MEDICARE MADE CLEAR

All You Need To Know When Turning 65 Or Retiring

Keith Armbrecht
Medicare on Video

Preface

Medicare is crazy complicated, right?! Why do they want to treat us like children when we finally get to the age where we look to simplify our lives?

We now turn 65 or retire and here comes Medicare! Medicare is actually GREAT health insurance but now we have to dedicate all of our free time just to understand our choices. Afterall – God forbid we mess this up!

I have put this book together to help simplify the decisions that need to be made. I even included interactive videos that you can click on, and watch me explain your choices.

I hope that you find this book helpful and if you do, the best "thanks" I could receive is for you to share with as many people as possible. After all – we all will turn 65 one day (we hope)!

This Ebook is available for FREE download here:

www.MedicareMadeClear2021.com

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What is Medicare?

Medicare is the federal health insurance program that covers most people age 65 and older. It is a national health insurance program that pays for a variety of healthcare expenses. Some younger people who are disabled or who have End-Stage Renal Disease (permanent kidney failure) are also eligible for coverage. People covered by Medicare are called beneficiaries. Medicare pays for much of their health care, but not all of it. That is, Medicare covers most acute medical conditions – conditions from which a patient usually recovers. But, Medicare does not cover most care given at home, in assisted living facilities or nursing homes, for people with chronic disabilities and lengthy illnesses. And for many people, there are large gaps in Medicare's prescription drug plans.

It's administered by the Centers for Medicare & Medicaid Services (CMS), a division of the U.S. Department of Health & Human Services (HHS). Medicare beneficiaries are typically senior citizens aged 65 and older. Adults with certain approved medical conditions or qualifying permanent disabilities may also be eligible for Medicare benefits.

Similar to Social Security, Medicare is an entitlement program. Most U.S. citizens earn the right to enroll in Medicare by working and paying their taxes for a minimum required period. Even if you didn't work long enough to be entitled to Medicare benefits, you might still be eligible to enroll, but you might have to pay more.

Most seniors are covered under the Original Medicare Plan. That plan requires them to pay for some of their health care in addition to their monthly Part B and Part D premiums. Those additional amounts are called deductibles and coinsurance. All premiums, deductibles and coinsurance amounts change every year on January 1st.

Medicare Explained

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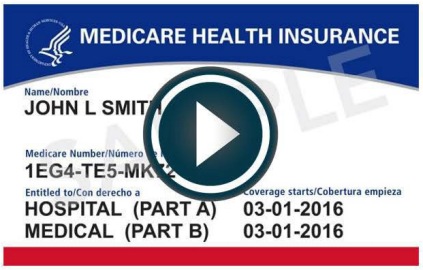

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MEDICARE ON VIDEO

Learn How Medicare Works

Medicare is the federal government program that provides health care coverage (health insurance) if you are 65+, under 65 and receiving Social Security Disability Insurance (SSDI) for a certain amount of time, or under 65 and with End-Stage Renal Disease (ESRD). The Centers for Medicare & Medicaid Services (CMS) is the federal agency that runs Medicare. The program is funded in part by Social Security and Medicare taxes you pay on your income, in part through premiums that people with Medicare pay, and in part by the federal budget.

Any individual who applies for Social Security retirement or survivors' benefits before he or she is 65 years old does not need to submit a separate application for Medicare; heor she will receive an Initial Enrollment Package in the mail three months before he or she turns 65. At this time, all individuals receive this packet, which includes coverage information, a Medicare card, and a questionnaire. Medicare automatically begins at age 65 if an individual is receiving disability, Railroad Replacement, Social Security, or other benefits regardless of whether or not an individual has his or her Medicare card. Individuals who are younger than 65 and who have received Railroad Retirement Disability or Social Security checks for 24 months are also eligible forMedicare.

Once you have become Medicare-eligible and enrolled, you can choose to get your Medicare benefits from Original Medicare, the traditional fee-for-service program offered directly through the federal government, or from a Medicare Advantage Plan, a type of private insurance provided by companies that contract with Medicare (the federal

government). Original Medicare includes: Part A (Inpatient/hospital coverage) and Part B (Outpatient/medical coverage)

If you want Medicare prescription drug coverage (Part D) with Original Medicare, in most cases you will need to actively choose and join a stand-alone Medicare Private DrugPlan (PDP).

You still have Medicare if you enroll in a Medicare Advantage Plan. This means that you will still owe a monthly Part B premium (and your Part A premium, if you have one). Each Medicare Advantage Plan must provide all Part A and Part B services covered by Original Medicare, but can do so with different rules, costs, and restrictions that can affect how and when you receive care. Medicare Advantage Plans can also provide Part D coverage. Note that if you have health coverage from a union or current or former employer when you become eligible for Medicare, you may automatically be enrolled in a Medicare Advantage Plan that they sponsor. You have the choice to stay with this plan, switch to Original Medicare, or enroll in a different Medicare Advantage Plan, but you should speak with your employer/union before making any change.

It is essential to understand your Medicare coverage choices and to pick your coverage carefully. How you choose to get your benefits and who you get them from can affect your out-of-pocket costs and where you can get your care. For instance, in Original Medicare, you are covered to go to nearly all doctors and hospitals in the country. Medicare Advantage Plans, on the other hand, usually have network restrictions, meaning that you will be more limited in your access to doctors and hospitals. However, Medicare Advantage Plans can also provide additional benefits that Original Medicare does not cover, such as routine vision or dental care.

Medicare is different from Medicaid, which is another government program that provides health insurance. Medicaid is funded and run by the federal government in partnership with states to cover people with limited incomes. Depending on the state, Medicaid can be available to people below a certain income level who meet other criteria (e.g., age, disability status, pregnancy) or be available to all people below a certain income level. Remember, unlike Medicaid, Medicare eligibility does not depend on income. Also, eligible individuals can have both Medicare and Medicaid and are known as dual-eligible.

