



THE ROAD TO MEDICARE

How to Avoid Costly
Medicare Mistakes





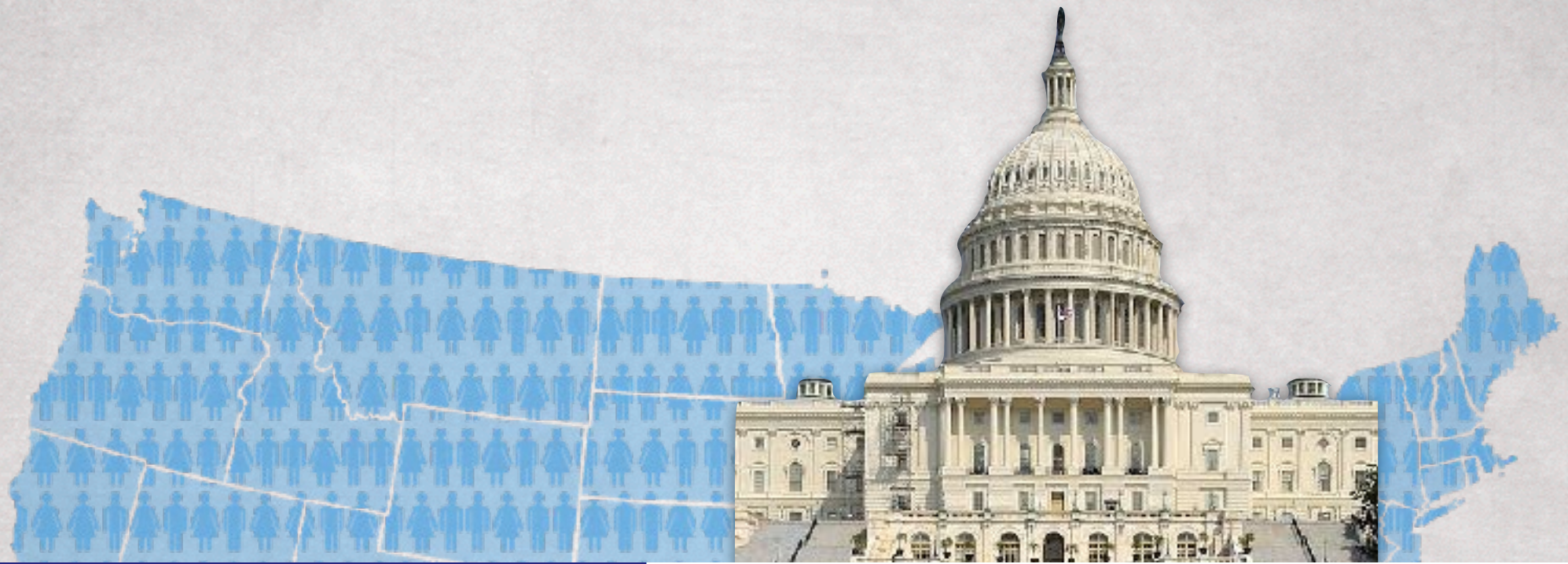
MEET YOUR PRESENTER:

Melinda A. Caughill

- Co-Founder of a *65 Incorporated*® and the *i65*® Medicare Guidance Software
i65.com, 65incorporated.com
- Professional Medicare educator
- Creator of the “Medicare bridge” metaphor
- Almost two decades of helping business and consumers make sense of Medicare
- Featured in national news media

Let's start with
the Medicare
landscape





3.6 million

people turn 65 each year.



72%

don't understand Medicare.

