

A Quick Guide to What You Need to Know About MEDICARE



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A QUICK WORD

If you are at least 65 years old, then you will probably need to sign up for Medicare, unless you are still working and covered under your employer's health insurance plan.

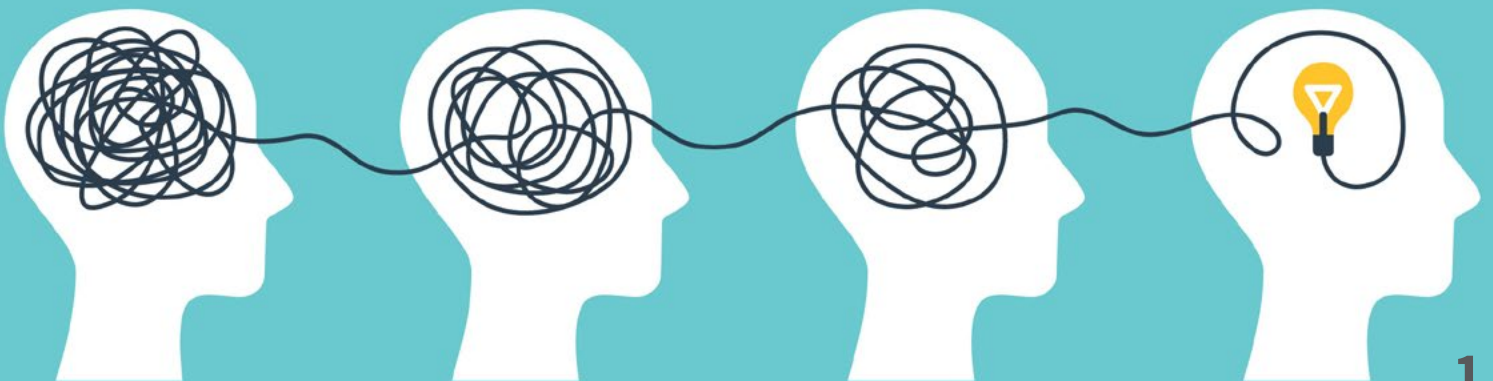
But what all do you need to know about Medicare before you sign up? How much will it cost? Do you have to medically qualify like you did with your previous health coverage?

There are many details that you will need to be aware of to make the choices that are best for you. For example, you will need to know how much Medicare Part D (the part that only pays for prescription drugs, more on this later) costs before you can decide whether to purchase that coverage or not.

Here is a list of the answers to the some of the most common questions about Medicare as you make your way through the enrollment process.



Making Sense of Medicare



First and foremost, what is MEDICARE?

Medicare is a health insurance program offered by the federal government that helps give healthcare access to seniors after they retire.

Medicare works, in some ways, in the same manner as a private health insurance company.

There are four basic parts to Medicare, which can make it confusing for folks who haven't covered its ins and outs before.



Here is a look at each of the four parts of Medicare

1	Medicare Part A covers inpatient hospital costs, including surgeries, ER visits, and other hospital-related services.
2	Medicare Part B covers a wide range of outpatient healthcare services, such as doctor's visits.
3	Medicare Part C , also known as Medicare Advantage Plans, are private healthcare plans offered by commercial health insurance companies. These plans offer at least the same benefits that Parts A and B (which collectively are known as "Original Medicare") do and are generally structured as either HMOs or PPOs. As with commercial health insurance policies, HMOs will only allow patients to use in-network doctors and hospitals. PPOs will allow participants to use out-of-network doctors and hospitals, albeit at a higher rate.
4	Medicare Part D only covers many types of prescription drugs up to a certain amount

There are also Medigap policies (see page 11) that cover many expenses that Medicare doesn't. These policies are supplemental policies sold by private health insurance companies.



I'm turning 65 soon. When should I start the process of applying for Medicare?

You will have a seven-month window of time during which you can apply for Medicare. The window starts three months before you turn 65, includes the month you turn 65, and then lasts for the next three months for a total of seven months. If you miss this window, you may have to pay penalties as a result.

My plan is to retire soon. What should I do for Medicare between now and when I retire?

You should go ahead and enroll in Medicare once you turn 65 even if you won't need it. In most cases, it won't cost you anything to do this. But if you are still covered under your employer's health insurance plan, *then you can wait to sign up for Part B until after you retire.

***If the plan is with a small employer (fewer than 20 employees), this may not apply. Small employers can mandate that you enroll in Medicare to maintain group coverage, making the group plan secondary to Medicare. Failing to enroll in Part B when required in this scenario could result in a lifetime penalty and significant gaps in coverage. This is an area where a brief conversation with a professional could save some money and headaches.**

What about my doctor? When on Medicare, am I limited with my choices as to which doctor I can use? Will referrals be required with Medicare?