Everyone who has Medicare receives a red, white, and blue Original Medicare card. If you choose to receive your coverage through Original Medicare, you will show this card when you get services. If you choose to receive your Medicare benefits through a Medicare Advantage Plan, you will still get an Original Medicare card, but you will show your Medicare Advantage Plan card when you get services.

What Does Medicare cover?

Medicare benefits are divided into two parts. **Part A** primarily covers inpatient hospital, skilled nursing facility care, and home health care. Once enrolled in Medicare, you will receive these benefits automatically and do not pay premiums for them (you've already paid for them through your taxes). When you apply for Part A, you can enroll in Part B. **Part B** covers most doctors' bills, as well as some medical services and supplies. Unlike Part A, Part B does require a monthly premium.

What are the Different Parts of Medicare?

Medicare has four parts. Parts A and B are called Original Medicare. They're run by the federal government. Medicare Part C is called Medicare Advantage. You buy Medicare Advantage plans from private health insurance companies that contract with the government. They work with Original Medicare coverage. Part D covers prescription drugs. Many Medicare Advantage plans combine Parts A, B, and D in, one plan. And each Medicare plan only covers one person.

The types of Medicare programs are often referred to as Part A, Part B, Part C, and Part D. Here's a rundown of what each "Part" is about.

Medicare Part A

Medicare Part A is hospital insurance. Part A covers inpatient hospital care, limited time in a skilled nursing care facility, limited home health care services, and hospice care. Most Medicare Part A beneficiaries don't have to pay a monthly premium to receive coverage under this part of Original Medicare; this is called "premium-free Part A." Generally, if you've worked at least 10 years (40 quarters) and paid Medicare taxes while you worked, you're eligible for premium-free Part A. Otherwise, you pay a monthlypremium.

Medicare Part A typically doesn't cover the full amount of your hospital bill, so you will probably be responsible for a share in the cost. You will also have to pay a deductible before Medicare benefits begin. Medicare will then pay 100% of your costs for up to 60 days in a hospital or up to 20 days in a skilled nursing facility. After that, you pay a flat amount up to the maximum number of covered days. Your Medicare Part A benefits cover some of the costs for a total of 90 days in a hospital and 100 days in a skilled nursing facility. Medicare also covers up to 60 "lifetime reserve days." These are days you stay in a hospital longer than 90 days in a row. You get a lifetime total of 60 reserve days.

Medicare Part B

Medicare Part B is medical insurance. Part B benefits cover certain non-hospital medical expenses like doctors' office visits, blood tests, X-rays, diabetic screenings and supplies, and outpatient hospital care. You pay a monthly premium for this part of Original Medicare. The fee can be higher for people with high incomes. A different government program, Medicaid, can help cover Medicare Part B premiums for low-income beneficiaries.

Medicare Part B beneficiaries are usually responsible for a portion of their health care costs. You'll have to pay a deductible each year before your Medicare Part B benefits kick in, and then you'll generally pay 20% of the bill when you go to a participating Medicare doctor. Medicare pays the full cost of many lab tests and services requested by your doctor.

Medicare Part C

Medicare Part C, or Medicare Advantage, insurance often includes every type of Medicare coverage in one health plan. It's offered by private insurance companies contracted through CMS to provide a Medicare benefits package as an alternative to Original Medicare. Enrolling into a Medicare Advantage plan is optional, but to obtain this private insurance, you must also have Original Medicare, Part A, and Part, B. You also may have to continue to pay your Part B premium if you have a Medicare Advantageplan.

While Medicare Advantage plans are required to provide all Medicare Part A and Medicare Part B benefits (except hospice care), plans can also include different additional benefits, which vary among the individual private health insurers. Many Medicare Advantage plans include prescription drug coverage known as Medicare Advantage Prescription Drug plans. Some plans might have a lower deductible, while also allowing you to pay a smaller share of the remaining costs. Medicare Advantage plans may even cover certain health care services that Original Medicare, Part A, and Part B, does not cover, like eye exams, hearing aids, dental care, or health care received while traveling outside the United States.

Medicare Part D

Medicare Part D is optional prescription drug coverage. Medicare Part D is available as a stand-alone prescription drug plan through private insurance companies, and the monthly fee varies among insurers. You will share in the costs of your prescription drugs according to the specific plan in which you're enrolled. Those costs can include a deductible, a flat copayment amount, or a percentage of the full drug cost (called "coinsurance").

If you want prescription drug coverage, you can get it through a Medicare Advantage Prescription Drug plan if there's one in your area that offers this coverage. You can use the simple form on this page and enter your zip code to view a list of Medicare Advantage Prescription Drug plans in your area. If you have limited income and cannot afford your medications even though you receive Medicare Part D benefits, you may qualify for the Extra Help program, which offers financial assistance for your monthly premium, deductible, copayment, or coinsurance.

What are My Medicare Coverage Options?

As someone new to Medicare, you may be a little confused about your Medicare coverage options. You might have many choices, often with different rules, coverage limits, doctors, and costs. You worked hard to get Medicare. Now it's time to make sure Medicare works hard for you and you get the coverage you'll be happy with. There are three distinct types of Medicare plan options aside from Original Medicare. They're designed to either go along with "Original Medicare" or create a different way to get your Medicare benefits.

Medicare Advantage plans: Available from Medicare-approved insurance companies, these plans combine your Part A (hospital), Part B (medical) and usually Part D (prescription drug) coverage into a single health insurance plan. A Medicare Advantage plan must offer the same benefits as Original Medicare Part A and Part B. The exception is hospice care, which is covered directly under Medicare Part A. But Medicare Advantage plans must also limit your total annual out-of-pocket Medicare costs. And many plans include extra benefits such as routine dental and vision coverage.

