

MEDICARE

Turning 65 and: Over

- ***Do you know how and when to sign up for Medicare benefits?***
- ***Do you understand the relationship between Medicare Supplements and Advantage plans?***
- ***Do you Understand the open enrollment periods and the consequences of choosing a plan?***
- ***Are you required to sign up for Medicare when you turn 65?***

If You're Disabled:

Do you know what qualifies you for SDI?

Medicare Part A and B at age 65:

Most Americans upon reaching age 65 will qualify for Medicare health benefits if they or their spouse have worked for 10 years (40 quarters) or more during their lifetime. If you are already receiving Social Security benefits you will receive your Medicare card for Part **A (Hospitalization)** and Part **B (Medical)** in the mail approximately two months before turning age 65. If you are not receiving Social Security, then you must apply for Medicare through the Social Security Administration. *Failure to do so may result in a penalty, but is Medicare the best option for you?*

Generally, most people will sign up for Medicare when they reach age 65. If, however, you are still working and qualify for an employer group plan, you may opt to stay with the group plan and accept only Medicare Part A while delaying Part B. When you finally decide to retire and lose your employer group coverage, contact Social Security and have your Part B activated. You will have eight months during a **Special Enrollment Period** to do this.

What Does Medicare Cost??

For most Americans, Medicare Part A will have no monthly costs. It's "free" if you or your spouse have recorded (40 quarters) of work history or qualify due to a disability.

The standard Medicare Part B premium on the other hand is \$135.50 (or higher depending on your income) for most people enrolling in 2019. The amount you pay for Medicare Part B is based on your **modified adjusted gross income** as reported on your IRS tax return from two years ago. The chart below shows what you can expect to pay for Part B based on reported income:

<u>Individual return</u>	<u>Joint return</u>	<u>You pay:</u>
\$85,000 or less	\$170,000 or less	\$134.00/mo.
Up to \$107,000	Up to \$214,000	\$189.60/mo.
Up to \$133,500	Up to \$267,000	\$270.90/mo.
Up to \$160,000	Up to \$320,000	\$352.20/mo.
Up to \$500,000	Up to \$750,000	\$433.40/mo.
Above \$500,000	Above \$750,000	\$460.50/mo.

**Found at <https://www.ssa.gov>*

Your Medicare Health options:

Once you have made your decision to select Medicare Part A and Part B, you will likely choose to go in one of two directions; **Medicare Supplements** or **Medicare Part C** also called **Advantage Plans**. To qualify for either of these plans you must have **both** Medicare Part A and Part B.

Medicare Supplements

Medicare is a national plan that allows you to go to any doctor or hospital, anywhere in the nation that accepts Medicare; which is almost all. Medicare Supplement (Medigap) plans A – N combine with Medicare, making them national plans as well. Medigap plans cover the co-payments and deductibles that Medicare does not cover in most cases. These plans have a monthly premium, but in return, usually cover all or most of the additional costs associated with your hospitalization or medical treatments. All Medigap policies are "standardized" Medicare approved plans, not insurance company plans. Insurance companies can sell them, but they cannot alter or change them in any way. So, one company's F plan is identical to every other company's F plan. So, it is important to shop price and service, not the brand.

Unless you qualify for a special enrollment, Medigap plans offer only one "initial open enrollment" period during your lifetime; which occurs when you turn age 65 and last for six months. After this period, you may enroll into a Medigap plan only if your health qualifies you.

These plans do not provide prescription drug coverage also known as Medicare Part D. With all Medigap plans you must sign up for a separate stand-alone prescription drug plan.

Part C (Advantage Plans):

Medicare Part C also known as *Advantage Plans* are insurance company plans that are separate from Medicare but must include at least the basic coverage of original Medicare. Although choosing an Advantage Plan will inactivate your Medicare enrollment, you must continue paying your Medicare Part B premiums. Failure to do so will cause you to be disenrolled from your Advantage Plan. These are regional plans (like an HMO or PPO) that have provider networks that are generally strictly enforced. Although these plans must follow standard coverage guidelines each plan is different for each company. Unlike Medigap plans, most Advantage Plans will include Part D prescription drug coverage within the plan. So, purchasing a stand-alone Rx plan is not necessary.

