



OCTOBER 2018- MEDICARE

The *Financial Principles Guidebook* is a comprehensive collection of our planners' insights to help you along your pursuit of financial independence.

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ARE YOU, A RELATIVE, OR A FRIEND TURNING 65 THIS YEAR?

When you turn 65, you are eligible for Medicare. Medicare Part A covers inpatient hospital stays and is free if you (or your spouse) have worked and paid Medicare taxes for long enough (forty quarters, ten years). Medicare Part B covers doctors and other outpatient services and the premium for this coverage is dependent on your income. Medicare Part D covers prescription drugs and the premium depends on the plan that you select. Part C, or Advantage Plans, provide all of your Part A and Part B coverage. In some cases, delaying enrollment can subject you to a penalty. Medicare can be complicated! If you, a relative, or a friend are turning 65, don't hesitate to contact our office today for assistance in navigating this important milestone.

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CAN MY EMPLOYER FORCE ME TO ENROLL IN MEDICARE?

Whether or not you have to enroll in Medicare at 65 if you continue to work and have a workplace health insurance plan depends on how large your employer is. The same rules apply if your insurance comes from your spouse's job.

If the employer has 20 or more employees, you have the right to delay enrolling in Medicare for as long as you, or your spouse, actively works for the company or the coverage stops (whichever occurs first). If your employer has 20 or more employees you have the right to accept the employer plan and delay Medicare, decline the employer plan and enroll in Medicare, or have both the employer plan and Medicare.

If the employer has less than 20 employees, it is up to the employer whether or not you are required to enroll in Medicare. If the employer requires for you to enroll in Medicare, their employer plan would become secondary to Medicare and would only cover expenses that Medicare does not cover.

IF YOU ENROLL IN MEDICARE AND KEEP YOUR EMPLOYER PLAN, BEWARE!

If you enroll in both the employer plan and Medicare Part B, be aware of the consequences. In this situation, the employer plan is always primary. This means they settle all medical bills first and Medicare only pays for services that it covers but the employer plan does not. **Unless the employer coverage is very poor, you'd be paying premiums for Medicare with little or no return. Also, by taking Part B while you still have employer coverage, you could be forfeiting your right to purchase supplemental insurance (Medigap)** with full Federal protections against denying preexisting conditions or charging higher premiums based upon your health after your employment ends.

I AM STILL WORKING AND WANT TO STICK WITH MY WORKPLACE PLAN.

If you are retiring past age 65, you may choose to keep your workplace coverage rather than signing up for Medicare. By doing so, you risk going without insurance for several months, and having to pay an annual penalty (potentially for life) if you don't follow Medicare's strict enrollment rules.

Enroll immediately after retiring. You may decide that it is easier (or even cheaper) to keep your employer coverage by either opting to take corporate retiree medical benefits or going with COBRA. This could be a big mistake! When you turn 65, you can delay your enrollment in Medicare without consequences if you are still working and are covered by your employer's group plan. However, once you leave your job, you must enroll in Part B within eight months after the month you retire. This eight-month period is known as "the special enrollment period." If you miss this deadline and your employer coverage expires, you could be uninsured for many months. If you miss the special enrollment, you will not be allowed to enroll in Part B until the next "general enrollment period," which runs from January 1st through March 31st. Coverage selected during general enrollment will not become effective until July 1st and you may be subject to late penalties.

Even if you are not enrolled in Medicare, your plan will consider Medicare to be your primary insurer.

Many retirees only realize they have made a mistake after their insurer denies a claim. A retiree plan or COBRA will only pay for expenses that Medicare won't cover. Therefore, they can deny claims that have not been submitted to Medicare first, and can even attempt to recoup benefits they have already paid if they discover they previously paid benefits that you may not have been eligible to receive.



WHEN CAN I ENROLL IN MEDICARE?

THERE ARE SEVERAL TIMES THAT YOU ARE ELIGIBLE TO ENROLL IN MEDICARE. EACH OF THESE ENROLLMENT PERIODS HAVE CERTAIN RULES AROUND APPLYING AND WHEN YOUR SELECTED COVERAGE WILL BEGIN.

The **Initial Enrollment Period** is the first time that you can sign up for Medicare. This period runs from 3 months before your 65th birthday to 3 months after your birthday. If you plan to enroll at age 65, it is better to do so sooner rather than later!

