

Navigating Medicare

A resource guide for LRO Members

October 28, 2008

This guide is recommended for use by management retirees who are Medicare eligible.

This guide is a brief summary of Medicare benefits and products. For complete details and illustrations, please refer to Medicare resources for your specific needs.

The Basics of Medicare

When are you eligible?

- 1) You are 65 years old, or you are eligible because of a qualified disability
- 2) You are a U.S. citizen or legal resident
- 3) You or your spouse has paid social security for at least 10 years, or you qualify on the basis of disability. There are instances where you may qualify if you paid less than 10 years of social security, but a premium may apply.

Original Medicare Provisions

	Medicare Part A	Medicare Part B
What's Covered	Typically in-patient hospitalization	Typically doctor office visits
Premium	Free for most eligible members	Monthly fee (\$96.40 in 2009)
Offered By	Federal Government	Federal Government
Enrollment	Initial period is 7 month window, 3 months before the month you turn 65 and 3 months after.	Initial period is 7 month window, 3 months before the month you turn 65 and 3 months after. Penalty applies if you decline Part B coverage. 1% of premium is applied for every month without Part B.

The Basics of Medicare

Medicare Options

	Part D	Part C (Medicare Advantage)	Medigap
What's Covered	Prescription Drugs (Rx)	Comprehensive Medical and possibly Rx	Gaps not covered by Medicare Parts A and B, except Rx.
Premium	Varies by member zip code	Varies by member zip code	Varies by member zip code
Offered By	Private Insurers	Private Insurers	Private Insurers
Enrollment	November 15th through December 31st of each year. Penalty for non enrollment, 1% of every month without coverage.	November 15th through December 31st of each year	November 15th through December 31st of each year

Part C (Medicare Advantage)

In order to enroll in Medicare Advantage plans, you have to be enrolled in Medicare Parts A and B.

Once you are enrolled, the private insurance company that manages your coverage essentially assumes the risk from Medicare. Claims and administration of the plan are strictly managed by the private insurer. Medicare in turn pays a fee to the private insurer to administer coverage on your behalf.

The option of plans you have available under Medicare Advantage are:

HMO - Health Maintenance Organization (Network access only)

PPO - Preferred Provider Organization (Network and non network provider access)

PFFS** - Private Fee For Service (No network, providers can accept charges and benefit coverage at point of service)

****If you go to a provider who doesn't accept the plan, you will be responsible for the full cost of your care. Medicare allows providers to decide at each and every visit whether or not they will accept the plan's terms, conditions and payment rates.****

