

MEDICARE

Recommendations by Representatives of the Office of Jeff Schaffer

2021

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(Info@JeffsOffice.com; 800-800-9099)

QUICK OVERVIEW

WELL REFERRED

If we are communicating, it is most likely because you were well referred to us by your Financial Advisor, Investment Specialist, or CPA. Based on the confidence your Advisor has placed in us, we want to help you as thoroughly, efficiently and completely as possible. Please let them know how much we appreciate the introduction.

TRANSITIONING FROM CURRENT COVERAGE:

HOW DOES THIS AFFECT

SPOUSE OR DEPENDENT'S COVERAGE?

Most people have other coverage as they approach age 65. What type of coverage is it? Are you expecting to stay on this existing coverage past age 65? Also, do you have a spouse or other dependents on this other coverage, and what is the plan for them: to continue on this coverage, or find other coverage options? **We are equipped to help your Spouse and Dependents too**, as necessary.

GROUP HEALTH PLAN?

If you own, or are on an Employer Group Health Plan, and you want to remain on that coverage, then the question is: **How many employees are there?** If there are 20 or more, then you DO NOT have to enroll in Original Medicare Part B. Save your money. Don't start buying into your Medicare Part B Premium, but rather, wait until you decide to get off that 20+ Employee Group Health Plan, once and for all. If, however, your Employer Group Health Plan is with an employer with FEWER THAN 20 Employees, then **Original Medicare is PRIMARY**, and you MUST enroll in Medicare and start paying your Part B Premiums immediately.

INDIVIDUAL or FAMILY HEALTH PLAN?

If you are transitioning from your own INDIVIDUAL Health Plan (such as with Blue Cross Blue Shield, Anthem, or United Healthcare), or from another Healthcare.gov, Subsidized Health Plan (aka: Affordable Care Act Plan, ACA, or "Obamacare" Plan) then you would want to start the process to enroll in your Medicare Part B through the Social Security Office as early as 60-90 days before the first of the month that you turn age 65. Also, you will need to **CANCEL your ON-EXCHANGE (healthcare.gov) plan at least 14-days AHEAD of your new Medicare Coverage effective-date** or forfeit that month's ACA premium (no refunds likely).

ACA Qualified Alternative Plans, Like Medi-Share?

If you are on one of the many Non-Insurance ACA Qualified Alternative Plans (like Christian Care Medi-Share, Liberty Health Share, Samaritan Ministries, Christian Healthcare Ministries), most switch to Original Medicare Immediately.

ENROLL IN ORIGINAL MEDICARE

You enroll into **Medicare (Part A and Part B)** through the **Social Security Administration (SSA)** office. You may be able to sign up online at www.ssa.gov, or directly at your local SSA Office. You should aim to start this first step, 60-90 days ahead of the 1st of the month that you turn age 65. **Monthly Part B Premiums** are paid to Medicare and vary based on income, from about \$148.50 - \$504.90 (2021 estimate). Medicare Supplements and Prescriptions Drug Plans are paid separately.

MEDICARE SUPPLEMENTS and MEDICARE ADVANTAGE PLANS

- **Original Medicare** alone does not cover everything. Some estimates suggest that 20% of care is not covered by Original Medicare alone. It is recommended to fill those gaps with an Advantage Plan or a Medicare Supplement Plan.
- **Advantage Plans** may have lists of Providers to adhere to, and may also have back-end costs, like Deductibles, Coinsurance percentages, or Copays. They are more complicated to use in practice but are less costly on the front end.
- **Traditional Medicare Supplement Plans** allow you the flexibility to see any Provider that accepts Medicare and new patients. There is less complication and you have no back-end expenses beyond the annual Part B Deductible of **\$203** (2021). We prefer and recommend Medicare Supplements for most clients. We Recommend the **"Plan G"** MedSupp.

PRESCRIPTION DRUG PLAN (PDP)

Please get us a complete list of all of your Prescriptions (with Very Specific Name, Dose and Frequency of Use). If you use the GENERIC version, then use that Generic name, not the Brand Name, so we can find the most competitively priced PDP Plan for you. Please complete the Rx Chart on Page 11.

AVOID THESE PENALTIES (IMPORTANT):

• MEDICARE PART B PENALTY:

To delay enrollment in **Medicare Part B**, without a qualified exception (such as continuing with a Large Employer Group Health Plan), could result in at least a 10% penalty, for every 12-month period that you are delayed in enrolling. The penalty is forevermore. You may also suffer an **18-month delay** to access Part B coverage, with no recourse.

• PRESCRIPTION DRUG PLAN PENALTY

There is a potential 1% penalty for every month that a beneficiary delays enrollment beyond the month when they are first eligible. So, for example, a 3-year delay, warrants a 36% penalty, forevermore.

Keeping Your Employer's Coverage (or a Spouse's Employer's), vs. Enrolling in Medicare Immediately

Part B late enrollment options and potential penalty

In most cases, if you don't sign up for **Part B** when you're first eligible, you'll have to pay a **late enrollment 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 not start until July 1 of that year**.

