

# AT&T Ameritech /SBC Retirees - We are AASBCR®

## Blue Bulletin

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### Understanding Medicare, Medigap, MA & Prescription Drug Plans, Aon and HRA

If you qualify for Medicare, 2 to 3 months before your turn 65 Medicare will send you a Medicare card showing that you are entitled to both Medicare Part A and Part B benefits. (You may have to sign up if you are 65 and not getting Social Security.)

Part A is automatic and most people who have paid Medicare taxes for 40 quarters or more, don't have to pay a monthly premium. For those who enroll in Part B for the first time in 2021, there is a monthly payment of **\$148.50** or more, based on income. Some people who already get Social Security benefits may pay less than this amount. However, people in higher income brackets will pay more. You may choose not to enroll in Part B but if you later decide to enroll, you may also have to pay an additional penalty. You will have to pay this penalty for as long as you have Part B. Your monthly premium for Part B may go up 10% for each full 12-month period that you could have had Part B, but didn't sign up for it. Also, you may have to wait until the General Enrollment Period (from January 1 to March 31) to enroll in Part B and coverage will start July 1 of that year. So, a good rule of thumb is, sign up when you first have the chance.

#### **How does Medicare work with the Aon Retiree Health Exchange?**

If you or your spouse is Medicare eligible, it is important to enroll in Medicare Parts A and B and remain enrolled in order to receive coverage through the Aon Retiree Health Exchange. The Aon Retiree Health Exchange works on behalf of AT&T to offer assistance to eligible Medicare retirees and their spouses in selecting the right Medigap Supplemental or Medicare Advantage (MA) plan and Prescription Drug plan. When you or your spouse become Medicare eligible your AT&T health care is cancelled and you should enroll in a Medigap Supplemental Plan or an MA Plan. (We will discuss Medicare Advantage Plans a little later.) All Medigap Supplemental Plans are secondary to original Medicare. These plans cover part or all of the 20% not covered by original Medicare, which is considered the participant's responsibility.

A variety of insurance plans and price ranges are offered through Aon. These insurance plans include Medicare Supplemental Plans (Medigap) and Medicare Advantage (MA) Plans as well as Medicare Prescription D Plans. Not all available policies are listed on the Aon Exchange. Be sure to ask what other policies are available before choosing a plan. Besides Aon, you may want to check [Medicare.gov](https://www.medicare.gov)

as well as independent Medicare insurance agents to see what is offered. However, it is important to remember that you **must** enroll through the Aon Retiree Health Exchange for either medical or prescription drug coverage in order to qualify for the Health Resources Account (HRA) money which AT&T is offering in 2021 for both eligible retirees and their eligible spouses.

**Medicare Part A covers** hospital care, skilled nursing care, nursing home care (as long as custodial care isn't the only care needed), hospice, and home health services. Most people do not pay a monthly premium for Part A because they have paid Medicare taxes for 40 or more quarters while employed. While there is no monthly premium, there is a **\$1484** deductible for each benefit period.

**Medicare Part B covers** two types of services. They are 1) Medically necessary services or supplies required to diagnose or treat your medical condition and meet accepted standards of medical practice, and 2) Preventive services which include health care to prevent illness or detect it at an early stage, when treatment is most likely to work best. Part B coverage also includes durable medical equipment when your doctor prescribes it for use in your home, such as walkers, wheelchairs and hospital beds. Diabetic supplies, including monitors, test strips, lancet devices, blood sugar control solutions and in some cases therapeutic shoes are also covered. In addition to the monthly premium there is a **\$203** per year deductible. You pay nothing for most preventive services if you get the services from a health care provider who accepts Medicare assignment.

**Medicare D Prescription Drug Plans** must cover a wide range of prescription drugs, including most drugs in certain *protected classes*, like drugs to treat cancer or HIV/AIDS. Information about a plan's list of covered drugs is called a *formulary*. Many drug plans place drugs into different levels called *tiers* on their formularies. Drugs in each tier have a different cost. A drug in a lower tier will generally cost less than a drug in a higher tier. Many Medicare drug plans have contracts with *network pharmacies*. These pharmacies agree to provide members of certain Medicare plans with services and supplies at a discounted price. In some Medicare plans, your prescriptions are only covered if you get them filled at network pharmacies. Along with retail pharmacies, your plan's network might include preferred pharmacies, a mail-order program, or an option for retail pharmacies to supply a 2- or 3-month supply. Most Medicare Advantage plans also cover prescription drugs.