When you enroll	3 MONTHS BEFORE the month you turn 65	2 MONTHS BEFORE the month you turn 65	1 MONTH BEFORE the month you turn 65	THE MONTH YOU TURN 65	1 MONTH AFTER the month you turn 65	2 MONTHS AFTER the month you turn 65	3 MONTHS AFTER the month you turn 65
When your Part B coverage begins	If your birthday is on the 1st of the month- 1st day of the month before you turn 65. If your birthday is not on the 1st of the month- 1st day of the month you turn 65			Month after enrollment	2 months after enrollment	3 months after enrollment	3 months after enrollment
When your Part D coverage begins	The 1st day of your birthday month			1st day of month after birthday	1st day of the month after enrollment		

If you deferred enrolling in Medicare because you were covered by your, or your spouse's, workplace plan during active employment, you are eligible for the **Special Enrollment Period**. The Special Enrollment Period to sign up for Part A and Part B is any time you are still working and covered by the employer plan, or during the 8 months following the month your employment or coverage ends. The Special Enrollment Period for Parts C and D is 63 days after the loss of employer coverage.

If you missed the Initial or Special Enrollment Periods, you get another chance to enroll. You can sign up for Medicare Parts A and B between January 1 and March 31, every year. This is the **General Enrollment Period**. It is important to note that if you need to purchase Part A (because you did not have 40 qualifying quarters) you must enroll in Part B at this time. Coverage selected during the General Enrollment Period does not become effective until July 1st.

The **OPEN ENROLLMENT PERIOD** runs from October 15th through December 7th every year. This period of time is also known as the Annual Election Period. During this time:

- Anyone with Part A and B can switch to a Part C Advantage Plan
- Anyone with Part C can switch back to Parts A and B
- Anyone who has, or is signing up for, Medicare Parts A or B can join, drop, or switch a Part D drug plan
- Anyone with Part C can switch to a new Part C plan

Coverage selected during Open Enrollment will be effective as of January 1.



I AM TURNING 65, WON'T I BE ENROLLED AUTOMATICALLY?

If you are already receiving Social Security Benefits (you collected benefits early), you will automatically be enrolled in Medicare Part A and Part B. If you live outside of the 50 United States and DC (for example, Puerto Rico) you will be automatically enrolled in Medicare Part A but will need to manually enroll in Part B. **If you are not already receiving benefits from Social Security, you will need to enroll.**

WHAT IF I AM COLLECTING DISABILITY BENEFITS?

If you are under age 65 and receiving **certain disability benefits** from either Social Security or the Railroad Retirement Board, **you will be automatically enrolled in Part A and Part B after 24 months of disability benefits.** The exception to this is if you have end-stage renal disease or ALS (Lou Gehrig's Disease). In this instance, you will be automatically enrolled in Medicare in the same month that you receive disability benefits.

HOW DO I ENROLL IN MEDICARE?

You can enroll in Medicare Part A and B:

- Online at www.SocialSecurity.gov.
- By calling Social Security at 1-800-772-1213, Monday through Friday from 7:00 am to 7:00 pm
- In-person at your local Social Security office

Part C and D Plans are offered by private insurers and can be purchased during the Initial, Special, and Open Enrollment periods.

WHAT ABOUT MEDICARE SUPPLEMENT PLANS?

Medicare Supplement Plans, also called Medigap, supplement your Medicare benefits. They are offered by private insurers and you will need to be enrolled in

Medicare Parts A and B to be eligible for Medigap coverage. Medigap does not include prescription drug coverage (Part D).

There are currently 10 standardized Medigap plans (A, B, C, D, F, G, K, L, M, and N). Coverage levels and premiums vary by insurer, but the benefits of each plan within a letter category remain the same despite insurer or location. In general, Supplement Plans cover: Part A coinsurance and hospital costs (up to 365 days after Medicare is used), Part B coinsurance or copayment, Blood, Part A hospice care coinsurance or copayments. Some plans also cover: skilled nursing, Part A and Part B deductibles, Part B excess charges, travel emergencies.

Supplement Plans do not cover: Long Term Care, vision and dental care, hearing aids, eyeglasses, private nursing, prescription drugs.

THERE ARE SO MANY PLANS AVAILABLE, HOW DO I CHOOSE?

Every state has a State Health Insurance Assistance Program (SHIP). The SHIPs provide Medicare beneficiaries with information, counseling, and enrollment assistance. They also provide free insurance counselling and assistance to Medicare beneficiaries, their families, friends, and caregivers. You can obtain the contact information for your SHIP at <https://www.shiptacenter.org/>.

You can also consult with an agent who sells Part C and D plans. Remember however that these agents have an incentive for you to enroll in a Part C or D plan.

Finally, there are private consultants who for a fee will assist you in choosing a Part C or D plan that fits your needs. *If you need a referral, please do not hesitate to contact our office.*



**HAVE A TOPIC YOU WANT TO
SEE COVERED IN THE
GUIDEBOOK?**

Call or email your advisor with a suggestion for a topic to be covered in The Guidebook. If we have covered it, we will send you that edition. If we haven't, we will cover it!



**HAVE A FRIEND, NEIGHBOR,
COWORKER, OR RELATIVE
WHO COULD BENEFIT FROM
THIS GUIDEBOOK?**

Feel free to forward our Guidebook to anyone you feel would benefit from this information. We would be happy to speak with them and answer any questions that they may have.



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