"Stand-alone" Medicare Part D Prescription Drug Plans: Prescription drug coverage is available through the Medicare Part D program. Private insurance companies contract with Medicare to offer stand-alone Prescription Drug Plans. These plans may pay part of your medication costs. This is an optional benefit, but Original Medicare Part A and Part B offers limited prescription drug coverage and does not cover most medications you take at home.

Medicare Supplement Insurance plans: Available from private insurance companies, these plans are designed to work alongside Original Medicare to pay some of your out-of-pocket costs that Part A and Part B do not cover. You can buy a Medicare Supplement plan to work alongside a stand-alone Medicare Prescription Drug Plan, but Medicare Supplement plans don't pay any benefits for coverage under Medicare Advantage plans.

Who is Eligible for Medicare?

People are eligible for the program if they:

- Are age 65 or older and eligible for Social Security or Railroad Retirementbenefits;
- Are age 65 or older and the spouse or former spouse of someone who receives Social Security or Railroad Retirement Benefits;
- Worked long enough in a federal, state, or local government job to meet the Social Security disability program requirements (this is if they are under 65). Those 65 or older (or a spouse) must have 40 or more quarters of Medicare-covered employment.
- Have been receiving Social Security disability benefits for at least 24 months.
- Have End Stage Renal (Kidney) Disease (ESRD) or Amyotrophic lateral sclerosis (ALS).

When Should I Apply for Medicare?

You are first eligible to sign up for Medicare during your **Initial Enrollment Period**, which begins 3 months prior to your 65th birthday, includes the month of your 65th birthday, and ends 3 months after your 65th birthday. You can enroll into Medicare at age 65 even if you are not ready to start receiving retirement benefits. You can enroll into Medicare and opt out of receiving cash retirement benefits for now, and then apply for retirement benefits later.

With the online application, you can sign up for Medicare Part A (Hospital Insurance) and Part B (Medical Insurance). Because you must pay a premium for Part B coverage, you can turn it down. Typically, if you are continuing to work and remain on employer benefits, you will want to decline Medicare Part B until you are ready to retire and have Medicare as your primary health insurance. However, you are able to enroll in Medicare as your primary insurance while still working.

If you choose not to enroll in Medicare Part B and do not have creditable health care coverage (active employer coverage through yourself or your spouse), and then decide to do so later, your coverage may be delayed, and you may have to pay a higher monthly premium for as long as you have Part B. Your monthly premium will go up 10 percent for each 12-month period you were eligible for Part B, but didn't sign up for it, unless you qualify for a "Special Enrollment Period."

However, if you plan to continue working past the age of 65, and remain on your employer's group insurance, or your spouse's, you will **not** want to enroll in Medicare Part B at age 65. Rather, you want to enroll in Medicare Part B when you leave your active, group creditable coverage, granting you a **Special Enrollment Period**, which waives the Part B late enrollment penalty.

If you don't enroll in Medicare Part B during your Initial Enrollment period and do not qualify for a Special Enrollment period, you have another chance each year to sign up during a **General Enrollment Period** from January 1 through March 31. Your coverage begins on July 1 of the year you enroll.

Enrollment Periods for Medicare Part A and Part B

Initial Enrollment Period:

When you first become Medicare eligible at age 65, you enter your Initial Enrollment Period (IEP). Your IEP lasts for 7 months and begins 3 months before your birthday, includes the month of your birthday, and ends 3 months after your birthday. During your IEP, you can enroll into both Medicare Parts A and B to begin either the month of your 65th birthday, or during the months after your 65th birthday, depending on the date of your application.

During your IEP, if you enroll into Medicare in any of the 3 months prior to your 65th birthday, your Medicare Parts A and B will begin the month of your 65th birthday. If you apply for Medicare during the month of your birthday, or in the 3 months after, your Medicare Part A will begin the month of your 65th birthday, but your Medicare Part B date will be determined based on your application. The chart below will depict how your Part B start date is dependent on your application date:

Part B Sign-Up Date	Part B Coverage Begins- 1st of the Month
During the 3 Months Before Your 65th Birthday	Month of your Birthday
During the Month of Your Birthday	Month After your Birthday
During the Month After Your Birthday	3 Months After your Birthday
During the 2nd Month After Your Birthday	5 Months After your Birthday
During the 3rd Month After Your Birthday	6 Months After your Birthday

Special Enrollment Period:

If you do not enroll into Medicare during your Initial Enrollment Period, you may be eligible for a Special Enrollment Period. A Special Enrollment Period (SEP) is granted when you declined Medicare Part B during your IEP because you remained on either your own, or your spouse's active employer group coverage. Your health coverage must be active group insurance, as COBRA or retiree coverage are not considered to be creditable coverage.

In order to qualify for an SEP, which both grants you the ability to enroll into Part B within 8 months of leaving employer coverage (63 days for Part D), as well as waives the late penalty associated with Part B, your employer must complete a L-564 form, to show your proof of coverage. It is important to note that if you retire while still in your IEP, your **Initial Enrollment Period rules always trump your Special Enrollment Period.**

General Enrollment Period:

If you did not enroll into Medicare Parts A and B during your Initial Enrollment Period, and are not eligible for a Special Enrollment Period, You can enroll during the General Enrollment Period. The General Enrollment Period (GEP) takes places every year from January 1st- March 31st, with coverage beginning on July 1st. If you are not eligible for an SEP and have to enroll during the GEP, you will also likely incur the lifetime late-enrollment penalty for Medicare Part B.

Automatic Enrollment into Medicare

It's important to note that eligibility for Social Security benefits is not connected to Medicare eligibility. However, if you are 65, retired and receiving Social Security payments, or Railroad Retirement Benefits, you will be automatically enrolled in Medicare Part A and Part B at age 65. You may decline Part B, but you will incur financial penalties unless you have creditable coverage under an employer-sponsored plan.

