



Medicare Terms to Know



Annual Election Period (AEP):

The yearly time period when you can enroll in or make changes to your current Medicare plan — typically October 15th through December 7th. If you are new to Medicare, you can enroll three months before or three months after your 65th birthday (see Initial Enrollment Period).

Coinsurance:

The amount you may be required to pay as your share of the cost for services after you pay any deductibles. Coinsurance is usually a percentage (for example, 20% of Medicare-covered service).

Copayment (copay):

The amount you are required to pay as a share of your cost for a medical service or prescription. For example, you may have a \$20 copayment each time you visit the doctor, or pay \$15 for a prescription.

Deductible:

The amount you must spend on drugs or services before your plan pays insurance benefits.

Formulary:

A list of drugs covered by your Part D prescription drug plan or by a Medicare Advantage (Part C) plan that includes prescription drug benefits.

In-network providers:

Doctors, hospitals, pharmacies and other providers that are part of your plan's network. Usually, lower copays will apply if you see these providers. Some plans let you see out-of-network providers, but you usually have to pay a higher copay.

Initial Enrollment Period:

The seven-month period that begins three months before the month of your 65th birthday to three months after.

Maximum Out-Of-Pocket (MOOP):

The total amount you are responsible to pay for coinsurance and copays for covered medical services in a calendar year before the plan picks up the full cost of covered expenses.

Medicare Advantage (Part C) Plan:

A privately managed health insurance plan, also known as Part C or Medicare health plans. Some Medicare Advantage plans may include prescription drug coverage. You must have Medicare Parts A and B to enroll in Medicare Advantage.

'Medigap' or 'Med Supp' (Medicare Supplement) Plans:

Supplemental insurance plans that help cover some of the costs that Original Medicare doesn't pay, like copayments and deductibles.



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Medicare Prescription Payment Plan

A voluntary payment option that works with your current drug coverage to help you manage your out-of-pocket Medicare Part D drug costs by spreading them across the calendar year (January-December). This payment option may help you manage your expenses, but it doesn't save you money or lower your drug costs.

Original Medicare:

Original Medicare consists of Part A (Hospital) and Part B (Medical) coverage. It's also known as "fee-for-service Medicare."

Out-of-network:

A licensed pharmacy or provider that is not under contract with your Medicare health or drug plan(s) and will not give you negotiated prices.

Out-of-pocket costs:

Hospital, doctor or prescription drug costs that you must pay on your own because they aren't covered by Medicare or other insurance.

Part A (Hospital Insurance):

The part of Original Medicare that covers inpatient hospital stays, care in a skilled nursing facility, hospice care and some home healthcare.

Part B (Medical Insurance):

The part of Original Medicare that covers outpatient services and some medical supplies.

Part C:

Also known as "Medicare Advantage." Medicare Advantage plans work with Original Medicare, and may include prescription drug coverage.

Part D:

Prescription Drug Plans offered by insurance companies that are approved by Medicare to offer this optional coverage.

Penalty:

Amount added to your monthly premium for Medicare Part B or Medicare Part D Prescription Drug Plan coverage if you don't enroll when you're first eligible.

Premium:

The amount you may pay monthly for your health and/or prescription drug coverage.

Special Enrollment Period (SEP):

Opportunity to enroll in a health insurance plan outside of Annual, Initial or General enrollment periods for people with certain circumstances, e.g., moving or losing employer-sponsored insurance.



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