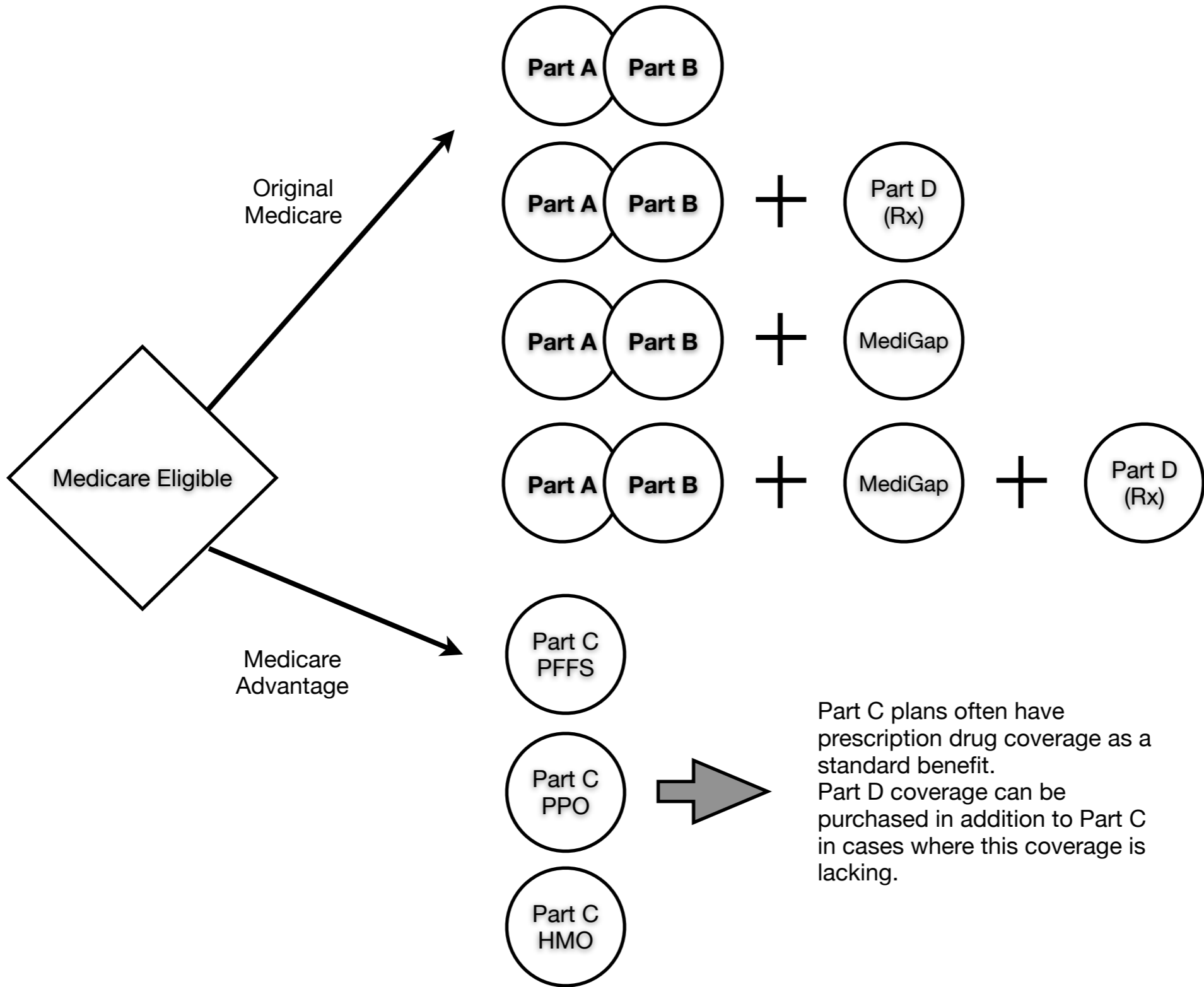
Medigap

Medigap policies are sold as a supplement contracts to provide benefits that Medicare Part A and B are missing or have "gaps" in coverage.

Medigap options are standard nationwide with the supplement contracts being named "A - L."

***Certain states have begun to offer additional plan designs in addition to the traditional "A-L." Currently, these states include Massachusetts, Minnesota, and Wisconsin. Contact your local State Health Insurance Assistance Program (SHIP) for further details.