EXAMPLE

Your Initial Enrollment Period ended September 30, 2015. You waited to sign up for Part B until the General Enrollment Period in March 2018. Your Medicare Part B Effective Date will be July 1st 2018. [September 2015 – July 2018 is 34 months. This included only 2 full 12-month periods.] Therefore, your Part B premium Penalty will be **20%** (10% for every 12-month period that you were postponed). You'll have to pay this penalty for as long as you have Part B.

Note: Although your Part B premium amount is based on your income, your penalty is calculated based on the standard Part B premium. The penalty is then added to your actual premium amount.

Usually, you don't pay a late enrollment penalty if you meet certain conditions that allow you to sign up for Part B during a Special Enrollment Period (SEP).

CONDITIONS THAT MAY ALLOW YOU TO ENROLL LATER FOR PART B WITHOUT A PENALTY OR DELAY:

Employer or Union coverage

(Employer groups with 20 or more employees)

If you or your spouse (or family member if you're disabled) are still working and you have insurance through that employer or union, contact your employer or union benefits administrator to find out how your insurance works with Medicare. This includes federal or state employment, but not military service (unless on active duty). It may be to your advantage to delay Part B enrollment. **We would encourage you to DELAY PART B ENROLLMENT if you qualify to do so.**

EXAMPLE I'm 65 or older and have group health plan coverage based on my current employment (or the current employment of a spouse of any age), and my employer has 20 or more employees. If the employer has 20 or more employees, the group health plan generally pays first (**Primary**). **In this situation, you may postpone enrollment in Medicare Part B (and we would encourage that delay).**

However, if you decide to enroll in **Part B** anyway, then if the group health plan didn't pay all of your bill, the doctor or health care provider should send the bill to Medicare for **Secondary** payment. Medicare will look at what your group health plan paid, and pay any additional costs up to the Medicare-approved

amount for Medicare-covered and otherwise reimbursable items and services. You'll have to pay whatever costs Medicare or the group health plan doesn't cover. Employers with 20 or more employees must offer current employees, 65 and older, the same health benefits, under the same conditions that they offer younger employees. If the employer offers coverage to spouses, they must offer the same coverage to spouses 65 and older that they offer to spouses under 65.

The risk in enrolling in Part B, AND staying on your qualified group, is that you may have to answer medical questions later, in order to buy a Medicare Supplement, when you leave your Group Plan. The Part B enrollment date is the TRIGGER that starts the 6-month Guaranteed Issue (no medical questions asked) countdown to getting on a Medicare Supplement. However, some MedSup carriers allow enrollment due to involuntary loss of Group Coverage.

IMPORTANT: You will need to contact your local Social Security office and request the "**Medicare Questionnaire for Beneficiaries 65 or Over**". This form will need to be completed and returned to prevent potential future penalties for "Part B" late enrollment. When you decide to retire (from your employer with **20 or more employees**), you would need to enroll in a Medicare Supplemental Policy AND a stand-alone Medicare Prescription Drug Plan (aka: Part D Plan; or PDP). You will qualify to apply for a "**Guaranteed Issue**" MedSup policy (**no medical questions**) since you delayed your Part B enrollment until then. And in some cases, if you DID previously enroll in your Medicare Part B, upon turning 65, even if it was years prior, but you remained on your large group health plan, (the one with **20 or more employees**), you **may** still be given the opportunity to apply for a MedSup Plan, "**Guarantee Issue,**" **since you are losing access to your Group Coverage.** We'll need a **Certificate of Creditable Coverage** from your Group Carrier.

ALSO, IMPORTANT TO NOTE:

You can sign up for **Part B** without a penalty any time you have health coverage based on current employment as described above. (However, **COBRA and retiree health coverage DON'T COUNT** as current employer coverage.)

HEALTH SAVINGS ACCOUNT (HSA) Quandary: Stop Contributing?

If you are enrolling LATER than the month when you turn age-65, (for example, more than 6 months later, such as age 67 or 72, etc.) **AND** if you have a **Health Savings Account (HSA)** to which, either you or your employer, contribute funds, **you must cease those contributions at least 6-months PRIOR to enrolling into Medicare, or you may be disallowed or delayed to enroll in Medicare, for at least 6-months, past the point that you stop HSA contributions.** **Why is this?** Part A, when enrolled later in life, is automatically, retroactively effective, 6-months, and counts as non-qualified coverage for HSA Contributions. Therefore, the way the government handles this is by **NOT ALLOWING YOU TO HAVE THIS COVERAGE** until you are 6-months out. **That could result in your having a period of NO COVERAGE (a lapse in coverage).** So, this is **VERY IMPORTANT** to note.

HEALTH SAVINGS ACCOUNT (HSA), Continued...

How Social Security Triggers **Automatic Medicare Enrollment in PART A**, thus Disallowing HSA Contributions.

A person that is 65 years old can delay taking Social Security benefits and be eligible for **HSA Contributions** as long as they are **not** enrolled in any part of **Medicare, including A, B or D**. So be aware that **unless you qualify for an exception, you are automatically enrolled in Medicare Part A at age 65**. You should contact SSA to delay enrollment, as mentioned on the previous page, otherwise, penalties for late enrollment may apply. An example of an exception is having access to **Employer Sponsored Group Health Insurance**, with a company that has **“20 or more employees”**. That said, if you choose to take Social Security at age 65, or before, you cannot delay taking Medicare Part A when you turn age-65...and therefore cannot continue HSA Contributions.

