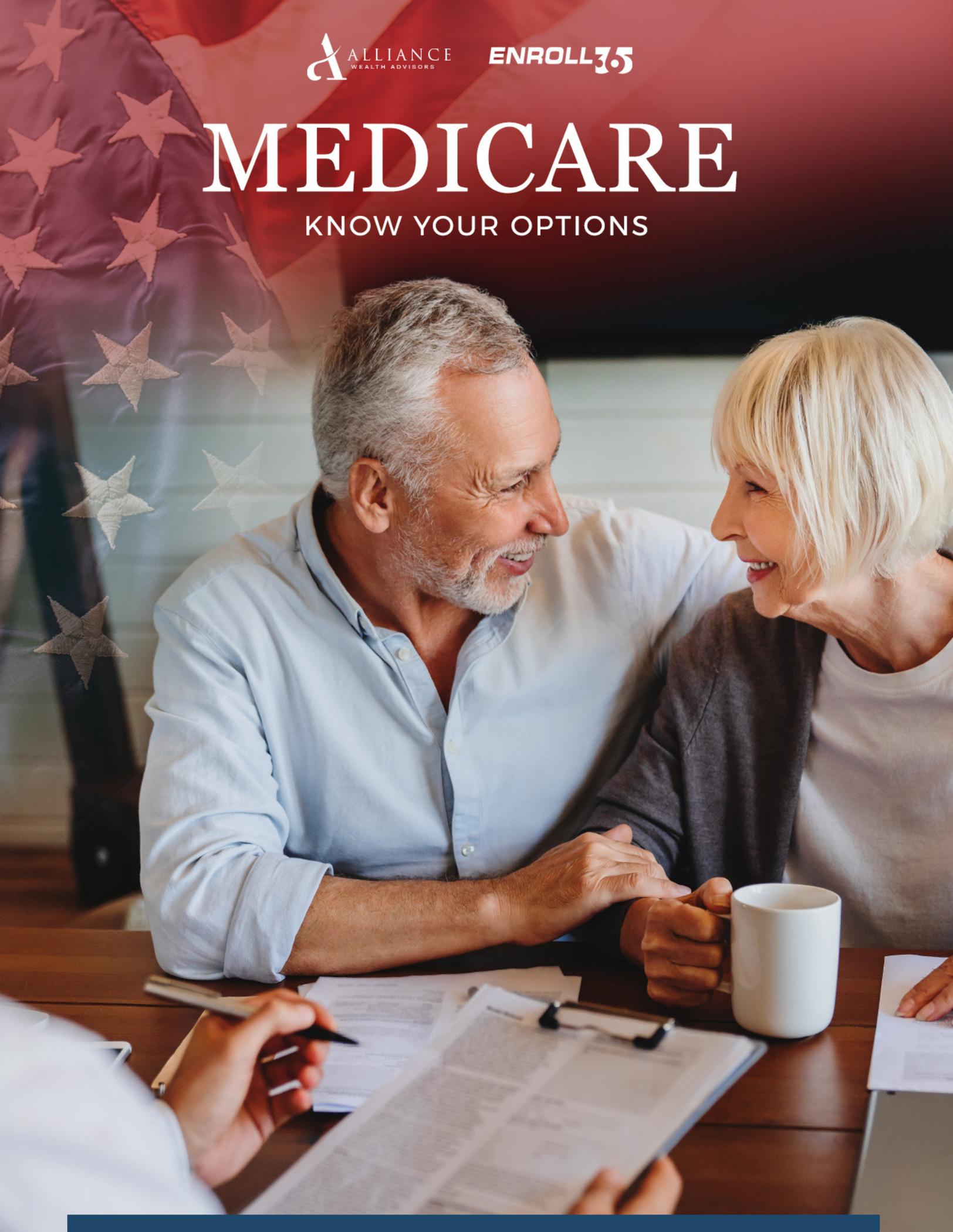


MEDICARE

KNOW YOUR OPTIONS





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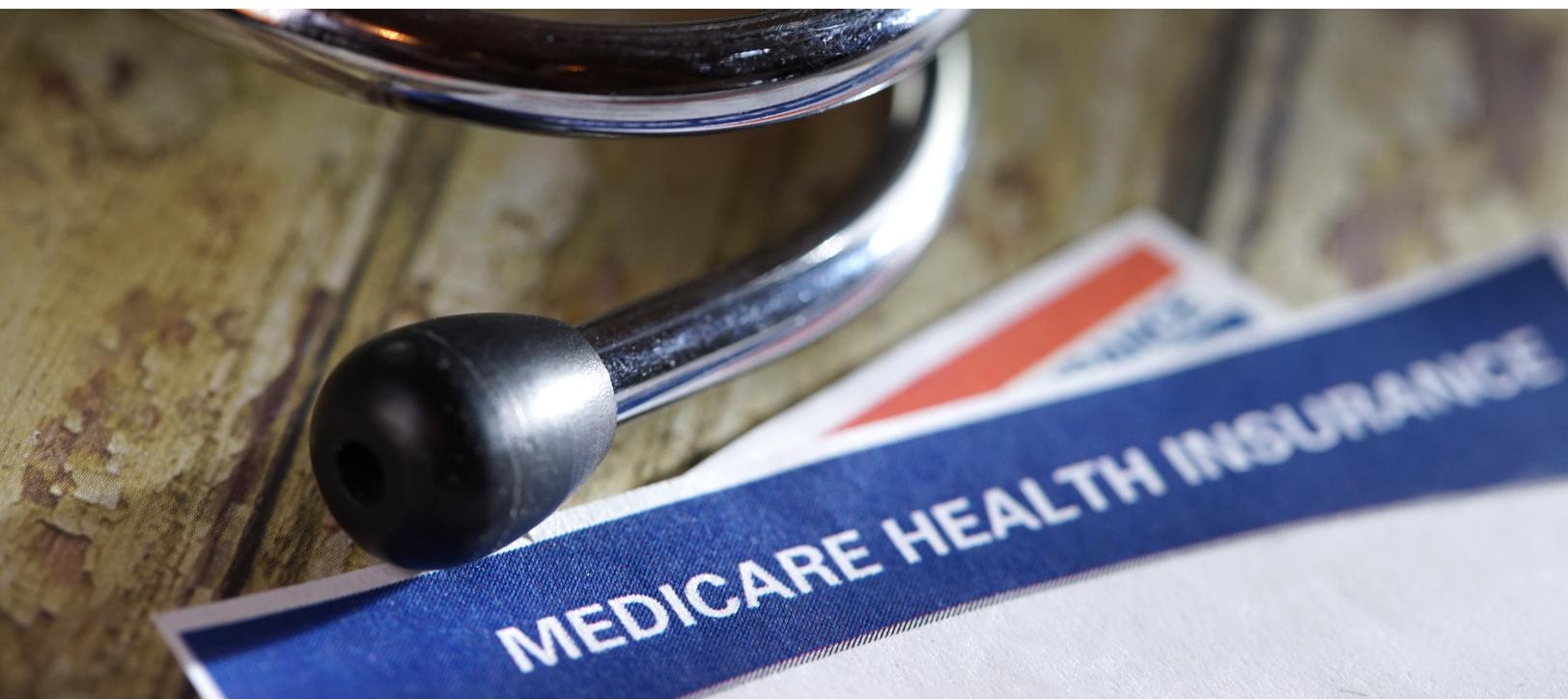
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The A, B, C, & D of Medicare

Breaking down the basics

Whether your 65th birthday is on the horizon or decades away, understanding the different parts of Medicare is critical, as this government-sponsored program may play a role in your future health care decisions.



Parts A & B: Original Medicare

There are two components. In general, Part A covers inpatient hospital care, skilled nursing facility costs, hospice, lab tests, surgery, and some home health care services. One thing to keep in mind is that, while very few beneficiaries must pay Part A premiums out of pocket, annually adjusted standard deductibles still apply.^{1,2}

Many pre-retirees are frequently warned that Medicare will only cover a maximum of 100 days of nursing home care (provided certain conditions are met). Part A is the one with these provisions. Under the current Part A rules, you would pay \$0 for days 1-20 of care in a skilled nursing facility (SNF). During days 21-100, a \$176 daily coinsurance payment may be required of you.^{1,2}

Knowing the limitations of Part A, some people look for other choices when it comes to managing the costs of extended care.

