



Planning for Health Expenses in Retirement:

A Guide to Medicare

Medicare and Retirement

When planning for retirement, it is important to consider healthcare expenses and cost-effective coverage to address your needs. Many retirement participants and retirees may have questions about which parts of Medicare they will need, plus costs, supplemental insurance and enrollment periods. This is a quick guide to Medicare and may help to navigate the ins and outs of this U.S. national healthcare insurance program.

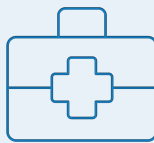


The Terminology of Medicare



DEDUCTIBLE

The amount you pay for health care before Medicare kicks in and starts covering the costs. A deductible can be annual or per service period as defined by the plan.



COPAYMENTS

A flat fee that you pay when you receive specific health care services.



COINSURANCE

The percentage of your medical coverage costs that you must pay after you have hit your deductible, if the service is not covered at 100%.

$$\text{Deductible} + \text{Copayments} + \text{Coinsurance} = \text{Out-of-Pocket Costs}$$

Medicare Overview

MEDICARE PART A: HOSPITAL COVERAGE

- Helps cover inpatient hospital stays, skilled nursing facilities, hospice care, and some home health care.
- Medicare Part A is generally premium-free if you have at least 10 years of work in any job where you paid Medicare taxes in the U.S, are eligible for Social Security Railroad Retirement benefits or have a spouse that qualifies for premium-free Part A.
- Deductibles, copayments and coinsurance may apply.

MEDICARE PART B: MEDICAL COVERAGE

- Helps cover certain doctors' services, outpatient care, home health care, durable medical equipment (e.g., wheelchairs, walkers, hospital beds and other equipment, and preventative services).
- Part B coverage charges a variable monthly premium payment depending on your income.
- Deductibles, copayments and coinsurance may apply.

MEDICARE PART C, OR MEDICARE ADVANTAGE: COMPREHENSIVE COVERAGE

- Offered by private insurance companies.
- Option to bundle prescription, vision, and dental benefits, which are not covered under parts A and B.
- Premiums, deductibles, copayments and coinsurance vary by plan.

MEDICARE PART D: PRESCRIPTION COVERAGE

- Helps cover the cost of prescription drugs (including many recommended shots or vaccines) through private plans that contract with Medicare.
- Part D plans may charge monthly premiums that vary depending on your income. Most plans charge a deductible, copayments (copays) and coinsurance for prescriptions you fill. Actual costs will vary depending on your plan and factors like the specific medicines you take or whether you use an in-network pharmacy.
- Individuals must be enrolled in Medicare Part A and/or Part B to enroll in Part D.

MEDIGAP SUPPLEMENT

- Medigap is extra insurance you can buy from a private company to help pay for some of your costs in Original Medicare, including co-pays, coinsurance and deductibles.
- Various coverage offered under policies A through N. Plans with the same letter have the same benefits, no matter which insurance company sells it. The only difference between companies is the price.
- To purchase a Medigap policy, you must have both Part A and Part B. If you have Medicare Advantage Part C, you can't join unless you are switching back to Original Medicare.



Applying for Medicare Coverage

When you apply for retirement or disability benefits from Social Security (or the Railroad Retirement Board), it also serves as your application for Medicare.

- Once you get approved for Social Security or Railroad Retirement Board benefits, you'll automatically get Part A (those who qualify for premium-free Part A) once you're eligible for Medicare.
- You'll also be signed up for Part B (unless you live in Puerto Rico or outside the U.S.). Because you pay a monthly premium for Part B coverage, you can choose whether to keep it or not. If you are not automatically enrolled for Medicare, contact [Social Security](#) to sign up for Part A and Part B.

If you don't file for Social Security at age 65 or you are covered by an employer health plan that doesn't require that you file for Medicare as your primary health insurance, you must complete an application for Medicare during your Initial Enrollment, Special or General Enrollment Period.

- Late enrollment penalties may apply.

Using Medicare

ORIGINAL MEDICARE

Before you get services, ask your health care provider if they are a Medicare Participating Provider (they "accept assignment" of the Medicare-approved Reasonable and Customary amount).

- If they do, costs such as Medicare deductible and coinsurance may apply.
- If they don't, you may have to pay the full cost at the time of service.

MEDICARE ADVANTAGE (PART C)

- Check with your plan to find out what providers are "in-network."
- Plans may allow you to use "out-of-network" providers, but you may have to pay a higher share of the costs.

MEDICARE DRUG COVERAGE (PART D)

- Check with your plan to find out what pharmacies are "in-network."
- "In-network" pharmacies usually offer the lowest cost for drugs.
- If you use an "out-of-network" pharmacy, you might have to pay the full cost.



For additional information on Medicare, visit [Medicare.gov](#) to download the [Medicare & You](#) booklet or call 1-800-Medicare.

If you have more questions about using Medicare for your health expenses in retirement, contact your Morgan Stanley Financial Advisor.

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