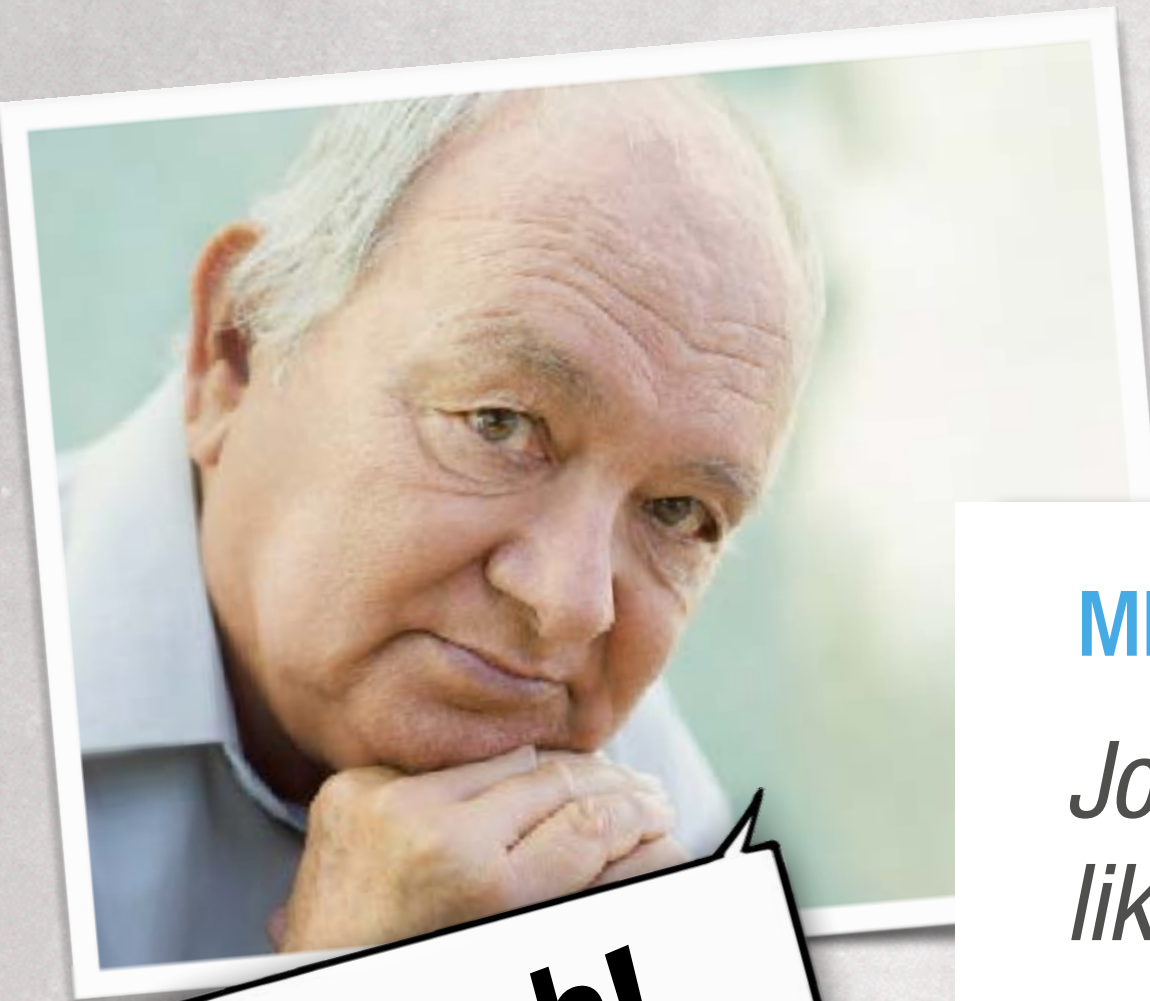




\$6.4 BILLION



Really?!?



Ouch!

OUR CLIENT'S STORIES

MEET JOHN

John has no primary payer and will likely have to pay for all of his medical care since turning 65.

\$500? \$5,000? \$50,000?



OUR CLIENT'S STORIES

MEET DAVID & SANDY

David must wait until January to enroll in Medicare. His coverage won't begin until July, and he'll pay a late enrollment penalty for life.

\$500 per month? \$1,500?

Then \$20-\$30 extra per month for life.



Bummer!