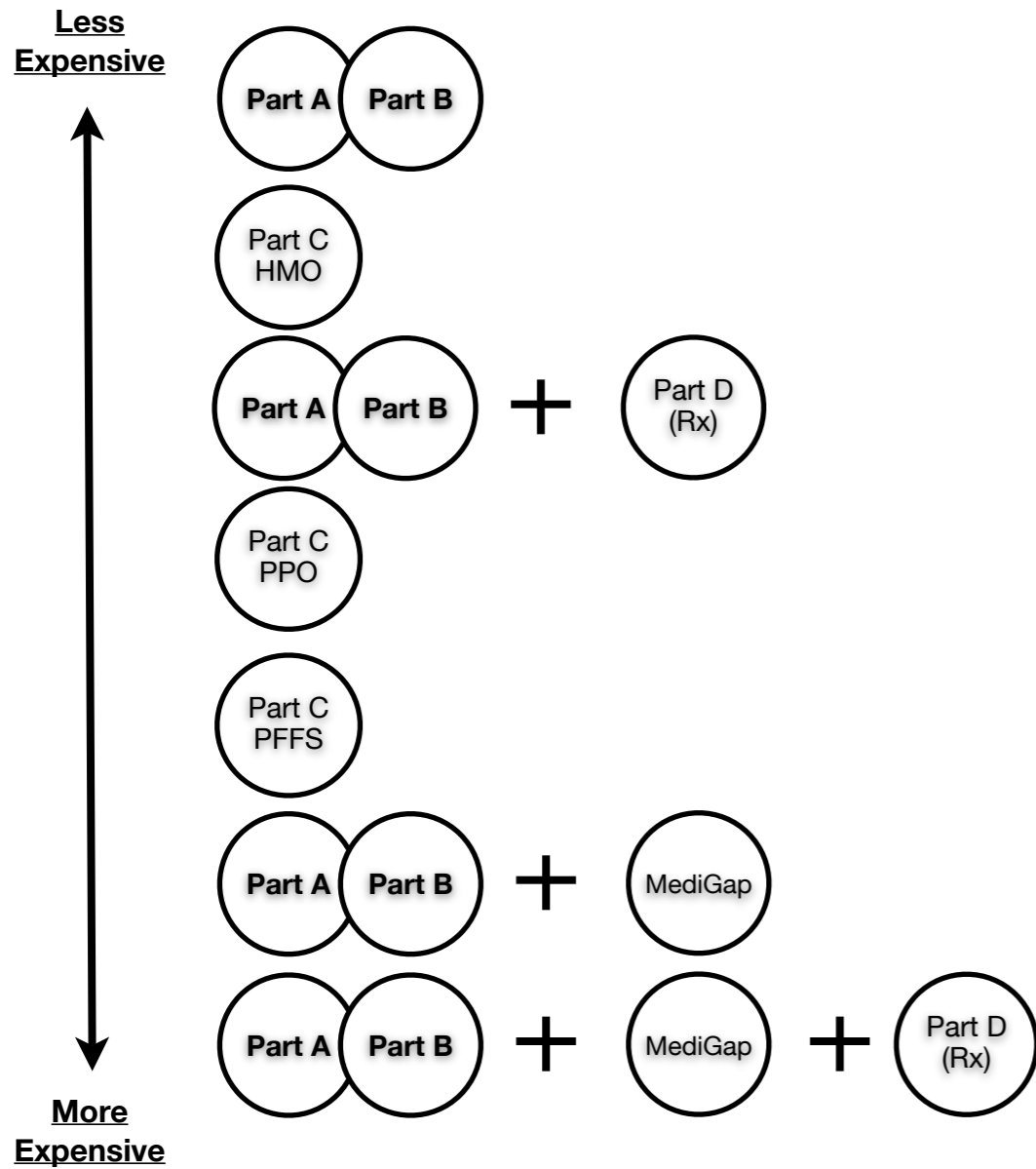
What are my choices when I become Medicare eligible?