If your doctor accepts Medicare patients, then you can continue to use your same doctor. If they don't, then you will need to find another doctor that is in the Medicare network.

It should be noted that the number of healthcare providers in the Medicare network is tightening, so it's possible that your doctor may not be in the network.

In order to find a doctor or hospital near you that is in the Medicare network, use the [doctor compare link](#) to search for a healthcare provider that takes Medicare.

If you are unable to find a healthcare provider using this service, you can call 1-800-MEDICARE and they can do the search for you.



MEDICARE

and Working Past Age 65

Keep This in Mind As You Shop Around!

What can I do with Medicare if I work full-time past age 65?

You should at least sign up for Part A, as this will cost you nothing. You won't need to enroll in Part B or a Medicare Advantage Plan until your health insurance from your employer is terminated.

What should I keep in mind as I explore my Medicare options?

Unless you are still covered by your employer's health insurance plan, then chances are that you will want to enroll in at least Parts A and B of Medicare, even if you and/or your spouse are still covered under your employer's health plan. This is because you may discover that Medicare's coverage is superior to (or cheaper than) the coverage you have now.



OPEN ENROLLMENT



When does the open enrollment period end?

Medicare open enrollment refers to the period of time during which you can join, switch, or drop a plan, according to Medicare.gov.

The open enrollment period for Medicare runs from October 15 through December 7.

If you didn't enroll during that time, then any changes that you make in your plan won't go into effect on January 1 of this year.

If you have questions about this, talk to your independent agent or financial professional at [SafeMoney.com](https://www.safemoney.com) for more information.

What questions should I be asking as I search for the right Medicare plan?

The main questions that you will need to be able to answer are:

1. How much does the plan or policy cost?
2. What type of coverage will it provide?
3. What won't the plan or policy cover?
4. Is it likely that I may have healthcare needs that aren't fully covered?
5. If so, will I be able to pay for those services out-of-pocket?

An agent or financial professional who is well-versed in Medicare can help you find the answers to these questions and then help you formulate a realistic plan that meets your needs.

What is the best way to enroll in Medicare?

The best way to enroll in a new plan is to get with your SafeMoney.com financial professional, or your own agent, and call them to enroll.

They can help you ask the right questions and can also take careful notes for you. Those can include the date and time you called, the name of the representative that you spoke to, and all the details surrounding your plan choices, including the final verdict and any next steps. This can give you a measure of protection in case the representative you speak to provides you with inaccurate information.

Your financial professional may also know to ask specific questions that you may not think to ask by yourself.

Should I enroll in Original Medicare?

The answer to this will depend on your budget and what you can afford. Many Medicare Part C plans (Advantage plans) offer additional types of coverage that Original Medicare doesn't cover, such as dental, vision, and hearing benefits.

Original Medicare may be less expensive, depending upon certain variables. The costs of these plans vary depending upon the nature and scope of benefits that are provided as well as your geographic location.

But there are also some Medicare Advantage plans that may cost less than Original Medicare as well.





What if I want to enroll in Part C or a Medicare Advantage Plan?

With your financial professional's help, you might want to compare different plans to see which ones use your doctors, hospitals, and pharmacists and which ones have the lowest drug costs. Then it would be wise to call that plan directly to confirm all the information you got online so that there are no surprises or misunderstandings later.

Your agent or financial advisor may also have inside information on which plans are best or most affordable. Don't hesitate to enlist one if you don't have one. This is worthwhile for several reasons.

A good financial professional will ask you a lot of questions about your personal medical situation, and they will also know the ins and outs of dozens of different plans that are available.

They can usually point you to a plan that you may not be able to find on your own.

What are the penalties for enrolling in Original Medicare late?

If you don't enroll in Original Medicare during the enrollment period, then you will pay a 10 percent penalty for your Part A premium (if you have one) for twice as many years as you were late in signing up.

Say that you wait until two years after your designated enrollment period to sign up. Then you will have to pay the additional 10 percent penalty for the next four years.

You will also pay a 10 percent penalty for your Part B premium for every 12 months that you sign up late. For example, let's say that you sign up for Original Medicare three years after you were supposed to.

In that case, you will have to pay a 30 percent penalty on top of your Part B Premiums. This penalty is generally permanent.

Medicare Part D coverage is a voluntary plan, but there can still be penalties if you don't sign up for it during your original enrollment period. A mathematical formula is used to determine the amount of this penalty. Just like with Part B, it's usually permanent.

