

## **Enrolling in Medicare**

*Presented by Christa Norton Canavan, ChFC*

The process for enrolling in Medicare is surprisingly easy. But before enrolling, you will need to make a choice about how you want your Medicare delivered. Unlike with an employer health plan, you may have dozens of options from which to choose.

If you already receive social security or Railroad Retirement Board benefits, you will be automatically enrolled in Medicare Part A and B at age 65. If not, you will need to sign up by your enrollment deadline—typically, three months after the month you turn age 65.

It's not a good idea to select a plan based on feedback from friends, neighbors, or family members without doing your own research. The best plan for you will depend on personal factors, such as your current medications, your age, and whether you live part of the year in another state.

### **How Medicare is delivered**

The first step in selecting a Medicare plan is to understand the various coverage choices.

**Medicare Part A.** Also called hospital insurance, Medicare Part A covers care in a hospital, skilled nursing facility, and hospice. It provides limited coverage for nursing home and home health services.

**Medicare Part B.** Medicare Part B, which is optional, covers doctor visits, lab tests, outpatient surgeries, preventative care, and medically necessary services and equipment. Together, Medicare Part A and Part B are often referred to as Original Medicare.

**Medicare Part C.** Commonly known as Medicare Advantage, Medicare Part C is offered by private insurance companies and health providers such as Blue Cross. Medicare Advantage plans must cover the same services provided by traditional Medicare and may cover other services such as prescription drugs and dental, hearing, and vision care. This alternative to traditional Medicare usually takes the form of a health maintenance organization (HMO) plan or a preferred provider organization (PPO) plan. With an HMO plan, you will select a primary care doctor; except for emergencies, that doctor will refer you only to health providers within the HMO network. With a PPO, you have the option of getting care outside the network, but your copay will be higher than for visits to in-network providers.

**Medicare Part D.** Medicare Part D is a stand-alone plan that covers prescription drug costs. This coverage option is offered by private insurance companies and health providers.

**Medigap.** Medigap, also called Medicare supplement insurance, is another type of optional coverage offered by private insurance companies. It is designed to pay some or all of your Medicare Part A and Part B coinsurance and deductibles. The 10 available plan options are standardized according to federal and state regulations. Premiums vary between carriers, so it pays to shop around. You cannot buy a Medigap plan if you enroll in a Medicare Advantage plan, because Medicare Advantage plans offer their own schedule of deductibles, coinsurance, and/or copays.

## **Paying for Medicare**

Medicare is not free. Most people do not pay a premium for Medicare Part A, but they are responsible for deductibles and coinsurance unless enrolled in a Medigap or Medicare Advantage plan.<sup>1</sup> There is a premium for Part B. Those not currently collecting social security benefits or those with higher income levels will pay a higher rate for their Part B coverage. If you receive social security benefits, your Part B premium will be automatically deducted from your monthly benefit checks.

The premium for Medicare Advantage, which includes both Part A and Part B, depends on the plan. If you opt for a Medicare Advantage plan, you will likely pay an extra premium (on top of your Part B premium), although some providers may offer a zero-premium option.

To compare the costs and ratings of various Medicare Advantage and drug prescription plans, visit the Medicare website at [www.medicare.gov/find-a-plan/questions/home.aspx](http://www.medicare.gov/find-a-plan/questions/home.aspx). You can compare the costs for Medigap plans at [www.medicare.gov/supplement-other-insurance/compare-medigap/compare-medigap.html](http://www.medicare.gov/supplement-other-insurance/compare-medigap/compare-medigap.html). Once you've narrowed down your choices, contact the providers for more information on the differences between plans.

**Additional income-based factors.** If your income is high enough, you may have to pay an income-related monthly adjustment amount (IRMAA) as part of your Part B and Part D prescription drug premiums. The IRMAA is based on your modified adjusted gross income from your tax return filed two years prior to the current year. If your income for the current year will be substantially lower, contact your local social security office to ask for an adjustment to your premium. Reducing your work hours, retiring, getting married or divorced, or losing a spouse may result in an adjustment in premiums. To determine your estimated cost of Medicare coverage, you can review the information available at <https://www.medicare.gov/your-medicare-costs/index.html>.