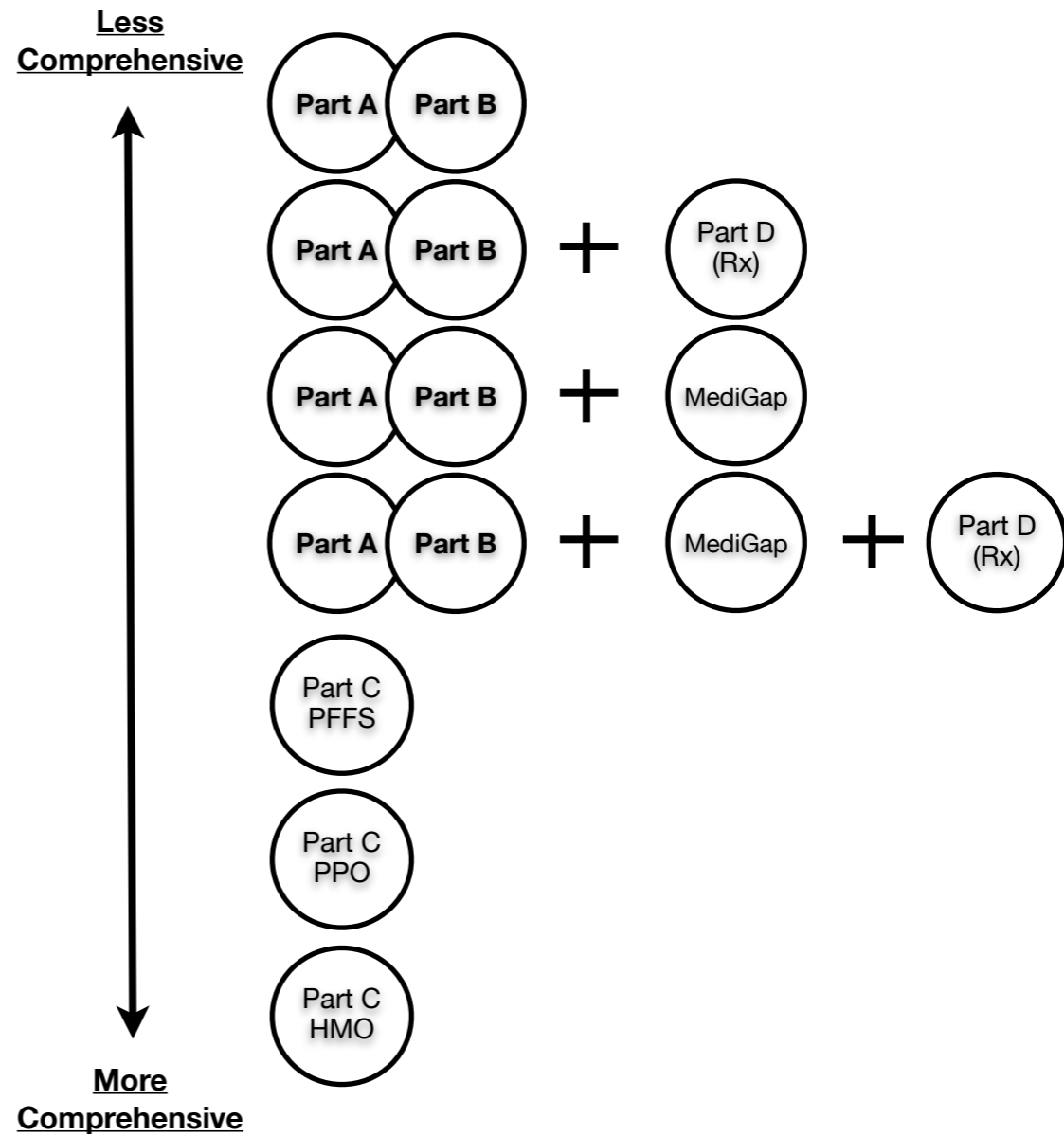
Comparison of General Features

(Comparison is intended for illustrative purposes only and represents general relativity)