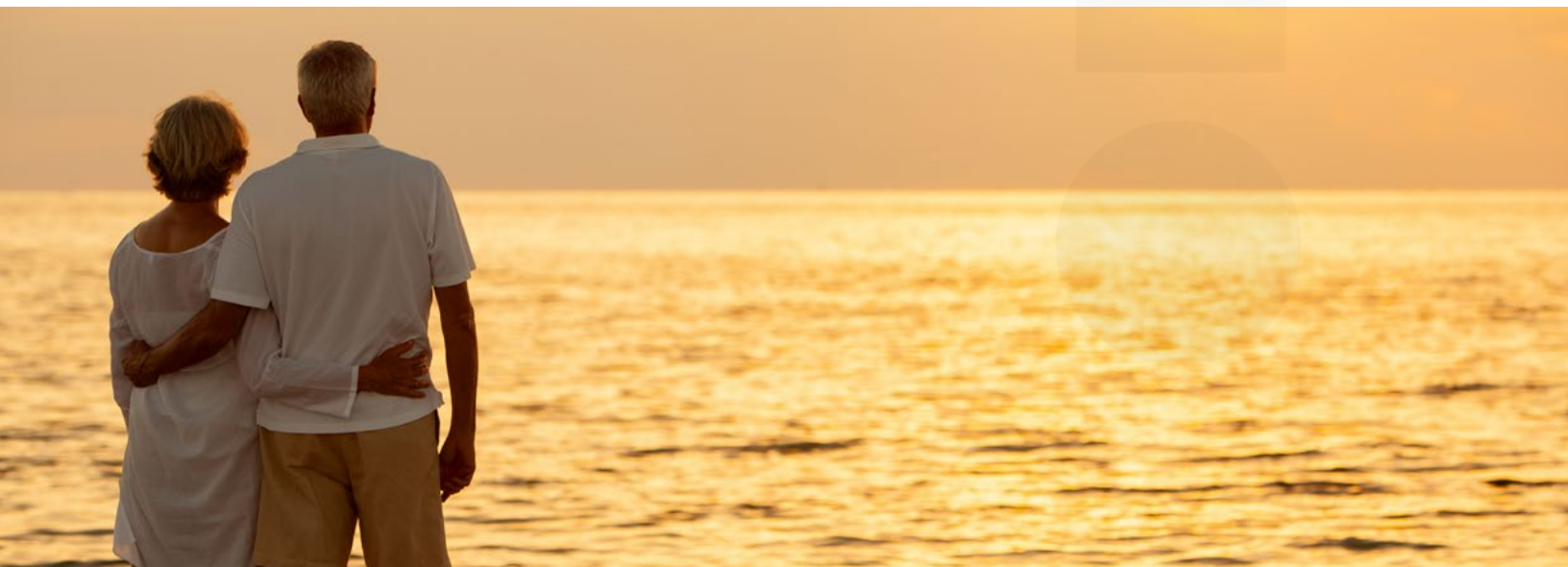


What are the differences between Medicare Advantage plans and Medicare supplement plans?

Medicare Advantage plans are essentially substitutes for Original Medicare. They cover the same costs that Medicare Parts A and B cover.

Medicare supplement plans are ancillary plans that only cover expenses that aren't covered by Original Medicare.

Medicare supplement plans, also known as Medigap policies, are sold by private health insurance companies. A financial professional can help you understand more of these key differences.



Do Medicare Advantage plans have any supplemental benefits?

Some Medicare Advantage plans do offer ancillary benefits that exceed those of Original Medicare. The most common types of services that may be provided include dental and vision care and hearing aids.

Medicare Advantage plans have some leeway with the scope and nature of extra services they provide. Some benefits may be extended to all plan enrollees, such as nutritional support, home healthcare, and modifications made to a home to accommodate a resident with a health condition.

Other benefits may only be extended to those with chronic illnesses or conditions. Those include general transportation (above and beyond medical transportation) and devices that clean the air in the home.

These ancillary benefits should be carefully considered when you compare Medicare Advantage plans.



Should I purchase a Medigap plan?

Medigap plans are ancillary Medicare plans that cover many or all the costs that Original Medicare doesn't, such as the 20% copay amounts and deductibles. Many agents and financial professionals will tell you that this is a good idea if you can possibly afford it.

Original Medicare only pays for 80% of the costs of inpatient and outpatient treatments. If you don't want to be left to deal with that, a Medigap plan can be a great option here. This will be an additional regular expense for you after you retire.

It's good to weigh this option against the chance that you could be forced to pay a large medical bill out-of-pocket from your own savings if you need any major type of treatment or surgery.

It should be noted that Medigap policies don't cover everything. These policies don't cover long-term care expenses, dental or vision expenses, eye care, hearing aids, or private-duty nursing care.

Other Medicare INFORMATION to Keep in Mind

What are the differences between a Medicare Advantage HMO and PPO Plan?