If you are 65 and not yet receiving Social Security benefits, Medicare enrollment is not automatic. If you want your Medicare coverage to begin the month you turn 65, you will need to complete an application with Social Security to initiate your coverage, You will be able to initiate Medicare without initiate Social Security retirement benefits if you are continuing to delay those benefits.

Medicare Eligible but Still Working

Typically, if you are 65 but plan to continue working, or remain on your spouse's employer-sponsored plan, you can delay your Medicare Part B benefits, and utilize a Special Enrollment Period in the future. However, if your employer (or spouse's employer) has **fewer than 20 employees**, you may be required to enroll into Medicare Parts A and B at age 65.

When your employer has 20+ employers, your group health plan is primary, and Medicare is secondary. **However, when your employer has fewer than 20 employees, Medicare is your primary insurance, and your employer health plan is secondary**. This means that your employer insurance is only going to pay AFTER Medicare has paid. It is important to clarify with your employer the number of employees documented, as well as which insurance will become primary at age 65 prior to deciding whether to delay Medicare enrollment.

Cost of Medicare Part A and Part B Coverage

Much of the funding for Medicare comes from a 2.9% payroll tax, split equally between employers and employees. But individuals must pay premiums, co-pays and other fees that can vary considerably. In general, costs will rise with age and inflation.

How Much Does Part B Coverage Cost?

Most people don't pay a monthly premium for Part A, typically known as premium-free Part A. In order to qualify for premium-free Part A, you or your spouse must have worked at least 40 quarters (10 years). If you aren't eligible for premium-free Part A, you may be able to buy Part A. The premium for Part A is dependent on the amount of quarters you worked, and can be up to $458 per month in 2020. This Part A premium will be in addition to your Part B premium.

Quarters Worked	Part A Premium
40 Quarters	$0
30-39 Quarters	$252 per month
Less than 30 Quarters	$458 per month

If you aren't eligible for premium-free Part A, and you don't buy it when you're first eligible, your monthly premium may go up 10%. You'll have to pay the higher premium for twice the number of years you could've had Part A, but didn't sign up.

Example: If you were eligible for Part A for 2 years but didn't sign up, you'll have to pay a 10% higher premium for 4 years.

How Much Does Part B Coverage Cost?

The standard Part B premium amount for 2020 is $144.60, or higher, depending on income. Social Security will tell you the exact amount you'll pay for Part B in 2020. You'll pay the standard premium amount (or higher) if:

- You enroll in Part B for the first time in 2020.
- You don't get Social Security benefits.
- You're directly billed for your Part B premiums.
- You have Medicare and Medicaid, and Medicaid pays your premiums.
- (Your state will pay the standard premium amount of $144.60 in 2020.)
- Your Modified Adjusted Gross Income (MAGI), as reported on your IRS tax return from 2 years ago is above a certain amount

If your MAGI is higher than a certain amount, you will pay the standard premium amount, plus an Income Related Monthly Adjustment Amount, also known as IRMAA. IRMAA is an extra charge added to your premium. The amount of IRMAA premium adjustment will be dependent on your tax filing, and the amount differs based on whether you filed your taxes as married, or as single. If you qualify for an increased premium due to IRMAA, you will see this on both your Part B and Part D premiums. If your income has substantially changes, such as with retirement, death of a spouse, etc., you have the ability to submit a Life Changing Event document (SS-44) to request a reduction to your IRMAA amount. The IRMAA premium adjustment levels for 2020 are shown below:

Tax Filing Status	2020 MAGI	2020 Part B Premium Adjustment	2020 Part D Premium Adjustment
Single	$87,000 or Less	= **$144.60**	-
	$87,000.01 - $109,000	+ $57.80 = **$202.40**	+ $12.20
	$109,000.01 - $136,000	+ $144.60 = **$289.20**	+ $31.50
	$136,000.01 - $163,000	+ $231.40 = **$376.00**	+ $50.70
	$163,000.01 - $500,000	+ $318.10 = **$462.70**	+ $70.00
	More than $500,000	+ $347.00 = **$491.60**	+ $76.40
Married	$174,000 or Less	= **$144.60**	-
	$174,000.01 - $218,000	+ $57.80 = **$202.40**	+ $12.20
	$218,000.01 - $272,000	+ $144.60 = **$289.20**	+ $31.50
	$272,000.01 - $326,000	+ $231.40 = **$376.00**	+ $50.70
	$326,000.01 - $750,000	+ $318.10 = **$462.70**	+ $70.00
	More than $750,000	+ $347.00 = **$491.60**	+ $76.40

What are My Costs with Medicare?

Medicare provides for excellent health-care coverage, but it doesn't cover everything. You will be responsible for paying a share of your health-care expenses. Here are some of the out-of-pocket costs that come with Medicare coverage.

Premium: Your premium is a specific monthly amount you must pay to the Medicare program (usually for Medicare Part B) and a private insurance company in exchange for your health benefits, Medicare Supplement policy, and/or prescription drug coverage. This is usually paid out-of-pocket, although people who qualify for Medicaid may get help paying for their premium(s).

Deductible: Your annual deductible is the amount you must pay out-of-pocket for your health care or prescription drugs before your Medicare insurance (whether it's Original Medicare, Medicare Advantage, a Medicare Supplement policy, or a stand-alone Medicare Part D Prescription Drug Plan) starts paying. This amount varies by plan and could change every year. Some plans don't have deductibles. Medicare Part A has a deductible of $1408 per benefit period, and Medicare Part B has a deductible of $198 annually in 2020

Copayments: A copayment is an out-of-pocket payment you may be required to make for your share of a health-care cost. These are commonly found in Medicare Advantage and Part D Prescription Drug Plans. For example, each trip to the doctor might cost you $15 while Medicare covers the rest of the cost. You might pay $10 every time you fill a prescription, for example, and your plan would pay the balance.