Cost



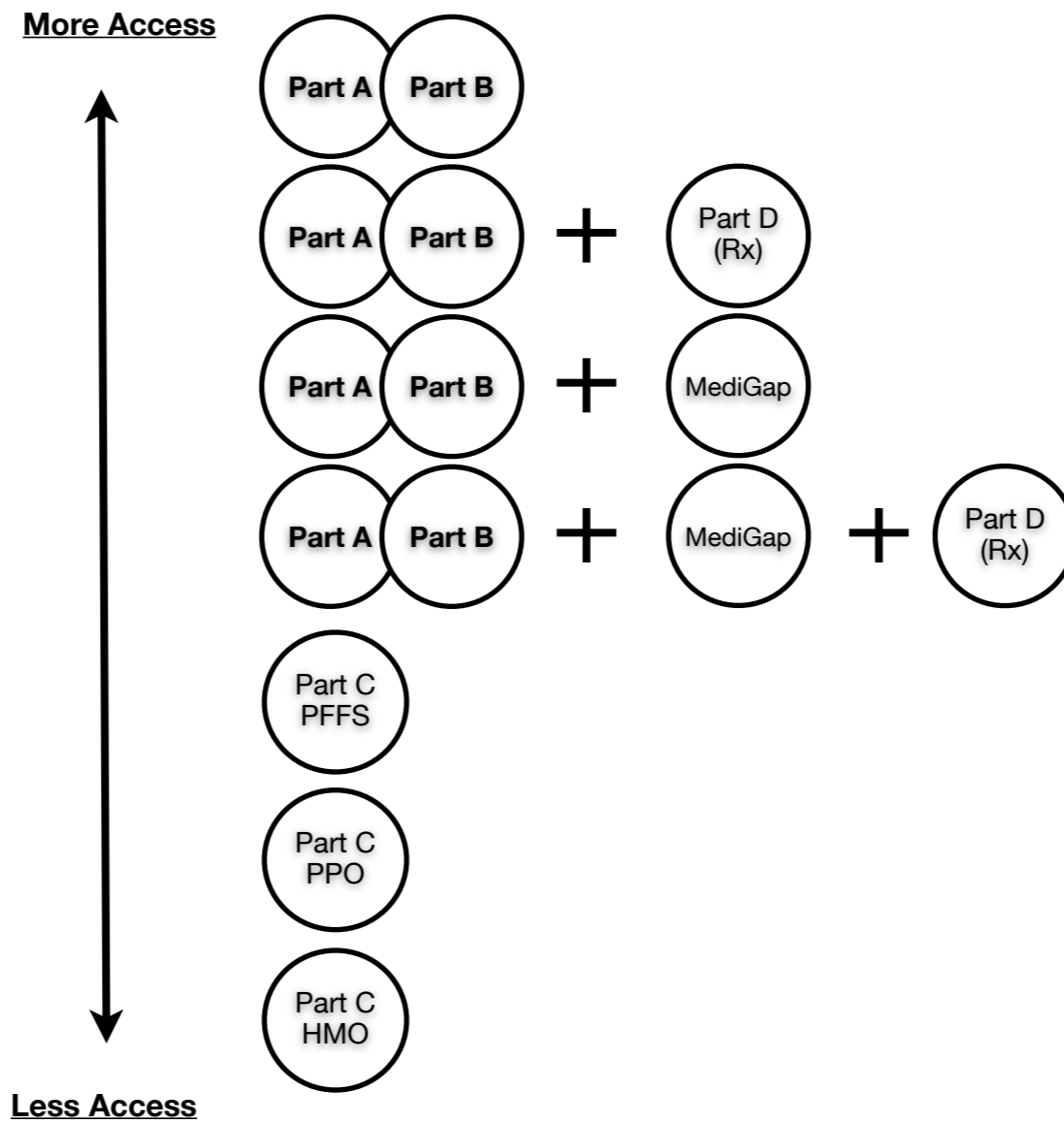
Comprehensive Benefits



Comparison of General Features

(Comparison is intended for illustrative purposes only and represents general relativity)

Access to Providers (doctors/hospitals)



Medigap Insurability Rights

An insurance company can't refuse to sell you a Medigap policy under the following situations: (they must also cover all your pre-existing conditions and not charge you more for policy due to past or present health problems.)