SPOUSE Continues to Contribute to an HSA

If one spouse becomes eligible for Medicare, and wants to enroll, and the other spouse continues to contribute to an HSA, there is NO CONFLICT. HSA accounts are individual trust accounts, unique to the person’s name. So a Spouse-owned HSA does NOT preclude the Medicare Beneficiary form enrolling into Medicare - - - simply answer “NO” to the question about contributing to an HSA within the last 6-months, since it is your spouse’s.

Small Employer

(Employer groups with FEWER than 20 employees)

If your employer has fewer than 20 employees, Medicare generally pays first, as **Primary**. Therefore employees, in most cases, should enroll in Medicare **Part B** immediately, when they turn age 65, or when they are otherwise eligible, before age 65, such as due to Disability.

EXCEPTIONS

Although this is not all that common, if your employer joins with other employers or employee organizations (like unions) to sponsor a group health plan (called a multi-employer plan), and any of the other employers have 20 or more employees, Medicare would generally pay as **Secondary**. If Medicare is Secondary, Part B enrollment could be delayed. Again, this is unusual for Small Employer Groups.

Your plan (employer) might have asked for an **exception**, so even if your employer has fewer than 20 employees, you’ll need to find out from your employer whether Medicare pays first (**Primary**) or second (**Secondary**).

DISABILITY: Generally, if your employer has **fewer than 100 employees**, Medicare pays first (**Primary**) if you’re under 65 or you have Medicare because of a **Disability**.

Sometimes employers with **fewer than 100 employees join with other employers to form a multi-employer plan** or multiple employer plan. If at least one employer in the multi-employer plan or multiple employer plan has 100 employees or more, Medicare pays as **Secondary**.

If the employer has **at least 100 employees**, the health plan is called a **large group health plan**. If you’re covered by a large group

health plan because of your current employment or the current employment of a family member, Medicare pays as **Secondary**.

If you go outside your employer plan’s network, it’s possible that neither the plan nor Medicare will pay. Call your employer plan before you go outside the network to find out if the service will be covered.

There are a dozen other exceptions that preclude someone from having a penalty due to their delay in acquiring Medicare Part B, such as **TRICARE, Medicaid, some VA benefits, and others, not discussed here**.

If your work status changes, Medicare may change how it works with your employer insurance. An example of changes in work status includes retiring and taking COBRA. **You should always call Social Security when your work status changes** to ensure you are aware of any changes in your health care coverage and needed next steps.

If you were already collecting Social Security before you turned 65, or if you are eligible for Medicare due to disability, you will be automatically enrolled in both **Medicare Part A and Part B**. You can turn down Part B, but you will need to send back the Medicare card you received in the mail with the form you received stating that you do not want Part B. You will receive a new Medicare card in the mail that does not have Part B on it.

If you are thinking about turning down Part B, or enrolling in only Part A, you should call the **Social Security Administration at 800-772-1213** and ask if you can defer enrollment without penalty. Be sure to explain the type and source of your other insurance and other circumstances in as much detail as possible. When you call Social Security, make sure to write down whom you spoke to, when you spoke to them, and what they said. As noted above, to avoid a penalty, you generally must be covered under employer health insurance that is available to you because of your or your spouse’s (or in more limited circumstances a family member’s) current work. The rules for determining what counts as an employer health insurance plan and what counts as current work are specific, so be sure that your situation falls within the rules before you make a decision. **Some Employer Groups (such as those that are Health Savings Account qualified) are NOT qualified alternatives for Part D, Prescription Drug Plans (PDP), which means that you should go ahead and buy a stand-alone PDP at age 65 even if you are eligible to postpone your Part B enrollment**. Discuss this in depth with your Group Health Administrator. A wrong decision could cost a 1% penalty per month against your PDP.

Enrolling in ORIGINAL MEDICARE Through the Social Security Office

Medicare, PART A (Hospital)

Medicare enrollment can begin 60 to 90 days prior to the 1st of the month that you would turn age 65. Medicare Part A is **effective on the first day of the month that you turn age 65**. Part A is earned with **40 quarters (10 years)** of “paid in Medicare taxes” (you, OR your spouse). It is VERY unusual that someone would not qualify for premium-free (cost-free) Part A, unless they are a foreign national with legal residency, who simply has not been here to pay into the system (see first bullet-point of **Note** here below).

If, however, in the rare case that you aren’t eligible for **premium-free Part A**, you may be able to buy Part A, if:

1. You’re 65 or older, and
2. you have (or are enrolling in) Part B and
3. meet the citizenship and residency requirements.

Note: People who have to buy **Part A** will pay up to **\$471** each month in **2021**:

- If you have just moved to the U.S. from a different country (i.e. you are a **foreign national** to the U.S.), you may have to wait until you are either a **U.S. Citizen**, or have maintained a continuous, **Lawful Permanent Resident** for **5 consecutive years**, before being allowed

to buy-into Medicare. Check with Medicare on these details.

- Otherwise, if you paid Medicare taxes for less than 30 quarters, the standard Part A premium is \$471 in 2021.
- If you paid Medicare taxes for 30-39 quarters, the standard Part A premium is \$259 in 2021.

Medicare, PART B (Physician Services, etc.)