Part B

Part B covers physicians' fees, outpatient hospital care, certain home health services, durable medical equipment, and other offerings not covered by Medicare Part A.³

Part B does come with some costs, however, which are adjusted annually. The premiums vary, according to the Medicare recipient's income level, but the standard monthly premium amount is \$144.60 for 2020, and the current yearly deductible is \$198.¹

Part C

Medicare Advantage plans. Sometimes called "Medicare Part C," Medicare Advantage (MA) plans are often viewed as an all-in-one alternative to Original Medicare. MA plans are offered by private companies approved by the federal government. Although these plans come with standardized minimum coverage, the amount of additional protection offered can differ drastically from one person to the next. This is due to unique provider networks, premiums, copays, coinsurance, and out-of-pocket spending limits. In other words, comparing prices and services offered from different vendors may be the best way to find a Medicare Advantage plan that works for you.³

Part D

Prescription drug plans. While Medicare Advantage plans often offer prescription drug coverage, insurers also sell federally standardized Medicare Part D plans as a standalone product to those with Medicare Part A and/or Part B. Every Part D plan has its own list (i.e., a “formulary”) of covered medications. Visit Medicare.gov to explore the formulary of approved drugs for your Part D plan as well as their prices, organized by tier.

In fact, Medicare.gov is a great place to start all your research. Once there, you’ll find answers to your most common questions and more information on the different Medicare plans offered in your area.⁴

Knowing the limitations of Part A, some people look for other choices when it comes to managing the costs of extended care.

1.CMS.gov, November 8, 2019

2.Medicare.gov, 2020

3. Medicare.gov, 2020

4. Medicare.gov, 2020

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Breaking Down the Parts of Medicare



Generally, the different parts of Medicare help cover specific services. Most beneficiaries choose to receive their Parts A and B benefits through Original Medicare, the traditional fee-for-service program offered directly through the federal government. It is sometimes called Traditional Medicare or Fee-for-Service (FFS) Medicare. Under Original Medicare, the government pays directly for the health care services you receive. You can see any doctor and hospital that takes Medicare (and most do) anywhere in the country.

In Original Medicare:

- You go directly to the doctor or hospital when you need care. You do not need to get prior permission/authorization from Medicare or your primary care doctor.
 - You are responsible for a monthly premium for Part B. Some also pay a premium for Part A.
 - You typically pay a coinsurance for each service you receive.
 - There are limits on the amounts that doctors and hospitals can charge for your care.
 - If you want prescription drug coverage with Original Medicare, in most cases you will need to actively choose and join a stand-alone Medicare private drug plan (PDP).
-



Medicare Advantage Plans

Medicare Part C

Medicare Part C is not a separate benefit. Part C is the part of Medicare law that allows private health insurance companies to provide Medicare benefits. These Medicare private health plans, such as HMOs and PPOs, contract with the federal government and are known as Medicare Advantage Plans. If you want, you can choose to get your Medicare coverage through a Medicare Advantage Plan instead of through Original Medicare.

Medicare Advantage Plans must offer, at minimum, the same benefits as Original Medicare (those covered under Parts A and B) but can do so with different rules, costs, and coverage restrictions. You also typically get Part D as part of your Medicare Advantage benefits package (MAPD). Many different kinds of Medicare Advantage Plans are available. You may pay a monthly premium for this coverage, in addition to your Part B premium.



If you join a Medicare Advantage Plan (like an HMO, PPO, or PFFS), you will not use the red, white, and blue card when you go to the doctor or hospital. Instead, you will use the membership card your private plan sends you to get health services covered. You will also use this card at the pharmacy if your health plan has Medicare prescription drug coverage (Part D).

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Prescription Drug Benefits

Under Medicare (Part D)

Medicare's prescription drug benefit (Part D) is the part of Medicare that provides outpatient drug coverage. Part D is provided only through private insurance companies that have contracts with the federal government—it is never provided directly by the government (unlike Original Medicare).

If you want to get Part D coverage, you have to choose and enroll in a private Medicare prescription drug plan (PDP) or a Medicare Advantage Plan with drug coverage (MAPD). Enrollment is optional (though recommended to avoid incurring future penalties) and only allowed during approved enrollment periods. Typically, you should sign up for Part D when you first become eligible to enroll in Medicare.

Whether you should sign up for a Medicare Part D plan depends on your circumstances. You may have creditable drug coverage from employer or retiree insurance. If so, you don't need to enroll in a PDP until you lose this coverage. Also, some people already enrolled in certain low-income assistance programs may be automatically enrolled in a Medicare drug plan and receive additional financial assistance paying for their medicines.