These plans usually have monthly premiums and co- pays for prescriptions. After reaching the annual deductible (which can vary by plan) the plan charges either a set amount for all drugs in a tier or a percentage of the cost of the drug. Medicare drug plans may **not** have a deductible of more than **\$435** in 2021. Some Medicare drug plans don't have any deductible.

Most Medicare drug plans have a coverage gap (also called the "donut hole"). This means there's a temporary limit on what the drug plan will cover for drugs. The coverage gap in 2021 begins after you and your drug plan have spent **\$4130** on

covered drugs. Also, people with Medicare who get [Extra Help](#) paying Part D costs won't enter the coverage gap.

***If you go without Part D coverage or creditable prescription drug coverage for any continuous period of 63 days or more, you will have to pay a penalty for as long as you have a Medicare drug plan.***

**Medicare Advantage (MA) plans** are offered by insurance companies and are a **substitute** for original Medicare. Medicare pays a fixed amount each month to the insurance companies offering Medicare Advantage Plans. These companies must follow rules set by Medicare. Each Medicare Advantage Plan can charge different out-of-pocket costs. They can also have different rules for how you get services, like a referral to see a specialist or which doctors or facilities, you must see for non-emergency or non-urgent care.

Medicare Advantage Plans must cover all of the services that Original Medicare covers. However, the MA Plan, *not Medicare*, determines how much you pay for the covered services. In all types of MA Plans, you are always covered for emergency and urgently needed care. Many MA Plans cover prescription drugs and also provide additional benefits like vision and dental coverage. However, an MA plan can choose not to cover the costs of services that aren't medically necessary under Medicare. If you're not sure whether a service is covered, check with your provider before you get the service.

**Health Resources Account (HRA)** If your healthcare is subsidized today by AT&T, you will get an HRA when you become Medicare eligible. You must go through the Aon Retiree Health Exchange and purchase either a medical plan or prescription drug plan to qualify for the HRA. The annual HRA amount set by AT&T is \$2700 for all eligible retirees and \$1500 for all eligible dependents. The HRA for both the retiree and the dependent will be co-mingled in one account. The HRA is tax free for reimbursable healthcare needs only. It can be used to reimburse insurance premiums after the participant pays and can also assist with Medicare A and B co-pays and prescription drug co-pays. Arrangements for automatic reimbursement of monthly premiums can be made through most insurance companies. Any amounts not used in current are rolled over to the following year. You can track the money available in your HRA or submit eligible expenses for reimbursement through Your Spending Account (YSA) on line or through the Benefit Center.

**The AT&T Group Medicare Advantage (MA) Plan** is available only to AT&T retirees through the Benefit Center and is different from MA plans offered through the Aon Exchange. This plan is offered at no charge to the retiree but retirees who sign up for this plan will **not** be eligible for the \$2700 HRA. An eligible dependent may also sign up for this plan at a cost of about \$100 per month but the dependent will also no longer be eligible for the \$1500 HRA.

***If you decide to enroll in any Medicare Advantage Plan, remember:*** You must be enrolled in Medicare Parts A and B and continue to pay your Part B premiums so the money you pay for Part B is available for the insurance company that provides your Medicare Advantage Plan.

Your Medicare Advantage Plan is a REPLACEMENT for Medicare. If you have a planned surgery or procedure, or if your doctor sends you to a rehabilitation center, you must verify the network status of your doctor, hospital or facility before you receive care, even if another In- Network doctor has referred you. Do not assume that an in-network doctor agreement includes all covered services at in-network rates. In the end, it is your responsibility to verify network status of any providers.

***Remember, in order to take advantage of the AT&T HRA, you must purchase either a Medigap Plan, a Prescription Drug Plan or a Medicare Advantage Plan through the Aon Retiree Health Exchange. With the Medicare Advantage Plan offered by AT&T you would not go through Aon but you would also not qualify for an HRA.***