OUR CLIENT'S STORIES

MEET JANE

Jane cannot enroll in Medicare until January. Her coverage will not begin until July, and she will pay a penalty. In the meantime, she must pay for her cancer treatments because she has no primary payer.



\$10,000 per month? \$20,000+?

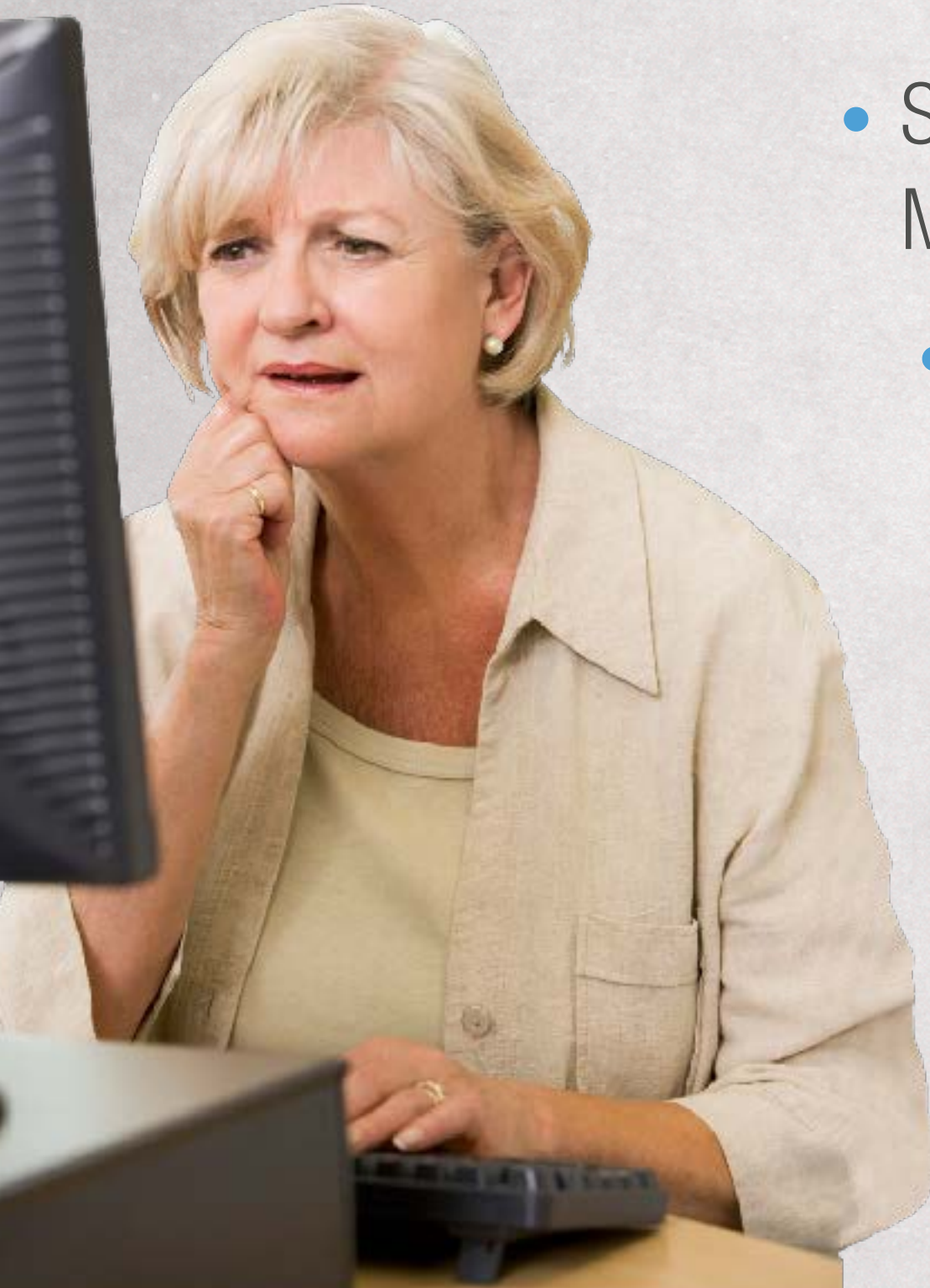


**This isn't
good...**

**But, why is this
happening?**

Today's Road to Medicare...