The initial enrollment period for Medicare Part C parallels that of Part D enrollment. You have an initial enrollment period of seven months that extends from three months before turning 65, including your birth month, to three months after. Once enrolled there is an “annual open enrollment” period that begins October 15, and extends to December 7 of each year. During this time, you may switch your plan to another Advantage Plan Carrier. The new plan then goes into effect on January 1. So, each year, if you are unhappy with your insurance company, you can switch to another Advantage Plan carrier. However, you may not leave your plan for a Medigap policy unless you are in a Special Enrollment or you can qualify based on your health.

Many people are attracted to Advantage Plans because of their low monthly premium rates (many have a \$0 monthly premium), but, unlike Medigap, copayments can prove to be quite expensive in the event of severe health issues. For instance, in the event of cancer, the costs of treatments can quickly take you to \$6,700 - Medicare’s maximum annual out of pocket costs assigned to Advantage plans.

Also, a major concern with Advantage Plans, is your ability to seek medical expertise for a defined treatment. It may be difficult to go outside of the Advantage Plan network to receive a second opinion, or to access a specialist that gives you greater confidence. There are times when having a competent doctor is not as desirable as having the best!

Part D (Rx):

Part D is your prescription drug plan. It is a separate plan from Medicare Supplements, but it is often included in many Advantage plans. To enroll into Part D you must be enrolled in either Medicare Part A or Part B, it does not require both.

Part D has a seven-month open enrollment period that extends from three months before turning 65, including your birth month, to three months after. Once enrolled there is an “annual open enrollment” period that begins October 15 and extends to December 7 of each year. During this time, you may switch your plan to another carrier. The new plan then goes into

effect on January 1. Failure to be enrolled during these enrollment periods could result in a lifetime **penalty** of 1% per month for each month you failed to be enrolled in a plan. The price structure for these plans can change dramatically from year to year and you should have them reviewed annually. Enrollment in most Advantage Plans will automatically enroll you into a Part D plan.

Extra Help: There are individuals and couples who find it difficult to make ends meet financially. They often earn too much to qualify for MediCal, but struggle to get through to the end of the month. Often, they are living on Social Security alone.

There is a federal program called Extra Help that can help with their prescription drug costs. This program provides prescriptions at no or reduced premium cost. Prescription copays are limited (usually \$1 to \$2) throughout the year. To qualify for Extra Help, your monthly income in 2019 must be limited to \$1,561 for individuals (\$2,113.75 for married couples) and your assets must be limited to \$14,390 for an individual (\$27,720 for a married couple). Based on a determination by the Social Security Administration, you will either qualify for “Full” or “partial” benefits. You must also enroll into a Medicare part D plan or Advantage Plan.

SSDI and Medicare:

If you are under age 65 and disabled, and if you have been receiving Social Security Disability (SSDI) for 24 months or railroad disability, you will be automatically enrolled into Medicare Part A and Part B. Your Part B coverage will be automatically deducted from your SSDI benefit. If you have group coverage from your employer or your spouses’ employer, you may want to turn down the Part B coverage.

Once you have received Medicare Parts A & B, you may then apply for a Medicare Supplement and a Part D plan, or, choose an advantage plan. There is a *six-month Guarantee Issue period* for Medicare plans starting with your Part B start Date when you are under age 65. The enrollment policy for each insurance company is different. Some companies allow certain plans and exclude others. Check with two or three different companies to discover what plans are available and their enrollment policy. Unfortunately, many people are unaware of this and fail to enroll and end up paying unnecessary co-pays and deductibles simply by not knowing.

Because the Medicare Supplement plans are more expensive under age 65, many individuals will select an advantage plan and then use the open enrollment period when they turn age 65 to switch to a Medicare Supplement. This may be a useful strategy for many individuals. (For more information regarding SSDI, go back to our home page and select Social Security.)