part A and Part B.
- Live within the plan's specific coverage area for enrollees, if required.
- Be a U.S. citizen or have legal residency in the U.S.

Costs with Medicare Advantage Plans:

- Monthly plan premium (some Part C plans may have \$0 monthly premiums).
- Medicare Part B premium (which you are still required to pay).
- Your plan's deductible and/or out-of-pocket limit for Part A and Part B services.
- Your costs will vary depending on the plan you enroll in and the services you use. These services can have deductibles, copayments, and coinsurance for you to pay.
- If the plan includes Part D prescription drug coverage, you may need to pay for some drug costs.
- If the plan provides extra benefits, you may have costs for these benefits.

Medicare Part D – Prescription Drug Coverage

This part of Medicare offers optional prescription drug coverage through plans provided by private insurers approved by CMS, helping Medicare enrollees pay for their medications.

Medicare Part D Plans Overview:

- Each Part D plan varies in coverage, monthly premiums, drug formularies, and drug tiers.
- Exclude over-the-counter medications.
- May include a pharmacy network.

A Part D plan has different stages:

Stage	You Pay
Annual Deductible*	Varies by plan but cannot exceed \$590.
Initial Coverage	After deductible, you pay a set copay or coinsurance.
Catastrophic Coverage	Once your out-of-pocket costs reach \$2,000, the plan pays the full cost for your covered Part D drugs. You pay nothing.

* Some plans may waive the annual deductible for certain drugs.

With Medicare Part D, many vaccines are covered at no cost to you. You also won't pay more than \$35 for a one-month supply of each insulin product regardless of the cost-sharing tier, even if your deductible is not yet paid.

Medicare Supplement Insurance

Medicare Supplement insurance, also known as Medigap, is optional coverage purchased from a private health insurance company that helps cover out-of-pocket costs not paid by Original Medicare.

Medigap Plans Overview:

- Accepted by any provider or facility nationwide that accepts Medicare.
- Excludes prescription drug coverage, which can be purchased separately.
- Typically does not cover long-term care, vision or dental services, hearing aids, or private-duty nursing.
- Some plans include coverage for care while traveling outside the U.S.

To join a Part D plan, you must:

- Enroll in Medicare Part A and/or Part B.
- Live within the plan's specific coverage area for enrollees, if required.
- You may either enroll in a stand-alone Part D plan alongside your Original Medicare or select a Medicare Advantage plan that includes Part D coverage.
- Not all Medicare Advantage plans provide prescription drug coverage. In most cases, if you enroll in a Medicare Advantage plan that does not include drug coverage, you cannot purchase a separate Part D plan.

Part D Late Enrollment Penalty:

The Part D late enrollment penalty applies if you enroll in a Part D plan after your Initial Enrollment Period (IEP) ends. This permanent penalty increases your monthly Part D premium. You can avoid this additional cost and penalty if you have creditable drug coverage (coverage similar in value to Part D) or qualify for Medicare's Extra Help program. While Part D is optional, it's recommended that you enroll when first eligible.

To buy a Medigap Plan, you must:

- Be enrolled in Medicare Part A and Part B.
- Continue paying your Part B premium.
- Live in a state where the plan is available.

Medigap Plan Costs:

- Monthly plan premium.
- Medicare Part B premium (which you are still required to pay).
- Services not covered by Original Medicare.
- Stand-alone Part D plan premiums must also be paid, if enrolled.
- Costs vary by plan and may include deductibles, copayments, and coinsurance.

The best time to buy a Medigap plan is during your Medigap Open Enrollment Period. This is the 6-month period that starts the first day of the month you're 65 or older and signed up for Part B. After this period, your options to buy a Medigap plan may be limited, and may cost more.

Medicare Enrollment Periods

Most people sign up for Medicare for the first time around their 65th birthday. However, those with a qualifying disability or specific medical conditions may be eligible to enroll earlier than age 65.

Below are some common Medicare enrollment periods:

Initial Enrollment Period (IEP)

Your Initial Enrollment Period (IEP) is an important 7-month window to enroll in Original Medicare (Part A & Part B) for the first time and explore additional coverage options. It begins three months before your 65th birthday, includes your birthday month, and extends three months afterwards.



Other Enrollment Periods

If you missed enrolling in Medicare during your IEP, there may still be other opportunities available for you to enroll.

Medicare General Enrollment Period

January 1 – March 31

If you didn't enroll in Medicare when first eligible and don't qualify for a Special Enrollment Period, you can still sign up for Medicare Part A and/or Part B during this enrollment period. However, late enrollment penalties may apply, and your coverage will begin on the first day of the month following your enrollment.

Special Enrollment Period (SEP)

There are certain life events, such as job loss or moving, that may allow you to enroll in Medicare or make changes to your Medicare coverage outside of the standard Medicare enrollment periods. For more information on available SEPs, visit [Medicare.gov](https://www.medicare.gov) or call Medicare.

Annual Enrollment Period (AEP)

October 15 – December 7

This yearly enrollment period allows you to make changes to your Medicare plans. You can:

- Join, drop, or switch to another Medicare Advantage plan.
- Switch from a Medicare Advantage plan to Original Medicare.
- Enroll or switch to a different Medicare Part D plan if you have Original Medicare.

Know Your Plan Options

Original Medicare	Original Medicare + Supplement and/or Part D	Medicare Advantage
PART A: Hospital Insurance + PART B: Medical Insurance	PART A: Hospital Insurance + PART B: Medical Insurance + PART D: Drug Coverage and/or Medicare Supplement Insurance	PART A: Hospital Insurance + PART B: Medical Insurance + PART D: Drug Coverage* + Extra Benefits* <small>*Included in most plans</small>

Preparing for Medicare Checklist

When it comes to Medicare, there are a lot of health insurance options and steps to navigate.

Here's a simple checklist to help you get started on the right path for your Medicare coverage.

12 months before your 65th:	9 months before your 65th:	6 months before your 65th:	3 months before your 65th:
Determine when you should enroll in Medicare	Start learning about your coverage options	Evaluate your health care needs and costs	Enroll in the Medicare plan(s) that are right for you

Additional Resources

Medicare

Visit [Medicare.gov](https://www.medicare.gov)

Call: 1-800-MEDICARE (1-800-633-4227)

TTY users can call 1-877-486-2048

Representatives are available 24 hours a day,
7 days a week (except some federal holidays).

Vermont Association of Area Agencies on Aging

Providing advocacy and education for those nearing
Medicare age.

Visit [Vermont4a.org](https://www.vermont4a.org) to find your local agency.

Call: 1-800-642-5119

Social Security Administration (SSA)

Sign up for Medicare, apply for the Extra Help
program if you have limited income or resources,
or talk about retirement benefits.

Visit [SSA.gov](https://www.ssa.gov)

Call: 1-800-772-1213


TTY users can call 1-800-325-0778.

Available in most U.S. time zones Monday through
Friday, 8 a.m. to 7 p.m.

Contact an Agent

You can work with an agent to help you navigate
your Medicare options.

We understand this process can be complicated. We're here to help.

 (800) 255-4550 (TTY/TDD: 711)

 consumersupport@bcbsvt.com

Blue Cross® and Blue Shield® of Vermont is not connected with or endorsed by the U.S. government or the Federal Medicare Program.

To get comprehensive information about your Medicare options, please visit [Medicare.gov](https://www.medicare.gov) or call 1-800-MEDICARE (1-800-633-4227), or contact your local State Health Insurance Program (SHIP). By contacting a licensed sales agent, this does not obligate you to enroll in a plan or affect your current enrollment status, and automatic enrollment will not occur.



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