Seniors are forced to become experts.

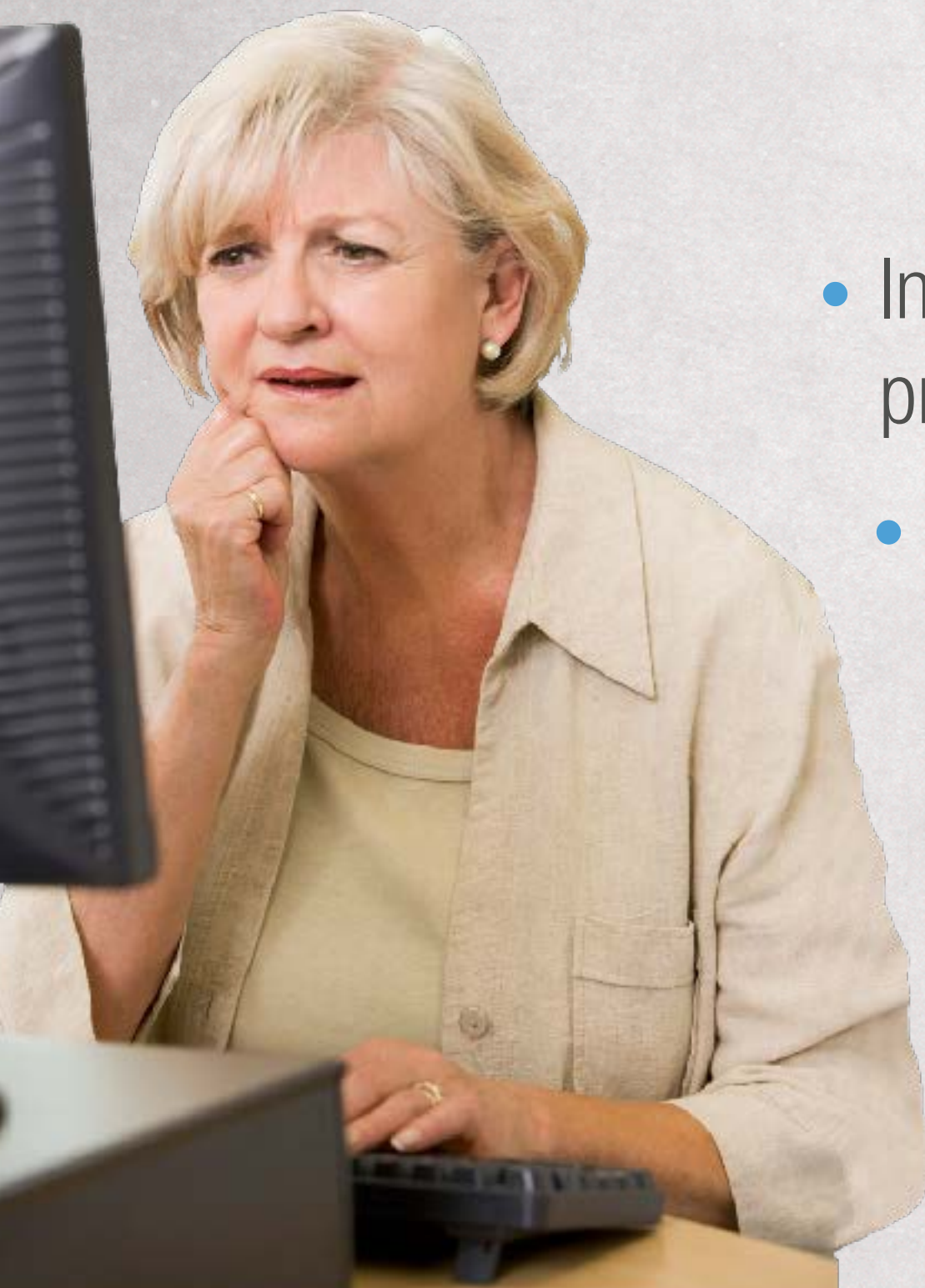


- Spend hours researching Medicare options
- Must rely on confusing, complex Government resources
 - Risk making expensive, life-long mistakes



120 pages





- In charge of Medicare enrollment, premiums, penalties, and more
- Social Security has over **2,700** rules and thousands of codicils
- But, only **ONE** phone number*

*(800) 772-1213





 **i65**

Sigh.