Coinsurance: Medicare Part B uses a coinsurance structure for many benefits. Coinsurance is an amount you may be required to pay as your share of the cost for health-care services after you meet your plan's deductibles. Unlike a copayment, coinsurance is usually a percentage (often 20%) of the approved cost of a given service, rather than a flat fee.

Maximum out-of-pocket limit: This is a yearly limit on your out-of-pocket spending for Medicare-covered services. Original Medicare does not have an overall out-of-pocket limit, but such protection is required for all Medicare Advantage plans. Once you reach the maximum limit, your health plan will pay 100% of the cost of covered health-care services for the rest of the year.

What is Original Medicare?

Medicare Part A and Medicare Part B are often referred to as Original Medicare. Original Medicare is managed by the federal government and provides Medicare-eligible individuals with coverage for and access to doctors, hospitals, or other healthcare providers who accept Medicare. It is a fee-for-service plan, meaning that the person with Medicare usually pays a fee for each service. Medicare pays its share of an approved amount up to certain limits, and the person with Medicare pays the rest.

The Centers for Medicare & Medicaid Services (CMS) is the federal agency that runs Medicare. CMS is part of the U.S. Department of Health and Human Services. Medicare is financed by a portion of the payroll taxes paid by workers and their employers. It also is financed in part by monthly premiums paid by the beneficiaries that could be deducted from Social Security checks.

Also, each year, you must pay a set amount (a deductible) for your health care before Medicare pays its share. Then, Medicare pays its share, and you pay your share (coinsurance) for covered services and supplies. If you have Medicare Part A, you can get the covered services listed in Part A Benefits. If you have Medicare Part B, you can get the covered services listed in Part B Benefits. You usually pay a monthly premium for Medicare Part B. You don't need to file Medicare claims. Providers (like doctors, hospitals, skilled nursing facilities, and home health agencies) and suppliers are required by law to file Medicare claims for the covered services and supplies you get.

How Does Original Medicare Work?

Original Medicare is different from the health insurance most Americans get from an employer in four key ways:

1. Original Medicare has two parts.

Medicare Part A and Part B were signed into law in 1965 to provide health insurance coverage for people 65 and older.

Part A (hospital insurance) covers you for a limited time when you're admitted as an inpatient to a hospital, skilled nursing or nursing home facility, or when you receive hospice care or covered home health services.

Part B (medical insurance) may cover two types of services: The first is medically necessary care aimed at diagnosing or treating medical conditions in an outpatient setting (like a doctor's office or outpatient surgery center), and the second is care aimed at preventing or detecting illnesses at an early stage. Part B may cover medically necessary durable medical equipment and supplies.

2. Original Medicare does <u>not</u> limit your out-of-pocket medical expenses.

Medicare's out-of-pocket medical expenses include any charges you have to pay yourself. With Medicare, these expenses may include copayments, deductibles, and coinsurances.

Part A Benefits and out-of-pocket costs might include:

- Inpatient hospital care: This has a deductible of $1408 in 2020 per benefit period.
- Skilled nursing care: Days 1-20 there is no cost-sharing; for days 21-100 you will have to pay a co-insurance amount per day which is subject to changeannually.
- Long-term care hospitals: If you're an inpatient in an acute care hospital and are immediately transferred to a long-term care hospital, or admitted to a long-term care hospital within 60 days of being discharged from an acute care hospital, you will not pay an additional deductible. If you are discharged from an acute care hospital and admitted to a long-term care hospital more than 60 days from your discharge date, you will generally have to pay another in-patient hospital deductible.
- Home health-care services: If you are homebound (unable to leave your home) and require home health services from a nurse, physical therapist, or occupational and speech pathology, you will not have to pay any additional cost-sharing if you meet Medicare's eligibility requirements. Generally, Medicare covers these services for a limited time.
- Hospice: Most hospice services are covered without any additional cost sharing. You may have to pay a copay for hospice-related medications. You may be assessed a coinsurance amount of respite care.

Part B Benefits and out-of-pocket costs:

- Medicare Part B has an annual deductible of $198 in 2020.
- Medicare Part B has a monthly premium of $144.60 in 2020.
- With Part B coinsurance you typically pay 20% of the Medicare-approved cost of most services, after your deductible ismet.

- Durable medical equipment (such as wheelchairs) that is used in your home may be covered under Medicare Part B.
- Ambulance services may be covered by Medicare Part B.
- Inpatient and outpatient mental health services may be covered by Medicare Part B.
- Lab tests may be covered by Medicare Part B.
- The flu shot is usually covered by Medicare Part B as a preventative health service.

3. Original Medicare typically doesn't cover prescription drugs.

Medicare Part A may cover prescription drugs administered to you as a hospital inpatient and Medicare Part B may cover prescription drugs administered to you by a doctor in an outpatient setting. However, Medicare Part A and Part B generally don't cover prescription drugs you take at home.

Medicare Part D became available in 2006, authorized by Congress. To get Medicare Part D coverage, you must enroll in a Medicare Prescription Drug Plan (described below). Under Medicare Part D, private insurance companies approved by Medicare offer insurance plans that may pay a portion of your prescription drug costs.

Medicare Prescription Drug Plans have formularies or lists of prescription drugs they cover. Before you sign up for this kind of coverage, you might want to make sure your prescription medications are listed in the plan's formulary. The formulary may change at any time, but the plan will let you know in writing when it does.

4. Original Medicare does not have standard "provider networks."

Doctor visits usually require cost-sharing under Medicare. The amount you pay to see a doctor will depend on which type of doctor you visit. There are three kinds of doctors:

Participating doctors

Participating doctors "accept Medicare assignment," which means they've signed an agreement with Medicare to accept the amount of money that Medicare pays for their services as payment in full. With a participating doctor, you usually pay 20% of the cost and Medicare pays 80%.

