



A guide to the most commonly misunderstood Medicare terms

For those new to Medicare, it helps to first get up to speed on some of the basic terms. That way, when it's time to choose a Medicare plan, you'll be better prepared to choose one that fits your needs.

What's the difference between Medicare and Medicaid?

Medicare is the federal health insurance program for people 65 and older and younger people with certain disabilities. Medicaid is a joint federal and state program that provides health coverage for people with limited incomes.

What's the difference between Parts A and B, and Original Medicare?

They mean the same thing. Original Medicare, the federal health program, includes two parts: Part A (hospital coverage) and Part B (medical care). Part A typically covers inpatient care in a hospital or skilled nursing facility and home health care. Part B usually covers doctor visits and preventive services.

What's the difference between Medicare Part C and Medicare Advantage?

Both terms refer to the same thing. Instead of Original Medicare from the federal government, you can choose a Medicare Advantage plan (Part C). Medicare Advantage plans are offered by private insurance companies. They include all of the benefits and services of Parts A and B. They may also include:

- Prescription drug coverage
- Extra benefits and services, such as vision, dental and hearing coverage, and fitness memberships

What's the difference between Medicare Supplement and Medigap?

Don't be confused by these terms — they mean the same thing. For those on Original Medicare, you can buy additional coverage through private insurance companies. This coverage can help pay for costs that are not covered, such as copayments, coinsurance and deductibles.

What's the difference between an HMO and PPO plan?

Medicare Advantage HMO plans usually require you to stay within a provider network. It's an affordable option for people who see a variety of physicians and would benefit from coordinated care. The choice of specialists is narrowed to keep costs lower.

Medicare Advantage PPO plans offer more flexibility and choice in a wide network of providers. You may visit doctors, specialists or hospitals out of network, but it may cost more. Some PPO plans may have a higher monthly premium than HMO plans.

What is a formulary?

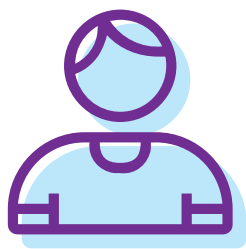
A formulary is a list of prescription drugs that are covered by the plan. To lower costs, many plans place drugs into different tiers on their formularies. Tiers are pricing categories. Drugs on each tier cost a different amount, and plans can structure their tiers in different ways. Generally, the lower the tier, the less you pay.

We've also included some basic health insurance terms that are helpful for understanding your Medicare coverage.

- A **premium** is a monthly amount you pay for coverage.
- A **deductible** is the amount you pay for covered health care services or prescriptions before Original Medicare, your Medicare Advantage plan or your prescription drug plan begins to pay.
- **Coinsurance** is the percentage of what you pay (for example, 20 percent).
- A **copayment** or **copay** is a set amount that you pay (for example, \$40).
- An **out-of-pocket maximum** or **limit** is the most you'll pay during a policy period (usually a year) for covered medical services. Once you reach your out-of-pocket maximum, your plan pays 100 percent of covered medical services.

Now that we've covered the basics, you should be better prepared to make the right decisions to reach your health goals.

[Learn more at AetnaMedicare.com](https://www.aetna.com/medicare)



<Rep/Broker/Agency Name>
<1-800-XXX-XXXX (TTY: 711)>
<8 AM to 8 PM, seven days a week>
A licensed agent will answer your call.
<email>
<URL>
<I speak Spanish>

See Evidence of Coverage for a complete description of plan benefits, exclusions, limitations and conditions of coverage. Plan features and availability may vary by service area. The formulary and/or pharmacy network may change at any time. You will receive notice when necessary. Participating health care providers are independent contractors and are neither agents nor employees of Aetna. The availability of any particular provider cannot be guaranteed, and provider network composition is subject to change.