**So, what
can we do?**

Start by learning the **steps**
of Medicare enrollment.



Most people believe Medicare is a three-step process:



Choose
Plans

Enroll in
Medicare

Enroll in
Plans



Sign Up /
Change Plans

Your Medicare

What Medicare

Drug Coverage

Supplements &

Claims & Appeals

Manage Your

Forms, Help, &
Resources

Follow these 3 steps to help you get started:

Home → Sign up/change

Share

Get started with Medicare

As you get started with Medicare, you have a choice in how you get your Medicare coverage. And, there are some important decisions for you to make. Follow these 3 steps to help you get started:

1. Sign up for Medicare through Social Security

If you're over 65 (or turning 65 in the next 3 months) and not already getting benefits from Social Security, you need to sign up to get Medicare Part A (Hospital Insurance) and Part B (Medical Insurance). You won't get Medicare automatically.

Note

Sign up for Medicare online or contact Social Security. Social Security will review your records to see if you qualify for Medicare.

Related Resources

- ◆ Apply for Medicare online
- ◆ Log into MyMedicare.gov
- ◆ Medicare & You: understanding your Medicare choices

Find someone to talk to

Select your state...



Medicare enrollment actually has **six steps**. Here's what you're missing:



Let's look at all **six steps** of the Medicare enrollment process.



STEP ONE:

Check Your **Timing.**



STEP ONE:

Check Your **Timing**.



Is it best for you to enroll at
age 65 or delay Medicare?

DON'T MAKE ASSUMPTIONS!



STEP TWO:

Choose Your **Medicare Path.**



STEP TWO:

Choose Your **Medicare Path.**



Which type of coverage is best for YOUR needs?

- Original Medicare with a Medigap
- Medicare Advantage
- Retiree coverage
- Military coverage



STEP TWO:

Choose Your **Medicare Path.**



DO THE RESEARCH!



STEP THREE:

Select Your **Specific Plans.**



STEP THREE:

Select Your **Specific Plans.**



DON'T HURRY!

Wait until step
three to pick plans.



STEP FOUR:

Enroll in Medicare.



STEP FIVE:

Enroll in Your Specific Plans.



STEP SIX:

Review Your Coverage **Annually.**



STEP SIX:

Review Your Coverage **Annually.**

Each year, plans change.

Review your coverage options or
pay the difference.