Guaranteed Issue Right Situation	You have the right to buy	When to apply for a Medigap policy
#1) Your Medicare Advantage Plan is leaving the Medicare Program, stops giving care in your area, or you move out of the plan's service area.	Medigap Plan A, B, C, F, K or L that is sold in your state by any insurance company.	You can apply up to 60 calendar days before the date your health care ends. You must apply no later than 63 days after your health coverage ends.
#2) You are in the Original Medicare Plan and have an employer group health plan or union coverage that pays after Medicare pays, and that coverage is ending. This includes retiree or COBRA coverage.	Medigap Plan A, B, C, F, K or L that is sold in your state by any insurance company.	You must apply within 63 calendar days after the latest of these three dates: <ul style="list-style-type: none"> •date the coverage ends •date on notice that coverage is ending, or •date on claim denial, if this is the only way you know your coverage is terminated
#3) You are in the Original Medicare Plan and have a Medicare SELECT policy. You move out of the Medicare SELECT plan's service area.	Medigap Plan A, B, C, F, K or L that is sold by any insurance company in your state or the state you are moving to.	You can apply up to 60 calendar days before the date your health care ends. You must apply no later than 63 days after your health coverage ends.
#4) (Trial Right) you joined a Medicare Advantage plan or PACE when you were first eligible for Medicare PART A at age 65 and within the first year of joining, you decide you want to switch to the Original Medicare Plan.	any Medigap policy that is sold in your state by any insurance company.	You can apply up to 60 calendar days before the date your health care ends. You must apply no later than 63 days after your health coverage ends.
#5) (Trial Right) You dropped a Medicare Advantage Plan (or switch to a Medicare SELECT policy) for the first time; you have been in the plan less than a year and you want to switch back.	The Medigap policy you had before you joined the Medicare Advantage Plan or Medicare SELECT policy, if the same insurance company you had before still sells it. If it included drug coverage, you can still get that same policy, but without the drug coverage. If former plan is not available, you can also buy a Medigap Plan A, B, C, F, K or L that is sold in your state by any insurance company.	You can apply up to 60 calendar days before the date your health care ends. You must apply no later than 63 days after your health coverage ends.
#6) Your Medigap insurance company goes bankrupt and you lost your coverage, or your Medigap policy coverage otherwise ends through no fault of your own.	Medigap Plan A, B, C, F, K or L that is sold by any insurance company in your state or the state you are moving to.	You must apply within 63 calendar days from the date your coverage ends.
#7) You leave a Medicare Advantage Plan or drop a Medigap policy because the company hasn't followed the rules, or misled you.	Medigap Plan A, B, C, F, K or L that is sold by any insurance company in your state or the state you are moving to.	You must apply within 63 calendar days from the date your coverage ends.

Comparison of Medicare Part D (prescription drug) and Member Costs for 1/1/2009
 (assumes member residing in Morristown, NJ; age 70-75, in good health)

Insurance Company (Drug Plan ID Numbers)	Coverage in the Gap	Monthly Rx Premium	Annual Deductible	Member Share of Drug Cost
Insurer A (S5768-086)	No Gap Coverage	\$16.70	\$175	\$4 - \$48 28%
Insurer B (S5674-014)	No Gap Coverage	\$24.60	\$0	\$8-\$55 33%
Insurer C (S5960-110)	No Gap Coverage	\$31.20	\$295	25%
Insurer D (S5884-003)	No Gap Coverage	\$33.70	\$0	\$7-\$70 33%
Insurer E (S5557-013)	Some Generics	\$41.60	\$285	\$0 - \$75 25%
Insurer F (S5601-009)	Many Generics	\$50.10	\$50	\$4 - \$95 31%
Insurer G (S5660-174)	All Generics	\$71.40	\$0	\$6 - \$35 33% - 75%
Insurer H (S5810-174)	Many Generics	\$130.20	\$0	\$0 -\$65 33%
Merck Medco (AL-LU)				

Where to find on the web:

go to www.medicare.gov
 scroll down to "search tools"
 enter <Compare Medicare Prescription Drugs>
 enter <Begin Personalized Search> or <Begin General Search>
 enter information

Choosing the right coverage for you.

Choosing the right coverage can be a difficult process. We can not cover all the different plans that are available since they vary in benefit and price according to zip codes. We can however give you some guidelines when considering your Medicare options. You can use the following tables and areas of comparison to help gather information to make your decision.

As stated earlier, Part C or Medicare Advantage plans, assumes the risk from Medicare. As such, these private insurers are essentially in direct competition with Medicare for membership. In order to entice members, the overall premium for Part C plans will be more attractive and benefits more comprehensive than most combinations of Medicare plans. All Part C plans meet the minimum coverage guidelines as set forth by Medicare. The trade-off of richer benefits and lower premiums normally means more restriction on which providers you can access.