If you have limited income and resources, you may qualify for help paying premiums through federal and state programs. Those who automatically qualify for assistance will be contacted by the Social Security Administration. You may also contact your local social security office to discuss your circumstances.

## **Medicare enrollment dates**

A word of caution: Don't confuse Medicare open enrollment dates with your required enrollment period. *Open enrollment*, which runs between October 15 and December 7, applies to those who are already enrolled in Medicare and want to make changes to their plans or plan provider. Your *initial enrollment period* is based on your age or when you leave your or your spouse's employer's group health insurance plan. You must enroll in Medicare within the seven-month period starting three months prior to the month you reach age 65 and ending three months after the month you reach age 65. You can delay enrollment if you are covered by your or your spouse's employer's group health insurance plan, but only if the employer has 20 or more employees. If you miss your Medicare enrollment deadline, your premiums will be increased

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<sup>1</sup> Medicare Part A is available to Americans 65 or older, even if you or your spouse did not pay Medicare taxes while working.

permanently, and you may face a gap in health care coverage. COBRA is not treated as a group health insurance plan for purposes of avoiding the late enrollment penalty.

If you are enrolled in your former employer’s retiree health insurance plan, check with your provider to see if enrollment in Medicare Part B is required and how your plan coordinates with Medicare. If you are required to enroll in Part B and fail to do so, you may find that your retiree plan will not pay for services Medicare would have covered were you enrolled.

### Comparing the options

	<b>Traditional Medicare</b>	<b>Medicare Advantage</b>	<b>Medigap</b>
<i>Choice of Health Care Provider</i>	Any doctor or provider in the U.S. who accepts Medicare <sup>2</sup>	Usually through a managed care program such as an HMO or a PPO	Any doctor or provider in the U.S. who accepts Medicare <sup>3</sup>
<i>Out-of-Pocket Limits</i>	No cap on out-of-pocket costs	Annual cap set by plan provider; provider also sets copays and deductibles, which may be lower than traditional Medicare’s deductible and coinsurance	Can help cap the out-of-pocket costs of traditional Medicare
<i>Travel</i>	Coverage limited to U.S. doctors who accept Medicare	Coverage limited geographically, except for emergencies; may provide access outside of network at higher copay	May provide coverage for medical emergencies outside the U.S.
<i>Part D Drug Coverage</i>	Separate policy with additional premium	May be included in plan	No longer offers drug coverage (except for current policyholders)
<i>Advantages</i>	Allows for second opinions from a doctor anywhere in the U.S. who accepts Medicare	All-in-one plan; may be a lower-cost alternative <sup>4</sup>	More predictable out-of-pocket costs
<i>Disadvantages</i>	Provider must accept Medicare assignment; otherwise, you may have to pay the bill in full, and your costs may exceed your Medicare coinsurance and deductible	Limits health care options for those who live part of the year outside the geographic area served by the plan	May be more costly than a bundled plan through Medicare Advantage

<sup>2</sup> AARP reports that 90 percent of all doctors accept Medicare patients.

<sup>3</sup> In some states, Medigap Select plans limit care to a network of providers.

<sup>4</sup> The Affordable Care Act will phase out subsidies currently provided to Medicare Advantage plans. This may result in higher premiums or fewer extra benefits in the future.

## **Once you've enrolled**

It's up to you to understand how the Medicare option you choose covers a test, treatment, or medical equipment. Keep in mind that traditional Medicare does not cover most hearing, dental, vision, or long-term care costs.

Every year between October 15 and December 7, you can elect to make changes to your Medicare coverage. The changes become effective on January 1 of the following year. If you don't wish to make changes, you do not need to do anything during open enrollment. If you opt for a Medicare Advantage plan, your Medicare Advantage provider will send a letter in September of each year, outlining changes in premium and coverage for the upcoming plan year. This is a good time to ensure that the plan still meets your needs.

For more information about Medicare and your choices, download the easy-to-understand *Medicare & You* handbook from [www.medicare.gov](http://www.medicare.gov).

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