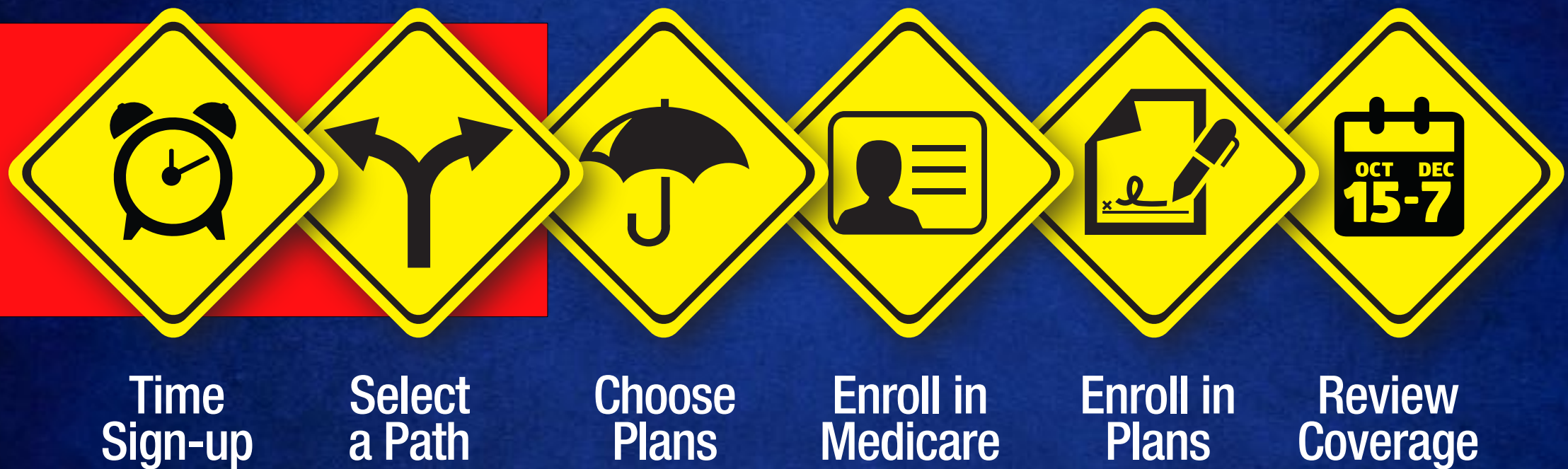
**DO NOT PUT MEDICARE ON
AUTO-PILOT.**



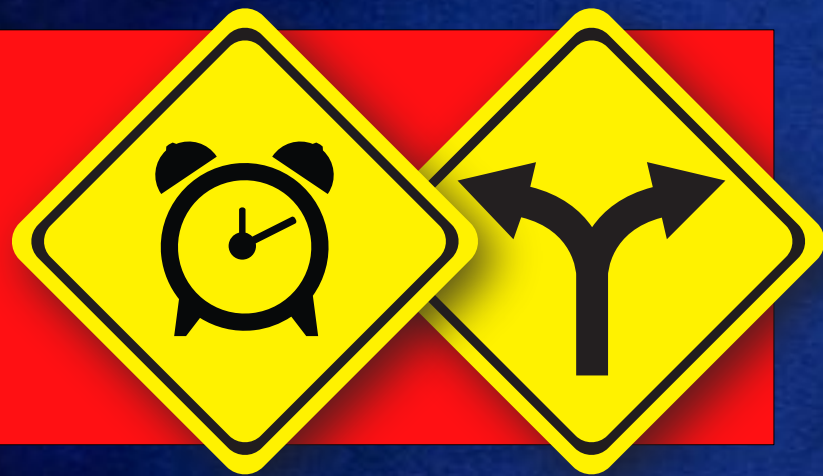
Most resources today focus on these steps:



But few things help with these steps:



Why this is scary:

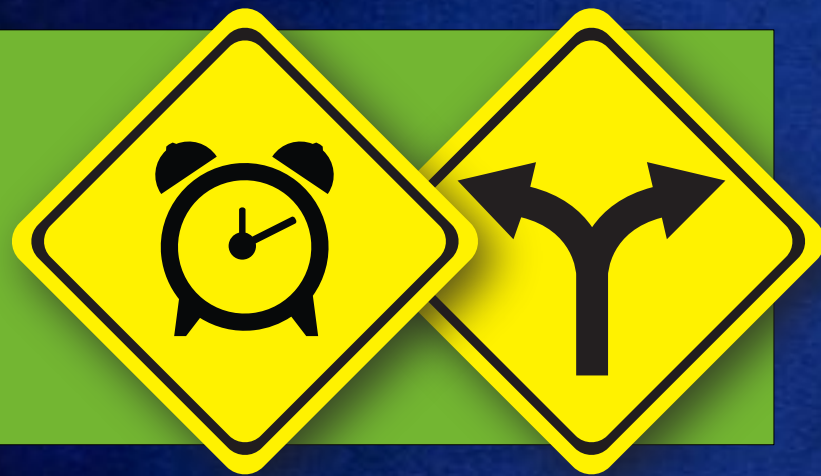


Time
Sign-up

Select
a Path

- This is when **most Medicare mistakes** are made.
- One mistake can **cost thousands** and be permanent.