HMOs and PPOs work the same way with Medicare as they do for any type of private health insurance. Medicare HMOs only accept in-network providers, while Medicare PPOs accept out-of-network providers at a higher cost.

Where can I get dental, vision, and hearing coverage with Medicare?

The only way that you can get access to these services is to enroll in a Medicare Advantage Plan that offers them.

Some plans offer all three of these services, while others offer just one or two or none. Be sure to shop around to see where you can get the best deal for the services that you need.

Does Medicare cover long-term care expenses?

No, there is no Medicare plan or Medigap policy that covers long-term care expenses. If you think that you will need this form of care before you die (as over half of the population will), you should shop around for some coverage. Some options include long-term care insurance, annuities with a wellness benefit, or life insurance that has accelerated benefit riders that can be used toward this type of cost.



What is the late enrollment penalty for Medicare Part D?

Say that you miss enrolling in Part D of Medicare during your enrollment period, then go without getting Part D coverage or other acceptable prescription drug coverage for more than 63 days. You will have to pay a penalty when you do enroll for coverage. The penalty is computed using the amount of time that you went without coverage times 1% of the “national base benefit premium.”

This number is calculated each year, and it’s also indexed for inflation annually. As a result, you can expect the amount of your penalty to change over time. Your financial professional can explain this in further detail.



What is the Medicare doughnut hole and how does it work?

The Doughnut Hole has been eliminated for Part D. Starting in 2025, Medicare Part D will include a \$2,000 annual cap on out-of-pocket spending for prescription drugs, offering significant financial relief to beneficiaries.

This change, part of the Inflation Reduction Act, ensures that individuals will no longer face unlimited costs for their medications, providing better access to essential treatments.

How do I know which drugs are covered under my Medicare Part D coverage?

Every year, Medicare will send you an Annual Notice of Change (ANOC) listing any and all changes to the formulary of drugs that are offered in the plan.

You can also call your plan to see if there have been any changes with the drugs that you use. Your plan can also send you a written ANOC at your request.

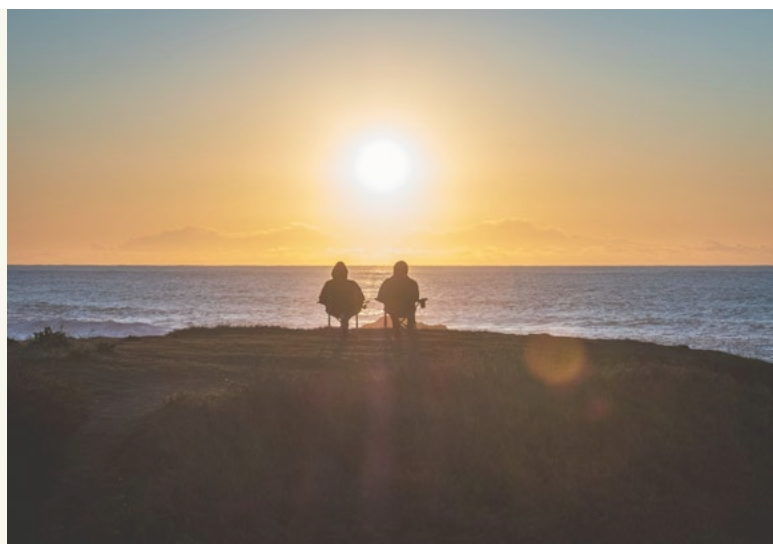


What if I (or my spouse) have prescription drug coverage from a former or current employer?

You will want to speak to your benefits administrator and see what, if any, effects might come from Medicare Part D enrollment. It's also good to talk to the benefits administrator if you are part of a union. In some situations, joining a Medicare prescription drug plan can result in you losing your employer or union coverage. In other situations, if you join a Medicare drug plan while you have employer or union coverage, you still may be able to use that plan on top of your Medicare plan.

WHERE CAN I GO

for more information?



There are several websites that you can go to for more information on Medicare and how it works. The main website is [medicare.gov](https://www.medicare.gov), where you can go to find out more about Original Medicare, enroll, and search for the plan that best fits your needs.

An independent agent or financial advisor from [SafeMoney.com](https://www.SafeMoney.com) can also answer many of your questions and help you to choose the right plan at the right price for you.

These financial professionals are all independent, so they aren't tied to just one or two insurance companies. Rather, they have access to plan options from many different health insurance companies. That means they can provide unbiased advice about all of your choices with regard to the plans that are available.

Above all, don't wait until it's too late to sign up for Medicare. Talk to your SafeMoney.com financial professional or agent today about this complex topic and how they can help you to successfully navigate your way through these plans.



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