Costs	Plan A	Plan B	Plan C
Premium (keep in mind you'll most likely have to pay Part B premium for any options you choose)			
Copays (normally HMO, Part D, PPO, and PFFS)			
Deductibles (Normally Part A, B, Part D, Medigap, PPO, PFFS)			
Coinsurance (Normally Part A, B, Part D, Medigap, PPO, PFFS)			
Out of pocket maximum amounts (all plans)			

Access to Providers (doctors/hospital)	Plan A	Plan B	Plan C
Are my doctors and hospitals in this network (HMO, PPO)?			
Will my doctor accept fees and guidelines for this type of service (PART A, B, PFFS)?			
What happens if I travel?			
What happens if I live part time in another state?			

Choosing the right coverage for you.

Benefits	Plan A	Plan B	Plan C
Is prescription drug coverage included?			
Are my drugs on the plan's drug list			
Coverage in the gap?			
Is preventive care covered?			
Annual physical exam?			
Annual health screenings?			
Routine eye care?			
Routine hearing test?			
Dental care?			
Nurse help line?			
Programs to help you stay fit?			

Plan Accreditation (www.ncqa.org) This will be used mostly for Medicare Advantage plans.	Plan A	Plan B	Plan C
Access and Service			
Qualified Providers			
Staying Healthy			
Getting Better			
Living with Illness			

Items to Consider

Enrollment

You can enroll in any Medicare option when you turn 65.

Once you are enrolled, you can make changes to your plan from November 15th to December 31st of each year. These changes take effect January 1st of each year.

If you do not like the option you chose, you can revise your option between January 1st and March 31st of each year. Once your revision is made, your coverage will be in effect for the remainder of the year.

Keep in mind that the Alcatel-Lucent enrollment period is from November 10th to November 21st. This leaves AL-LU retirees 6 days to make a decision on joining the AL-LU benefit offerings.

Enrolling in a plan

Once you are enrolled in Medicare Parts A & B, your coverage will always revert to this original provision.

Medicare Advantage or Part C

- ✓ Switching between plans - enroll in the new plan, do not dis-enroll in the prior plan
- ✓ Switching back to Medicare Parts A&B - notify your current plan in writing via certified mail
- ✓ 1st time enrollment - sign up with carrier directly

Part D (prescription drugs) - sign up with carrier directly

Medigap - sign up with carrier directly

Items to Consider

Can I be turned down for coverage?

When enrolling in Medicare Part A, B, C or D, you can not be denied coverage unless you have end-stage renal disease. Additionally, these coverages will not impose a pre-existing clause, or deny coverage for a past medical condition.

You can join any Medigap plans (A - L) upon becoming Medicare eligible without restriction.

If you join a Medigap plan during the open enrollment period (11/15 through 12/31) insurers must accept you, although they may impose a waiting period for pre-existing conditions. If you apply for Medigap coverage any other time throughout the year, **you may be:**

