

SAVVY SHOPPER GUIDE

Getting More from Medicare for Less



SHOP AND SAVE

It's true that, when shopping for anything, we all want to get the most value for our money—whether it's groceries or health benefits. As your Medicare enrollment window nears, doing a little shopping could help you save money and, better yet, get more for the money you do spend.

Yet it's easy to understand why many people avoid shopping. With all the information out there on Medicare plans, deciding which one to buy is like working a puzzle. And understanding how to compare plans can seem nearly impossible. It's easier to just take a friend's word for it and avoid the hassle.

However, it's so important to make sure you're getting the best benefits possible for your money. In fact, by doing a little shopping on your own and truly comparing your options, you may find a plan that could save you thousands a year on medical costs, get you access to better healthcare and even protect your savings and retirement.

That's why we've created this Savvy Shopper Guide. We want you to get great coverage, without feeling overwhelmed by the process. Armed with just this booklet, followed up by some basic research, you'll have all the information you need to make a decision about your coverage. ***Before you pick a plan, read our guide to learn how to shop a little in order to save a lot.***

YOUR 5 HEALTHCARE COSTS

To become a super savvy Medicare shopper, it's important to start off with some simple money-saving principles. As any financial planner would tell you, in order to save money, you have to first figure out where your money is going. Generally, healthcare costs fall into one of five categories: medical (doctor visits), hospital stays, prescription drugs, dental and vision.



YOUR 3 COMMON MEDICARE OPTIONS

Now let's look more closely at your three common Medicare options and see what they offer, and what they don't, when we compare them to the five major healthcare costs.

1 Original Medicare + Part D Drug Plan

The first Medicare coverage option takes Original Medicare, or Part A and Part B, and adds a Part D plan.

To better understand this option, let's break down the individual parts and take a closer look.

Together, Parts A and B cover around 80 percent of your medical costs. While that sounds like a fair amount of coverage, this leaves you completely responsible for that remaining 20 percent. There's also no limit on what you have to pay out of your own pocket should a serious illness or injury occur.

Original Medicare Part A is hospital coverage. It helps pay for care that requires a stay in the hospital or a skilled nursing facility. Part A is free if you or your spouse has paid into Social Security for 10 or more years. However, and this is definitely worth noting, you'll pay a deductible per hospital stay for each benefit period. A benefit period starts when you're admitted to the hospital and ends when you've been out of the hospital for 60 days. If you're readmitted to the hospital after 60 days, it's a new benefit period, and you'll have to pay that deductible again.

Also, if you're in the hospital longer than 60 days, you'll pay a copay for each day. After 150 days, you'll have to pay all your hospital-related costs, with no limit to that amount.

Part B of Original Medicare helps pay for medical care including doctors' office visits, lab tests and screenings, some skilled nursing care at home, as well as the doctor services you receive in the hospital. Part B comes with a monthly premium of \$164.90. That premium can vary based on income, and you're still on the hook for that remaining 20 percent that Original Medicare doesn't cover.

Because Original Medicare offers no prescription drug coverage, you'll need to sign up for Part D drug coverage through a private company. This means another premium each month (see the chart below). Those premiums can change based on income, and you have to pay a deductible. It's important to note that you may have to pay a late enrollment penalty if, at any time after you first become eligible for Medicare, you have a period of 63 or more days in a row when you don't have Part D or other drug coverage that meets Medicare standards.

| OPTION 1 ⁺ | |
|-----------------------|------------|
| Part A Premium | \$0 |
| Part B Premium | \$164.90 |
| Part D Premium (IL) | \$42.01 |
| Part D Premium (MO) | \$48.56 |
| <hr/> | |
| MONTHLY TOTAL (IL) | \$206.91 |
| MONTHLY TOTAL (MO) | \$213.46 |
| YEARLY TOTAL (IL) | \$2,482.92 |
| YEARLY TOTAL (MO) | \$2,561.52 |

Now that we have a good understanding of option one, let's take a closer look at what's included and what isn't if you buy this option. This chart shows your monthly and yearly costs. This includes Parts A and B with Part D drug coverage. Some pretty important healthcare coverages aren't included in this option. You're not getting any coverage for dental or vision care, and you still have to pay for 20 percent of your medical expenses out of pocket with no limit to that amount.