Non-participating doctors

Non-participating doctors have not signed an agreement with Medicare and therefore might not "accept assignment" for all of their services. A non- participating doctor may take payment from Medicare for 80% of Medicare's approved cost. But he or she can also charge you 15% of the approved cost, on top of the 20% amount that you would usually be expected to pay. This additional 15% is called the limiting charge/ excess charge, applies only to specific Medicare-covered services and doesn't apply to some supplies and durable medical equipment. Some states prohibit excess charges under Medicare Part B.

Opt-Out Providers:

If you choose to see a doctor that does not accept Medicare, you will be responsible for the entire cost of your care, except in the case of emergencies. These providers will not bill Medicare for the services you receive, and are required to provide you with a contract detailing the services, as well as charges that you are agreeing to.

What are Medicare Supplement Plans?

Medigap plans, also known as Medicare Supplement plans, refer to various private health insurance plans sold to supplement Medicare in the United States. Medigap insurance provides coverage for many of the co-pays, and some of the co-insurance, related to Medicare-covered hospital, skilled nursing facility, home health care, ambulance, durable medical equipment, and doctor charges.

Medigap's name is derived from the notion that it exists to cover the differences or "gaps" between the expenses reimbursed to providers by both Medicare Parts A and B.

Medicare eligibility starts for most Americans when they turn 65 years old. Those who have been on Social Security eligibility for 24 months can also qualify for Medicare Part A and Part B. A person must be enrolled in part A and B of Medicare before they can enroll in a Medigap plan.

When a person's Medicare Part B begins, they become eligible for Medigap open enrollment. Once your Medicare Part B begins, you have a 6-month period to enroll into any Medicare Supplement plan, regardless of health history or status. Typically, you will complete this application well in advance of your Part B start date, to avoid any gaps in coverage when your Medicare Part B begins.

It is also important to know that Medigap monthly premiums apply, and plans may not be canceled by the insurer for any reason other than non-payment of premiums/membership dues. Furthermore, a single Medigap plan may cover only one person.

Finally, Medigap insurance is not compatible with a Medicare Advantage plan. You cannot have both a Medicare supplement and a Medicare Advantage plan at the same time. You can only have a Medigap plan if you are still on Medicare Part A and Part B, and have not replaced your coverage with a Medicare Advantage Part C coverage.

How do Medicare Supplement (Medigap) Plans Work with Medicare?

Medigap plans supplement your Original Medicare benefits, which is why these policies are also called Medicare Supplement plans. You'll need to be enrolled in Original Medicare to be eligible for Medigap coverage, and you'll need to stay enrolled in Original Medicare for your hospital and medical coverage. Medicare Supplement plans aren't meant to provide stand-alone benefits.

Depending on the state that you live in, you may not be able to get Medicare Supplement coverage if you're under 65 and have Medicare because of disability, end-stage renal disease, or amyotrophic lateral sclerosis. States aren't required to offer Medigap coverage to beneficiaries under 65. If you're under 65 and enrolled in Original Medicare, check with your state's insurance department to find out if you're eligible to enroll in a Medicare Supplement plan.

Keep in mind that Medigap plans do not include prescription drug coverage (Part D), so if you want help with your medication costs, you'll need to enroll in a stand-alone Medicare Prescription Drug Plan.

You can't use your Medicare Supplement plan to pay for costs you may have with a Medicare Advantage plan. Medigap insurance can only be used to cover costs in Original Medicare.

If you have Original Medicare and a Medicare Supplement plan, **Original Medicare will pay first, and your Medigap policy will fill in the cost gaps**.

For example, suppose you have a $5,000 ambulance bill, and you have already met the yearly Medicare Part B deductible. Medicare Part B will pay 80% of your ambulance bill. If you have a Medicare Supplement plan that covers Part B copayments and coinsurance costs, then your Medigap policy would then pay the remaining 20% coinsurance of your $5,000 ambulance bill. Some Medicare Supplement plans may also cover the Part B deductible.

How Do I Sign Up for a Medicare Supplement?

To apply for a Supplement, you must have Medicare Part A and Part B coverage. Typically you will coordinated your Medicare Supplement plan to begin on the 1st of the month that your Part B begins, but you have 6 months from your Part B start date to enroll into a plan without medical underwriting. You can enroll in a MediGap plan more than 6 months following your Part B start date, but you will have to go through a health assessment. You may also apply for a Supplement plan while you are enrolled in a Medicare Advantage plan, however, you will need to call the insurance company to cancel your MA plan before your Supplement coverage begins to ensure you aren't enrolled in two plans.

Every Supplement covers only one person, so if you and your spouse both want Medicare Supplement coverage, you will need to purchase two policies. Many health insurance companies sell Medicare Supplements, and all of the plans are standardized. This means that a Plan G has the same coverage across all carriers, although the premium cost can vary.

How Do I Compare Medigap Policies?

Medicare Supplement (Medigap) insurance plans may help with certain costs not covered by Original Medicare. There are 10 standardized plan types available, each labeled with a different letter. Each plan type corresponds to a different level of coverage and works alongside your Original Medicare, Part A and Part B, benefits.

Although there are 10 Medicare Supplement plans available, if you turned 65 January 1st, 2020 or later, you are not eligible for Medicare Supplement Plans F or C. However, if you turned 65 prior to 2020, even if your Part B does not begin until 2020, you are still eligible to enroll into these two plans.

If you live in the states of Massachusetts, Wisconsin, or Minnesota, your state does not follow the typical list of Medicare Supplements, but rather offers state-specific options based on your location.

Coverage levels and premiums vary, but the benefits of each plan within a lettered category remain the same despite the insurance company or location. For example, Plan G benefits are the same in New Jersey as they are in Oregon. If a Medicare Supplement plan includes a certain benefit, this benefit is covered 100% unless otherwise specified.

In general, all Medicare Supplement plans cover the following benefits:

- Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)
- Medicare Part B coinsurance or copayment
- Blood (first 3 pints)
- Part A hospice care coinsurance or copayment

Coverage may be partial for some plans. Medigap Plan N covers the Part B coinsurance except for up to $20 copayment for some office visits and up to $50 copayment for emergency room visits that don't result in an inpatient admission.