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5 Questions to Ask About Medicare



If you are new to Medicare, there are several questions you should consider while approaching or within your Initial Enrollment Period (IEP) or a Special Enrollment Period (SEP). Use this guide to consider your options when preparing to enroll in Medicare or after you have already enrolled.

1. What are the basics?

Medicare is a complex program and can sometimes be confusing. The best place to start when you are new to Medicare is by familiarizing yourself with the differences between it and the health insurance you have now. Learn what makes a person Medicare-eligible, the different parts of Medicare insurance and what those parts cover, times to enroll in Medicare, and how putting off enrollment can result in penalties. These initial steps will help smooth the transition from your current insurance to Medicare once you are eligible.

2. What are your coverage options?

Everyone has different health care needs, meaning the coverage that is right for your friends or family may not be right for you. Will you enroll in Original Medicare or would you prefer a Medicare Advantage Plan that may limit your provider networks or have different costs but that offers additional coverage? If you have current employer insurance, you may decide not to enroll in Medicare until you have retired. If you are already retired, you might find that Original Medicare plus retiree insurance works better for you than Original Medicare plus a Medigap (or vice versa). Find out the full range of your coverage options.





3. Should you enroll in Part D?

While you should make sure you enroll in Part D prescription drug coverage when you become Medicare-eligible (assuming you do not have other creditable drug coverage), there are many Part D options for you to explore. Keep in mind, too, that sometimes retiree insurance offers prescription drug coverage that is as good as or better than Medicare Part D. If that is the case, you might decide not to take Part D because you are already covered. Finally, if you have difficulty affording your drug costs, you may want to consider applying for programs that can help pay these costs.

4. Are you eligible for programs that help lower Medicare costs?

There are several programs for people with low incomes that help pay for Medicare-related costs, such as premiums and copays. Some of these programs are federal while others are state-specific. Find out whether you meet the eligibility requirements and take full advantage.

5. What resources exist to help you navigate Medicare?

Medicare is a complex and beneficial program, and a variety of trusted sources can help you navigate your rights and options. A few are listed here:

-1-800-MEDICARE

-Social Security Administration (<https://www.ssa.gov/>)

-State Health Insurance Assistance Program (SHIP) (<https://www.shiptacenter.org/>)

-Medicare Rights Center (<https://www.medicarerights.org/>)

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Why Medicare Should Be Part of Your Retirement Strategy

Medicare takes a little time to understand.

As you approach age 65, familiarize yourself with its coverage options, costs, and limitations.

Certain features of Medicare can affect health care costs and coverage.

Some retirees may do okay with original Medicare (Parts A and B), others might find it lacking and decide to supplement original Medicare with Part C, Part D, or Medigap coverage. In some cases, that may mean paying more for health care than you initially figured.

How much do Medicare Part A and Part B cost, and what do they cover?

Part A is usually provided with no charge; Part B is not. Part A is hospital insurance and covers up to 100 days of hospital care, home health care, nursing home care, and hospice care. Part B covers doctor visits, outpatient procedures, and lab work. You pay for Part B with monthly premiums, and your Part B premium is based on your income.¹



It's best to prepare for the copays and deductibles linked to original Medicare. In addition, original Medicare does not cover dental, vision, or hearing care, nor prescription medicines or health care services outside the U.S. It pays for no more than 100 consecutive days of skilled nursing home care. These out-of-pocket costs may lead you to look for supplemental Medicare coverage as a way of paying for extended care.¹

Medigap policies help Medicare recipients with some of these copays and deductibles.

Sold by private companies, these health care policies can pay a share of certain out-of-pocket medical costs (i.e., costs greater than what original Medicare covers for you). You must have original Medicare coverage in place to purchase one. The Medigap policies being sold today do not offer prescription drug coverage.²

Part D plans cover some (but certainly, not all) prescription drug expenses.

Monthly premiums are averaging \$32.74 this year for these standalone plans, which are offered by private insurers. Part D plans currently have yearly deductibles of less than \$500.^{3,4}

Creating a Medicare strategy is integral to your retirement preparation.

Should you try original Medicare for a while? Should you enroll in a Part C HMO with the goal of managing your overall out-of-pocket health care expenses? There is also the matter of eldercare and the potential need for interim coverage if you retire prior to 65. Discuss your concerns about Medicare in your next conversation with your financial professional.