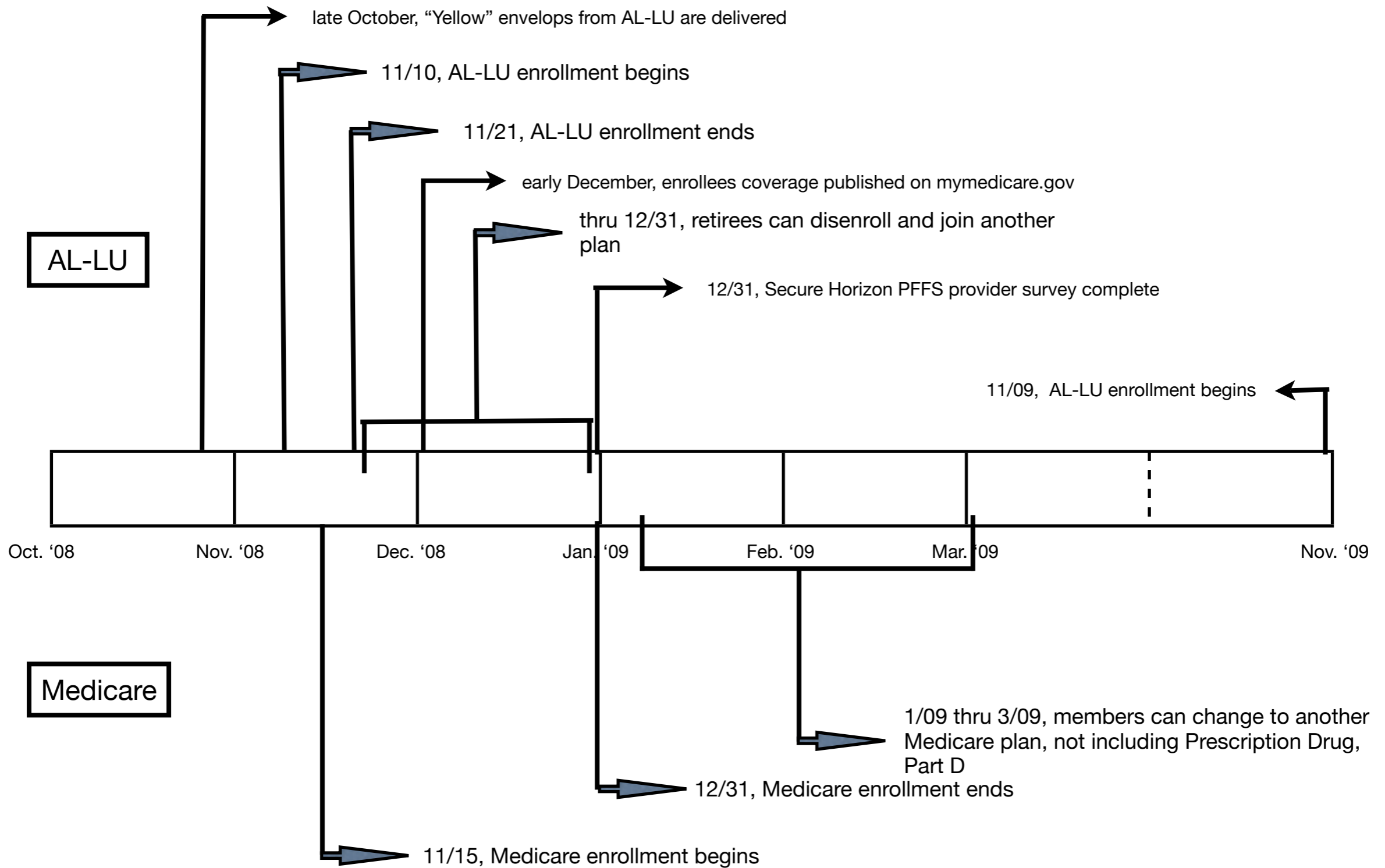
- ✓ turned down for coverage
- ✓ imposed a pre-existing condition
- ✓ charged a higher premium due to health conditions

****A different rule will apply to AL-LU retirees who have been covered under the Traditional Indemnity plan.**

For those Medicare eligible retirees leaving the AL-LU traditional indemnity plan, you will be able to apply for a Medigap policy without restriction (guaranteed issue). This means that you can not be:

- ✓ turned down for coverage
- ✓ imposed a pre-existing condition
- ✓ charged a higher premium due to health conditions

Time Line of Important Dates and Deadlines



Resources

Here are some sources of information that may prove helpful in your search.

For questions, enrollment regarding Medicare, Medicare Advantage, Drugs and Medigap

- Call 1-800-MEDICARE or
- go to www.medicare.gov to
 - enroll
 - access the Medicare Personal Plan Finder

For comparison of Medigap pricing and different options

- go to <http://www.aarp.org/health/medicare/supplemental/>

For general information and resource

- go to <http://www.lucentretirees.com>