You will also need to purchase **Medicare Part B**, 60 to 90 days prior to the 1st of the month that you would turn age 65. Medicare Part B Premiums vary by household income (see chart below). You may be able to sign up for Medicare online at www.ssa.gov.

There is a monthly fee for **Part B**, based on your tax returns. Most pay approximately **\$148.50** per month, in **2021**, for **Part B**. Please see the Income Chart below, which uses the 2021 Estimates, for your Part B monthly Premium based on your household Income. These are best estimates based on resources available.

Likewise, **the Part D Prescription Drug Plans** also have a **Federal Tax Surcharge**, based on the same income levels as Part B Premiums (as listed in this chart):

If your yearly income in 2019 was within this range (here, below) then you can see what your Premiums and Surcharges are for 2021				
File individual tax return	File joint tax return	File married & separate tax return	You pay this Part B Premium each month (in 2021)	You pay this Prescription Drug Plan Surcharge in addition to your PDP Premiums, each month (in 2021)
\$88,000 or less	\$176,000 or less	\$87,000 or less	\$148.50	No Extra Surcharge
above \$88,000 up to \$111,000	above \$176,000 up to \$222,000	not applicable	\$207.90	\$12.30
above \$111,000 up to \$138,000	above \$222,000 up to \$276,000	not applicable	\$297.00	\$31.80
above \$138,000 up to \$165,000	above \$276,000 up to \$330,000	not applicable	\$386.10	\$51.20
above \$165,000 and less than \$500,000	above \$330,000 and less than \$750,000	above \$87,000 and less than \$413,000	\$475.20	\$70.70
\$500,000 or above	\$750,000 and above	\$413,000 and above	\$504.90	\$77.10

Enrollment Dates for Original Medicare through the Social Security Office

If you are eligible due to age (Also known as “Aging-In”) at age 65, this is termed the **Initial Enrollment Period (IEP)**?

If you are eligible for Medicare, but not currently receiving Social Security retirement benefits or railroad retirement benefits, there are three different time-periods during which you can enroll in Medicare Parts A and B.

1. Initial Enrollment Period (IEP). You can enroll in Medicare at any time during this seven-month period, which includes the three months before, the month of, and the three months following your 65th birthday. The date when your Medicare coverage begins depends on when you sign up.

- If you enroll during the first three months of your IEP, coverage begins the month in which you first become eligible for Medicare (EX: the 1st of the month of your birthday, when you will be turning age 65).
- If you enroll during the fourth month of your IEP, coverage begins the **month following the month** of enrollment.
- If you enroll during the fifth month of your IEP, coverage begins the **second** month following the month of enrollment.
- If you enroll during the sixth or seventh month of your IEP, coverage begins the **third** month following the month of enrollment

For **EXAMPLE**, let’s say you turn 65 in **JUNE**. Use the following chart to determine when you can enroll in Medicare and when your coverage would start:

Initial Enrollment Period (IEP) (starts 3-months BEFORE the month you turn 65)	
EXAMPLE of a Medicare Beneficiary who is turning age 65 in JUNE:	
You can enroll anytime in:	Your coverage would start:
March	June 1 st
April	June 1 st
May	June 1 st
June	July 1 st
July	September 1 st
August	November 1 st
September	December 1 st

2. General Enrollment Period (GEP). If you did not enroll in Medicare when you originally became eligible, you can sign up during the GEP, which is from January 1st through March 31st of every year. Your coverage will not begin until July 1st of the year you sign up. Also, you will have to pay a Part B premium penalty for every year (every full 12-month period) that you delayed enrolling in Medicare Part B.

3. Special Enrollment Period (SEP). You can delay enrollment in Part B without penalty if you were covered by employer health insurance through your or your spouse’s current job when you first become eligible for Medicare. You can enroll in Medicare without penalty at any time while you have group health coverage and for eight months after you lose your group health coverage or you (or your spouse) stop working, whichever comes first. In this circumstance, Medicare coverage begins the first of the month, after the month you enroll.

For **EXAMPLE**, let’s say you retire in **FEBRUARY**. Use the following chart to determine when you can enroll in Medicare and when your coverage would start.

Special Enrollment Period for Medicare (SEP) (within 8-months of leaving Group Plan)	
(Special Enrollment Period after getting off a qualified Group Plan of 20+ Employees)	
You can enroll anytime in:	Your coverage would start:
March	April 1 st
April	May 1 st
May	June 1 st
June	July 1 st
July	August 1 st
August	September 1 st
September	October 1 st
October	November 1 st

Maintaining Coverage for your Spouse and/or Dependents:

Let's make sure that your transition to Medicare does not leave other family members without coverage.

SPOUSE

If you have a spouse who is on your medical plan, they may have good options:

● **INDIVIDUAL HEALTH** (aka: **Affordable Care Act Plan; ACA Policy; "Obamacare" Policy**)

If your Spouse and/or Dependents have been on an **Individual Family Health Plan** with you, and now YOU are rolling off of that plan to enroll into Medicare, they should be able to keep that coverage, and simply request that the Insurance Carrier, make your Spouse the "Primary Insured" on the plan, until they too, reach age 65. Or, if they prefer, they may simply enroll into a different stand-alone Individual Health Plan, and they could do-so, without having to answer any medical questions.