Medigap plans do not include prescription drug benefits; if you're enrolled in Original Medicare and want coverage for your medications, you should enroll in a stand-alone Medicare Prescription Drug Plan.

Coverage Different from Medigap Plans:

As a Medicare beneficiary, you may also be enrolled in other types of coverage, either through the Medicare program or other sources, such as an employer. When you first sign up for Original Medicare, you'll fill out a form called the Initial Enrollment Questionnaire and be asked whether you have other types of insurance. It's important to include all other types of coverage you have in this questionnaire. Medicare uses this information when deciding who pays first when you receive health-care services.

Below is a list of other types of insurance you may have. Please note that these types of coverage are different from Medicare Supplement plans:

- Medicare Advantage plans (like an HMO or PPO)
- Medicare Prescription Drug Plans (Part D)
- Medicaid
- Employer- or union-sponsored group coverage
- TRICARE
- Veterans' benefits
- Long-term care insurance policies

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Medicare Advantage Plans

There are many types of Medicare Advantage (also known as Medicare Part C) plans. Medicare Advantage plans provide an alternative way to receive your Original Medicare, Part A and Part B, benefits. With Medicare Part C, you get the same coverage as Original Medicare provides (except for hospice benefits), but through a private Medicare-approved insurance company. Many Medicare Advantage plans offer benefits beyond Original Medicare, like prescription drug coverage or routine dental service benefits.

The more common types of Medicare Advantage plans include Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs), Private Fee-For-Service (PFFS) plans, and Special Needs Plans (SNPs). Less common plan options include HMO Point-of-Service (HMO POS) and Medical Savings Account (MSA) plans. Each Medicare Advantage plan offers plan-specific benefits. Thus, it is essential to compare plan benefits to find out which one is right for you.

Since Medicare Advantage plans are offered by private insurance companies approved by Medicare, there are a number of differences between the plans, including costs, additional coverage (such as routine vision and dental, hearing, or wellness coverage), and rules for getting services.

Medicare Advantage Plans are NOT Medicare Supplement plans.

What Does Medicare Part C Cover?

Medicare Advantage plans, often called Medicare Part C, combine Medicare Parts A & B (Original Medicare) into one plan. However, instead of receiving the benefits of Parts A & B through Original Medicare, Medicare Advantage plans are offered through private insurers that are approved by Medicare.

Medicare Advantage Plans combine coverage for the hospital (Part A), and doctor (Part B) visits all in one plan and are required to offer all the benefits included in Original Medicare (except hospice care which continues to be covered by Part A). However, many Medicare Advantage (Part C) plans also include prescription drug coverage and routine eye and dental care coverage not offered by Original Medicare.

Many Medicare Advantage (Part C) plans include prescription drug, vision, hearing and dental coverage not offered by Original Medicare (Parts A & B). Additionally, each Medicare Advantage plan is required by law to feature an annual maximum cap on out-of-pocket costs, meaning once that limit is reached you will pay nothing for additional covered medical services.

Types Medicare Advantage Plans

Medicare Advantage plans offer an alternative way to receive your Medicare benefits through a private, Medicare-approved insurance company. They must include all your Medicare Part A and Part B coverage (except hospice care, which is covered under Medicare Part A), but may offer additional benefits not included in Original Medicare. You generally cannot enroll in both a Medicare Advantage plan and a Medigap plan at the same time.

If you have a Medicare Advantage plan, you're still enrolled in the Medicare program; in fact, you must sign up for Medicare Part A and Part B to be eligible for a Medicare Advantage plan. The Medicare Advantage plan administers your benefits to you. Depending on the plan, Medicare Advantage can offer additional benefits beyond your Part A and Part B benefits, such as routine dental, vision, and hearing services, and even prescription drug coverage.

There are many different types of Medicare Advantage plans, described below:

Health Maintenance Organizations (HMOs) require you to use health-care providers in a designated plan network and may need referrals from a primary care physician to see a specialist.

Preferred Provider Organizations (PPOs) recommend the use of "preferred" health-care providers in an established network, and these plans are likely to cover more of your medical costs if you stay inside that network. You don't need a referral to see a specialist.

Private Fee-for-Service (PFFS) plans determine how much they will pay health-care providers, and how much the beneficiary is responsible to cover out-of-pocket.

Special Needs Plans (SNP) are tailored health insurance plans designed for beneficiaries with certain health conditions.

HMO Point-Of-Service (HMO POS). An HMO Point-of-Service plan is a slightly different and less common version of the HMO plan. Unlike a traditional HMO, an HMO Point-Of-Service plan usually lets you go to an out-of-network provider, but at a higher out-of-pocket cost. This benefit can make the plan function more like a Preferred Provider Organization plan.

Medical Savings Account (MSA). An MSA is less common than the other types of Medicare plans. In an MSA, a high-deductible health plan is combined with a bank account for you. Medicare deposits a particular amount of money each year into the bank account, and you can use the money to pay for any expenses related to your health care throughout the year.

If you decide to sign up for a Medicare Advantage plan, you may want to shop around, because costs and coverage details are likely to vary. Some of the costs associated with Medicare Advantage might include a monthly premium (not counting your Part B premium, which you must continue to pay as well), annual deductible, coinsurance, and copayments.

To be eligible to enroll in a Medicare Advantage plan, you must be enrolled in Original Medicare and reside in the plan's service area.

Different Medicare Advantage plans have different rules for obtaining services. Some policies may require you to get a referral from your primary doctor if you want to see a specialist. In these cases, if you don't get a referral, the specialist's services might not be fully covered. Similarly, with some plan types, if you get any health care services from out-of-network providers, the plan may decline to cover the services, or your out-of-pocket costs may be higher.