Luckily, you're here!



Time
Sign-up

Select
a Path

- Today, we'll focus on these two steps to help you avoid the most costly, common Medicare mistakes.



Timing Medicare Enrollment

Is it best to enroll in Medicare at age 65 or delay?



Factors that can impact timing:

1. Social Security benefits status
2. Type and quality of health coverage
3. Employer size
4. Employment status
5. HSA status

...Plus more





CHECK YOUR TIMING

Social Security benefits status

- If receiving benefits:
 - ▶ Enrolled in Medicare automatically
 - ▶ **Must keep Part A, hospital insurance:** Condition of receiving benefits
 - ▶ Part B, medical insurance:
 - Must one keep it?
 - If not, take action to suspend Part B



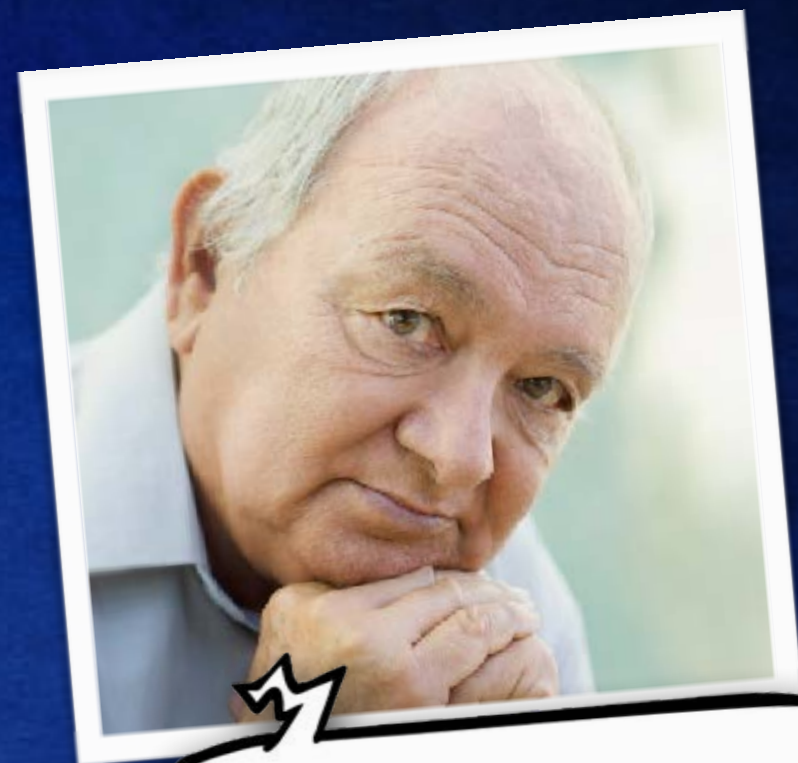
**Remember
David & Sandy?**



CHECK YOUR TIMING

Employer size

- A company with fewer than 20 employees:
 - ▶ Company can exclude those who are turning 65 from the group plan; Medicare would be the only payer
 - ▶ If Medicare-eligible individuals can continue with the coverage, the plan becomes secondary to Medicare
 - ▶ Either way, **enrollment in Part A and Part B is necessary**



Remember John?





CHECK YOUR TIMING

Employer size

- A company with 20 or more employees:
 - ▶ Must offer same benefits to all employees:
 - Cannot change premiums, costs, or coverage for Medicare-eligible individuals or dependents
 - Cannot offer incentives to enroll in Medicare
 - ▶ Part A enrollment: Recommended but **not required**
 - ▶ Part B enrollment: Optional and **not recommended**
 - ▶ Late enrollment penalties will not apply if employer coverage has been continuous and the drug coverage considered creditable
 - ▶ Will qualify for a Special Enrollment Period





CHECK YOUR TIMING

Employer size

- A company with 20 or more employees:



Carol enrolled in Medicare too soon **overpaying for coverage by more than \$5,200 over 20 months** and limiting her Medicare plan options in the future.