Pros and Cons of Option 1

Pros

With just Original Medicare and a Part D plan, you can see any doctor who accepts Medicare.

There are no referrals required with this option.

Cons

You're still at financial risk for the 20 percent of your medical costs that Original Medicare doesn't cover.

Because there's no limit to what you have to pay out of your own pocket, this puts you at greater financial risk should you become seriously sick or injured.

You'll have to pay an additional premium for your Part D drug plan on top of your Part B premium.

There are no extra benefits to help cover other important healthcare costs.

a supplement offers drug coverage. Because supplements come with premiums of their own, you'll be paying three separate premiums to three separate companies. And the premiums vary a lot depending on the supplement plan. As a general rule of thumb, the better the coverage, the higher the premium.

OPTION 2[†]

| | |
|---------------------|------------|
| Part A Premium | \$0 |
| Part B Premium | \$164.90 |
| Part D Premium (IL) | \$42.01 |
| Part D Premium (MO) | \$48.56 |
| Supplement Premium | \$180 |
| <hr/> | |
| MONTHLY TOTAL (IL) | \$222.01 |
| MONTHLY TOTAL (MO) | \$393.46 |
| YEARLY TOTAL (IL) | \$2,664.12 |
| YEARLY TOTAL (MO) | \$4,721.52 |

On average, premiums for a supplement run around \$180 a month, but can vary based on things like your age when you enroll, pre-existing health conditions or tobacco use.[†] In addition to your supplement premium, you'll pay your Part B monthly premium of \$164.90 and your Part D premium.

2 Original Medicare + Part D Drug Plan + Medicare Supplement

To help fill in some of the gaps in coverage and eliminate the risk that comes with having only Original Medicare, some people choose to add a Medicare supplement through a private plan.

When you add a Medicare supplement, you'll cover the 20 percent that Original Medicare doesn't. However, you still have to add a Part D plan since neither Original Medicare nor

Pros and Cons of Option 2

| Pros | Cons |
|--|---|
| You can see any doctor who accepts Medicare. | Premiums for supplements are expensive. |
| You won't need referrals. | You pay a separate Part D premium. |
| You're covered for the 20 percent Original Medicare doesn't cover. | Paying multiple premiums to multiple companies can be hard to manage. |
| | There are no extra benefits. If you'd like to add those in, you'll pay additional premiums to additional companies. |
| | You'll pay high monthly premiums whether or not you seek medical care. |

3 Medicare Advantage Plan (Part C)

Medicare Advantage (MA) plans tend to be a popular option among Medicare beneficiaries who want comprehensive coverage with lower out-of-pocket costs.

One of the most appealing things about MA plans is that, with most plans, drug coverage is included, as well as extras like dental and vision coverage.

Another great feature of MA plans is a "safety net" provided through a maximum out-of-pocket (MOOP) protection guarantee. Costs will never get out of hand should you have

OPTION 3⁺

| | |
|----------------------|-------------------|
| Part A Premium | \$0 |
| Part B Premium | \$164.90 |
| Part C Premium | \$0 |
| Part D Premium | \$0 |
| Dental | \$0 |
| MONTHLY TOTAL | \$164.90 |
| YEARLY TOTAL | \$1,978.80 |

a serious illness or injury because you'll never pay more than a set amount for your medical care each year.

Let's say your monthly MA plan premium is \$0. That means you'd be responsible for just \$164.90 monthly (Part B premium included) for comprehensive coverage.