● **GROUP HEALTH from YOUR EMPLOYER**

Your Spouse and Dependents have the option to accept your Insurance Carrier's offer of Group **COBRA**, which is an extension of your Group Health Coverage. It will last for up to 18-months. Then they would have to do something different. The cost of COBRA would include the portion you had been paying, plus the employer's portion of the premium plus a possible 1-2% more, as an administration fee. So, it may feel expensive. But the advantage of COBRA is that you get to keep the better benefits of GROUP and the better Network of Providers (doctors and hospitals) in most cases. Further, if your Spouse or Dependents have used any portion of their deductible for the year, they don't lose that credit, like they would if they were to change to a new plan.

IMPORTANT TO NOTE: You cannot take out COBRA (cannot accept the "COBRA offer") and start paying for COBRA, **and then** months later, decide that you would prefer to do Individual Health. There is a short 60-day window in which to **either** accept COBRA or Enroll into a new Individual Health Plan. Outside of that 60-day period, you would have to wait until:

1. the next 45-day ACA Open Enrollment Period (November 1st – December 15th), which would offer you a January 1st effective date on a new Individual Health Plan; or
2. The end of the **COBRA** (18-months out).

DEPENDENTS

This usually follows the same similar rules as listed above for Spouse. But if extenuating circumstances exist, please discuss that with us immediately, and we'll help you traverse those options quickly.

OTHER OPTIONS and IDEAS to be aware of, that may be choices or may affect your Spouse and/or Dependents:

● **ACA Qualified ALTERNATIVE PLANS**

(These are Non-Insurance Plans that are "Qualified Exceptions" and thus, **DO NOT** cause a Tax Penalty*)

These Faith-Based (and often, Christian Membership) Plans, are those that you may have heard advertised on the radio as lower-cost alternatives to Traditional Health Insurance. One product in particular is called **Medi-Share**, and others have similar sounding names. The idea is that a large group of members, like yourself, all contribute monies. These monies are managed and then used to reimburse certain medical bills of fellow members as requested, based on the organization's by-laws. It's a system that works well for many and uses far fewer dollars than traditional health insurance premiums. **Here's the downside:**

- No preexisting condition coverage;
- No coverage for long-term prescriptions;
- Not insurance;
- Not guaranteed;
- Some limits on certain coverages;
- No preventative care coverage
- Not everyone may join.

● **The Affordable Care Act ("Obamacare") could all be changed at any moment:**

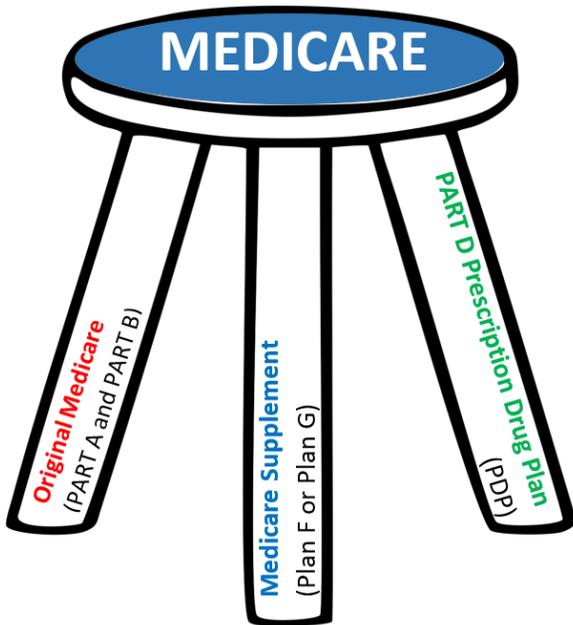
There is good and bad with this legislation, and in either case, it's a double-edged sword. If you say it's good, because it "insures the uninsurable," then you also have to acknowledge that this is what has caused the premiums to skyrocket. But regardless of one's stance, the one thing we can all agree on, is that things might change. So, the rules that exist today (of no-medical-questions-asked) could change. If they do, we will be here to help you navigate the "new normal," whatever that becomes.

Coverage Options

“Original Medicare,” by itself, is not enough. **Medicare** was designed with certain “gaps-in-coverage.” There are no limits or “stop-losses” to those gaps-in-coverage, which you are responsible to pay. In other words, **Original Medicare** may pay, roughly, 80%, and you may pay as much as 20% of your medical bills, with no limit to your risk exposure, unless you have something like “Gap-Coverage” (i.e. Medigap; aka: Medicare Supplement Coverage; or an Advantage Plan).

The way we like to think of it, is as a **Three-Legged Stool**:

Original Medicare + **Supplement** + **Prescription Drug Plan**



ADVANTAGE PLANS

Some local insurance agent offices seem to favor “**Advantage Plans**.” That’s because there is a lot of **sizzle** to these programs. The pitch is that **Advantage Plans** are a privatization of Medicare (very appealing to those of us who have fiscal conservative leanings). In any case (and in every case) you still would enroll in Medicare **PART A** and **PART B** and pay your regular **PART B** premium every month (or have it deducted from your social security). However, instead of the Federal Government keeping all those dollars, and some of the dollars you have paid over your lifetime into the system, the Feds send large sums to the private insurance carriers instead.