1. Medicare.gov, August 13, 2020

2. Medicare.gov, August 13, 2020

3. CNBC.com, August 6, 2020

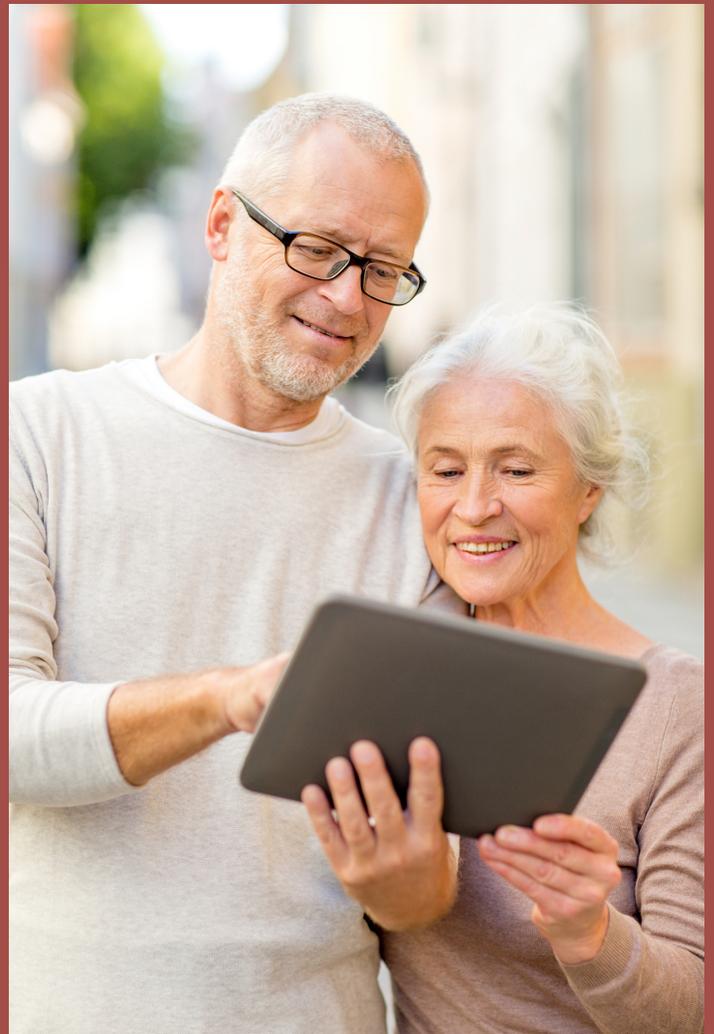
4. Medicare.gov, August 13, 2020

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Medicare vs. Medicaid

Medicare and Medicaid are two separate, government-run programs. They are operated and funded by different parts of the government and primarily serve different groups.

- **MEDICARE** is a federal program that provides health coverage if you are 65+ or under 65 and have a disability, no matter your income.
- **MEDICAID** is a state and federal program that provides health coverage if you have a very low income.
- **If** you are eligible for both Medicare and Medicaid (dually eligible), you can have both. They will work together to provide you with health coverage and lower your costs.



Also know that while Medicare and Medicaid are both health insurance programs administered by the government, there are differences in covered services and cost-sharing. Make sure to call 1-800-MEDICARE or contact your local Medicaid office to learn more about Medicare and Medicaid costs and coverage, especially if you are a dual-eligible.



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What's Next?

Now that you've reviewed some basics of Medicare Planning, here are other factors to consider with the help of a financial professional, your tax advisor, and the Social Security Administration office

- Qualification for retirement benefits
- How to figure your retirement benefit amount
- When to begin retirement benefits
- Longevity, health, and other factors affecting start dates
- Federal and state income taxes on benefits
- Impact of inflation on benefits
- Special rules for self-employed
- Delayed retirement credits
- Working while receiving benefits and law changes
- Benefit option strategies (including any deadline for using a particular strategy)
- Family benefit options
- Disability benefits
- Medicare benefits
- And more

Call 855-799-6600 to receive your personalized Medicare Optimization report.

This Report Will:

1. Illustrate all your election strategies
2. Educate you on how to reduce or eliminate your Social Security tax
3. Demonstrate how your pension and other investments affect your Social Security
4. And is customized with state of the art software





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