Pros and Cons of Option 3

| Pros | Cons |
|---|--|
| All of your coverage, including dental, vision and Part D, is provided through one plan from one company. | With an HMO plan, you typically must see doctors within a plan's network for routine care, but urgent and emergency care are an exception. |
| MA plans cover the 20 percent that Original Medicare doesn't. | Many HMO MA plans do require referrals to specialists. |
| Extra financial protection is offered by limiting what you pay out of your own pocket each year for covered expenses. | You may have to pay a monthly premium depending on the plan you choose. |
| With plan premiums as low as \$0, you only pay for the care you use. | |
| Some MA insurance providers offer both HMO and PPO plan types, so you can choose a coordinated care experience with a network of doctors or see out-of-network providers. | |

KNOW THE TRADE-OFFS

Each of the three common Medicare options comes with at least one big trade-off. But that doesn't mean you can't find an option that's right for you. In fact, that one trade-off can shed light on what's most important to you in a health plan. So if you're still on the fence, as you read this section, ask yourself, "Which trade-off seems the least scary to me?" When you answer that question, your decision should become pretty clear.

Here's a closer look at the big trade-off that comes with each option.

Original Medicare + Part D Drug Plan (Choice—but with Risk)

If you're a person who values security, this option can get tricky. While you have the freedom to go to any doctor who accepts Medicare, you have to pay for that freedom with a 20 percent coinsurance, and there's absolutely no cap on what you'd have to pay out of pocket should you have a serious illness or injury.

Original Medicare + Part D Drug Plan + Medicare Supplement (Choice—but with a Higher Price Tag)

If budget is most important to you, this option tends to come with a higher price tag. Like Original Medicare, supplements give you the option to see any doctor who accepts Medicare. They also eliminate financial risk by covering that remaining 20 percent that Original Medicare doesn't cover. The cost of that choice comes in high monthly premiums that you pay whether or not you seek medical care.

Medicare Advantage Plan (Part C) (More Benefits at a Lower Cost with More Protection— but Sometimes Fewer Doctor Choices)

With Medicare Advantage, your doctor choice is limited to in-network providers if you chose an HMO plan. However,

some companies offer other plan types, such as PPO plans, that allow care from out-of-network providers. Also, financial risk is eliminated by covering that 20 percent, and more security is offered through maximum out-of-pocket protection. And because many plans offer \$0 premiums, you only pay for care when you use it through small copays.

WHEN TO SIGN UP

When you first become eligible for Medicare, you have a seven-month window to enroll, starting three months before your 65th birthday month and ending three months after. This is called your Initial Enrollment Period (IEP). If you don't enroll in Medicare during your IEP, you may be subject to a late enrollment penalty, unless you have health insurance coverage through your employer or your spouse's employer.

If you have a Medicare Advantage Plan: In September, you'll receive your Annual Notice of Change (ANOC). It's easy to overlook this, but it's important to read it and see if your benefits are changing in the next year. Compare your current plan's premium, MOOP and copays to other plans in your area. For an easy way to do that, we recommend heading to Plan Finder at Medicare.gov. While on Plan Finder, take a look at a plan's Star ratings. The higher the Star rating, the higher the quality of the plan.

GO FORTH ... AND SHOP!

Don't let picking a health plan overwhelm you. The good news is you've read this guide, and you now have a good understanding of the five biggest healthcare expenses and your options to cover them. All that's left is to find a plan that offers you the best coverage option.

If you have questions or would like to know more about Essence Advantage, please call us at 1-866-275-5015. Our licensed healthcare advisors are ready to help you.



EssenceHealthcare.com

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Toll free: 1-866-275-5015 (TTY: 711)
8 a.m. to 8 p.m., seven days a week

You may reach a messaging service on weekends from April 1 through September 30 and holidays. Please leave a message, and your call will be returned the next business day.

Essence Healthcare includes HMO, HMO-POS and PPO plans with Medicare contracts. Essence Healthcare also includes an HMO D-SNP plan with a contract with Medicare and the state Medicaid program. Enrollment in Essence Healthcare depends on contract renewal. Essence Healthcare complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability or sex.

*The numbers used in these charts are for 2023 and are based on amounts found on Medicare.gov, CMS.gov and Q1Medicare.com. Numbers may change yearly. Medicare supplement premiums may vary based on age, location, health status and many other factors.