We have all heard how inefficiently the Federal Government uses tax dollars: spending most money on the bureaucracy. So, the theory is that **Advantage Plan Carriers** will use these tax dollars more efficiently, such that they can provide “**Extra Benefits**” that **Original Medicare** would not. That includes

covering most of the Gaps, like a Medicare Supplement Plan would. It also may include the Prescription Drug Coverage, without having to buy a separate stand-alone **Part D Plan** (or Prescription Drug Plan) (PDP). And if that’s not enough, the up-front premium cost is negligible: Maybe \$0, or \$10, or \$30 Premium Dollars per month. Sound too good to be true? So, what’s the catch?

There are four glaring negatives that we want clients to be aware of:

1. Medicare Advantage Plans often have limited Provider Lists of Doctors and Hospitals. Your doctors might be on there today, but that is no guarantee for tomorrow.
2. Medicare Advantage Plans vary, but many have deductibles, coinsurance, and copays with a high maximum out of pocket expense. They might say it this way:

*“**Maximum Medical Out-Of-Pocket** is the Maximum amount that you will be required to pay per year for deductibles and coinsurance, in addition to regular premiums.”*

Examples of **Max OOP** are **\$4,400**, **\$5,400**, and **\$6,700**.

3. Congress has threatened to reduce the dollars they send to Advantage Plan Carriers. If that happens, or when it does, the carriers will have no choice but to reduce benefits or charge more money. In either case you are at the whims of Congress.
4. Once you accept an Advantage Plan, and stay on it a while, you relinquish your right to a **Guaranteed Issue** Medicare Supplement policy (meaning, you forgo your opportunity to enroll into a Medicare Supplement policy with “no medical questions asked”). So, if your doctor is bumped off the Provider List, or you decide that you don’t like having to pay Out-of-Pocket every year, you may be stuck.

MEDICARE SUPPLEMENT PLANS

Medicare Supplemental Plans have no networks to adhere to. You may see any Doctor or Hospital that accepts Medicare and new patients. That makes it simple. **The “Plan G” Medicare Supplement Plan is the preferred plan design for the long-term**, (and every carrier offers it and recommends it), because it fills every Gap except the annual Part B deductible, which is \$203 for 2021. Another Plan, called Plan F, covers that deductible, but the premium difference is MORE than the deductible. Also, **Plan F’s** will no longer be issued new, starting January 1st, 2020, which, we believe, will drive **Plan F** premiums higher, faster.

Medicare Supplement Plans are Identical, Carrier-to-Carrier, by Law:

Therefore, a **Plan G** with one carrier is the same as **Plan G** with any other carrier.

The only “difference” is:

1. the **Carrier** you choose, and
2. the **Premium** they charge.

So, what distinguishes one Carrier from another? In our experience, some carriers play a “bait and switch” game. They tend to price their MedSupp policies low in the first few years, but then increase the premiums substantially, later. The problem with that, is that later, you may not be able to switch carriers. Now is the time (the one and only time) when you may enroll with a carrier, with “no medical questions asked.” This is your single **Guaranteed Issue Period**. So, choose wisely. This may be the carrier you are on for the rest of your life (no pressure).

We don’t like the “bait and switch” carriers, and instead, we prefer to look at insurance companies that have a long track record of stable rates, with reasonable rate increases over time, rather than “step-up” rate increases like 40% (which we have witnessed).

Our best carrier recommendations are the AARP **United Healthcare Plan G**, and the **BCBS Plan G** as they seem to have the most tempered annual increases year-over-year, long-term.

PRESCRIPTION DRUG PLANS (aka: Part D, or PDP)