Another disparity between Medicare Advantage plans is how much you pay for different medical services. Some Medicare Advantage plans charge a monthly premium on top of your Medicare Part B premium, and annual deductibles, copayments, and coinsurance can also vary significantly between plans. No matter what type of Medicare Advantage plan you have, you need to continue paying your Medicare Part B premium.

When you compare Medicare Advantage plans, keep in mind the type of health services you need, how often you get them, what medications you take, and the copayments or coinsurance amounts for these drugs and services under the different plans.

Medicare Part D: Prescription Drug Coverage

Because Medicare Supplements do not offer Part D benefits, you will need to enroll in a stand-alone Medicare Part D (prescription drug) plan or another form of creditable drug coverage (meaning coverage equal to or greater than Medicare's minimum standards of coverage). If you choose not to pair drug coverage with your Supplement, you could be charged a Late Enrollment Penalty (LEP) the next time you try to sign up for a drug plan.

How Does Medicare Prescription Drug Coverage (Part D) Work?

As a Medicare beneficiary, you don't automatically get Medicare Part D prescription drug coverage. This **Medicare Part D coverage is optional** but can be valuable if you take medications.

If you don't sign up for Medicare Part D Coverage when you're first eligible, you might have to pay a late-enrollment penalty if you decide to enroll later. The late penalty for Medicare Part D accumulates the longer you delay your enrollment and is a lifetime penalty which is added to your monthly premium as long you are enrolled in a Part D plan.

Many people are automatically enrolled in Original Medicare, Part A, and Part B, when they reach 65 years of age. But you may not realize that Original Medicare doesn't cover most of your medications (except those you may receive as a hospital inpatient or, in some cases, outpatient). Medicare Part B covers certain prescription drugs that you get in an outpatient setting, like a doctor's office. However, these tend to be the kind of medications that you need a doctor to give you, like infusion drugs.

What Types of Medicare Part D Prescription Drug Plans are Available?

You can get Medicare Part D prescription drug coverage in two different ways, depending on whether you're enrolled in Original Medicare or Medicare Advantage..

Medicare Part D coverage is available:

- Through a stand-alone Medicare Part D Prescription Drug Plan—you can add this benefit to your Original Medicare coverage. You can enroll in any Part D Prescription Drug Plan that serves the area where you live.

- Through a Medicare Advantage Prescription Drug plan—you can get a Medicare Advantage (Part C) plan that includes prescription drug coverage, so that you get all your Medicare benefits under one plan.

When Can I Join, Switch, or Drop a Medicare Drug Plan?

If you want to join a plan or switch plans, do so as soon as possible so that:

- You'll have your membership card when your coverage begins.
- You can get your prescriptions filled without delay.

The times you can join or switch your Medicare Part D plan depend on how you qualify for Medicare.

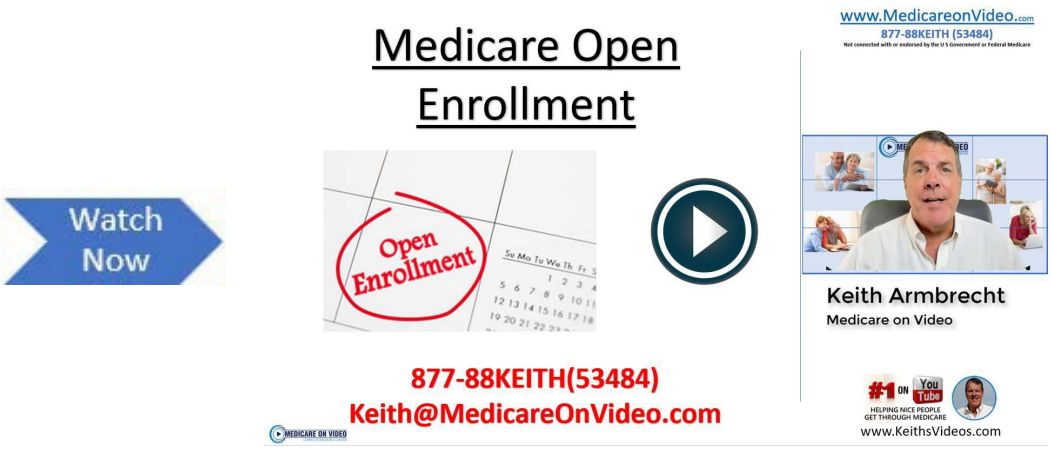
- If you are "aging into" Medicare, you may join, switch or drop your Medicare Part D plan during your Initial Enrollment Period (IEP) – the 7 months enrollment window you're first eligible for Medicare (begins three months before your 65th birth month, runs through your birth month, and ends three months after your birthmonth.)
- If you get Medicare due to a disability, you can join, switch or drop a Part D plan during the 3 months before and 3 months after your 25th month of disability.
- If you qualify for Extra Help, you can join, switch or drop your Part D coverage any time.

You can also change your Medicare Part D plan each year during the **Annual Enrollment Period (AEP) from October 15 to December 7**. When you change your plan during the AEP, your new coverage becomes effective January 1 of the following year.

In most cases, you must stay enrolled in your Medicare Part D plan for a full calendar year after your coverage takes effect. However, there might be other times you can join, switch, or drop your Medicare drug plan.

Once you've chosen a Medicare Part D plan, you can join by following that plan's instructions for enrollment. Most plans offer a variety of ways to join, like completing a paper application, calling the insurance company that carries the plan. You need to have Original Medicare (Parts A and B) to enroll in a Medicare Part D plan. So remember to have your Medicare number and date your Original Medicare coverage started handy when you get ready to enroll in a Part D plan.

You can also switch to a new Medicare drug plan simply by joining another drug plan during one of the times listed above. You don't need to cancel your old Medicare drug plan; your old Medicare drug plan coverage will end when your new plan begins. You should get a letter from your new Medicare drug plan telling you when your coverage begins.



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