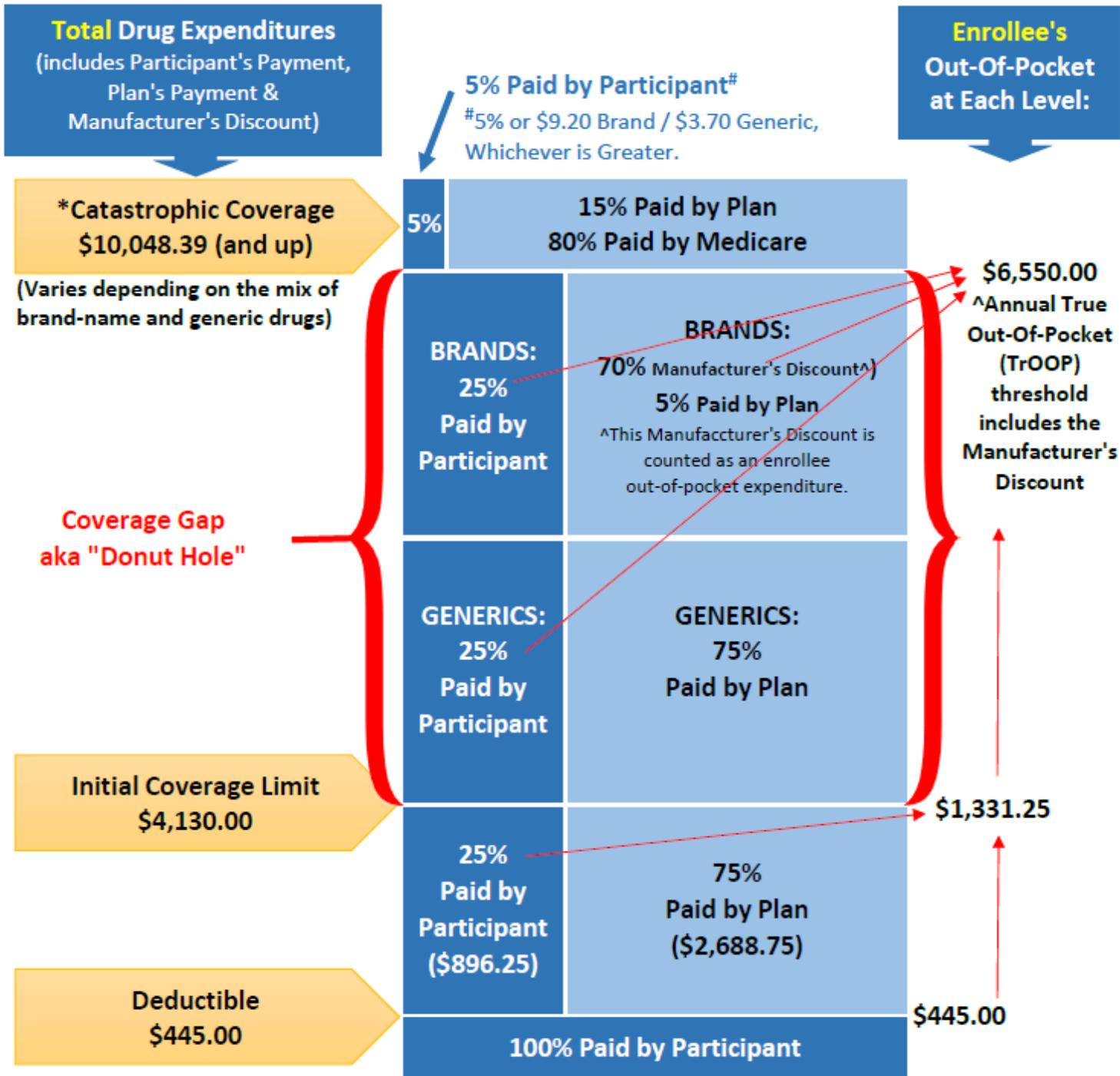
PDPs are custom-selected, based on the current list of prescriptions for each Medicare beneficiary. You might think you don’t need a PDP, because you take no medications, and you may be right. **However**, if you think that you might one day need Prescription Coverage, then you may be better served to go ahead and take out a low-cost basic plan now. The reason is that there is a tax penalty equal to 1% per month for every month that you delay your purchase of a PDP plan, past the month when you first become eligible. So, if you wait until age 70, after being first eligible at age 65, then the lifelong **penalty** thereafter would be 60%.

Plan G, Medicare Supplement Plan

Does not cover the **Part B (doctor) Deductible**. The **Kaiser Family Foundation** estimates that this Deductible could average a 6% increase per year. The year-2020, increase is about 7.03%. And here is the **55-Year History of the Annual Part B Deductible**:

Year	Part B Deductible	Percentage Change
1966	\$50	-
1973	60	20%
1982	75	25%
1991	100	33%
2005	110	10%
2006	124	13%
2007	131	6%
2008	135	3%
2009	135	-
2010	155	15%
2011	162	5%
2012	140	-14%
2013	147	5%
2014	147	-
2015	147	-
2016	166	13%
2017	166	-
2018	183	10.24%
2019	185	1%
2020	198	7.03%
2021	203	2.53%

Standard Medicare Part D (Prescription Drug) Cost Sharing for 2021



WHAT WE RECOMMEND:

Original Medicare + Traditional Medicare Supplement + Prescription Drug Plan (PDP) (aka Part D)



Part A:
(No additional premium)

Part B:
\$148.50

The Medicare Part B & the Part D Prescription Drug Plan PREMIUM may be higher based on income above \$88,000 filing Individual Tax Returns, and above \$176,000 for Joint Tax Return. **2021** premiums may be as much as **\$207.90 - \$504.90**.

Medicare Supplement (Plan G)
\$130, \$150, \$180, \$200...
(Depends on Age 65, 70, 72...)

Prescription Drug Plan (PDP)
\$13.30 – \$89... +

In addition to the PREMIUM for the PDP, there may be a Federal Tax SURCHARGE between **\$12.30 - \$77.10**, depending on your household income (above \$88,000 for those filing Individual Tax Returns, and above \$176,000 for those filing Joint Tax Returns).

That said, follow our PDP Guide and compare the COSTS of the various PDPs every year, between **Oct. 15th** and **Dec. 7th**, through **Medicare.gov**.

OTHER QUICK FACTS:

- **2021 Part B DEDUCTIBLE = \$203**
- **MEDICARE SUPPLEMENT:** We recommend the **PLAN G** (which does **NOT** cover this Part B Deductible of \$203) because the **PLAN F** (which does), will not be available to buy for those who age-in after the year 2020. And, while you may keep a **Plan F**, if you buy it now, or are eligible prior to January 1st 2020, we think the premiums will begin to rise at a higher pace for the Plan F policies, after year 2020. Further, the annual premium difference between the **Plan G** and the Plan F, even now, is already more than the cost of the Part B deductible. So, the **Plan G** may already save you money.
- **PRESCRIPTION DRUG PLAN:** Please refer to our **Prescription Drug Plan Brochure** we will send you, to know how to enter your list of Prescriptions into the Medicare.gov website, and to update that list every year. This will help determine each year, which PDP you should enroll in. Open Enrollment runs every **October 15th – December 7th** and this is the only time you may change PDPs, without other Special Exceptions.

Medicare Supplement and Travel outside the US: Most **MEDICARE SUPPLEMENT** Plans pay **80%** of the billed charges for certain **medically necessary emergency care** outside the U.S. after you meet a **\$250 deductible** for the year. These Medigap policies cover foreign travel emergency care **if it begins during the first 60 days of your trip**, and if Medicare doesn't otherwise cover the care. Foreign travel emergency coverage with Medigap policies has a **lifetime limit of \$50,000**.

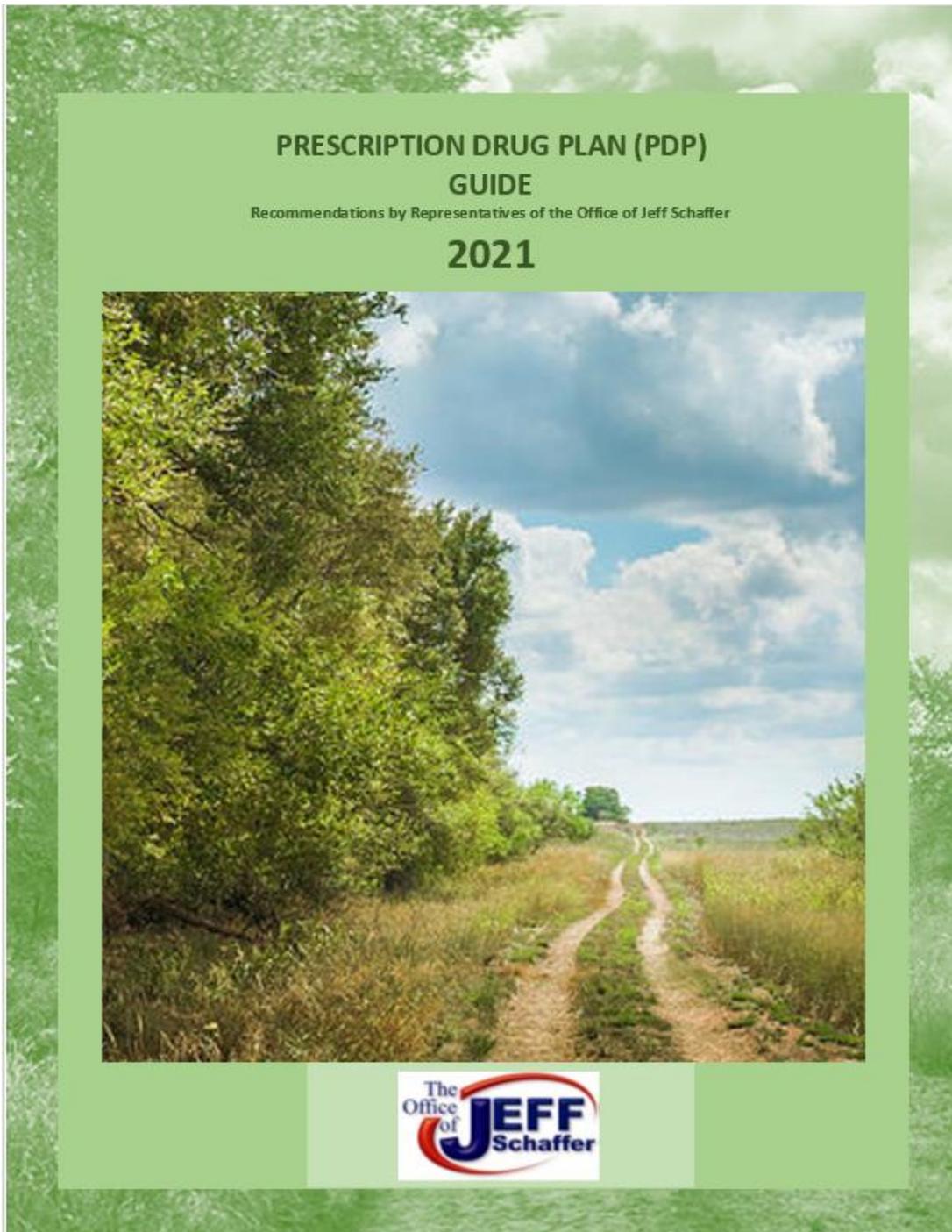
"Because Medicare has limited coverage of health care services outside the U.S., you may choose to buy a travel insurance policy to get more coverage. An insurance agent can give you more information about buying travel insurance. Travel insurance doesn't necessarily include health insurance, so it's important to read the conditions or restrictions carefully."

Please see our

Prescription Drug Plan (PDP) Guide

for step-by-step instructions on

- Enrolling into a Medicare New PDP, or to
- Update your Current PDP



Thank you for the opportunity to help!

Please call us with any questions.

We are happy to do whatever handholding is necessary to assist you,
now, and ongoing.