CHECK YOUR TIMING

Employment Status

- Coverage not related to current employment:
 - ▶ COBRA, retiree (employer or union), severance package:
 - May be same coverage as individual had when employed
 - However, this coverage is secondary to Medicare
 - ▶ Part A and Part B enrollment is a must
 - ▶ **Without Medicare, there is NO primary payer**



**Remember
Jane?**



CHECK YOUR TIMING

Health Savings Account (HSA)

- Once enrolled in any part of Medicare, an individual is no longer eligible to contribute to an HSA
- Those who keep a high-deductible health plan with an HSA should put off Social Security
- If enrolling after full retirement age, know about Social Security's policy on retroactivity
- Once enrolled, funds can be used for Medicare expenses, except Medigap premiums



CHECK YOUR TIMING

Health Savings Account (HSA)



While still working, Maria enrolled in Medicare Part A because she thought she must. But, she did not stop contributing to her HSA. **Maria's HSA contributions must be withdrawn at a 6% penalty and she must repay her employer for its contributions.**

Timing Medicare Enrollment

Is it best to enroll in Medicare at age 65 or delay?



Most common enrollment periods:

1. Initial Enrollment Period
2. Special Enrollment Period
3. General Enrollment Period





CHECK YOUR TIMING

1. Initial Enrollment Period (IEP)

- 7-month period surrounding the birth month



- If birthday is on the first of the month, the period shifts to one month earlier





CHECK YOUR TIMING

2. Special Enrollment Period (SEP)

- A period of 8 months
- Allows a person to enroll in Part B without penalty or delay
- **You must qualify for this period**
- Since age 65, the individual has had an employer-provided coverage based upon current employment (or that of a spouse)
- The coverage must have been continuous with no gaps of eight months or longer





CHECK YOUR TIMING

3. General Enrollment Period (GEP)

- For those who missed their Initial Enrollment Period and do not qualify for a Special Enrollment Period
- Occurs January 1 – March 31 of each year
- Coverage will not begin until July 1
 - ▶ This will change in 2023.





Late Enrollment Penalties — Part B

- Part B penalty permanently increases the monthly premium by 10% of the standard Part B premium amount for every full year not enrolled

COST CALCULATION:

$$\text{Full Years Delayed} \times \left(\text{Standard Part B Premium} \times 10\% \right) = \text{Monthly Part B Penalty}$$

EXAMPLE:

$$3 \text{ years} \times (\$148.50 \times 10\%) = \$44.55$$





Late Enrollment Penalties — Part D

- Part D penalty permanently increases the monthly premium by 1% of the standard Part D plan for each month without creditable drug coverage

COST CALCULATION:

$$\text{Months Delayed} \times \left(\text{Standard Part D Plan Premium} \times 1\% \right) = \text{Monthly Part D Penalty}$$

EXAMPLE:

$$48 \text{ months} \times \left(\$33.06 \times 1\% \right) = \$15.87$$





CHECK YOUR TIMING

IMPORTANT:

**Medicare Late Enrollment Penalties
follow a person for life.**



QUIZ

What are the three most common enrollment periods for people needing to enroll in Medicare Part A and/or Part B?

- A. Initial, General, and Open Enrollment Periods
- B. Special, General, and Open Enrollment Periods
- C. Initial, Special, and General Enrollment Periods
- D. Initial, Special, and Open Enrollment Periods



STEP TWO:

Choose Your **Medicare Path.**



Which type of coverage is best for YOUR needs?

- Original Medicare with a Medigap
- Medicare Advantage
- Retiree coverage
- Military coverage





CHOOSE YOUR PATH

Medicare has **four parts**.



CONFUSING!





CHOOSE YOUR PATH

Medicare has **three parts**
and **two paths**.





Hospital Insurance

- Inpatient care in hospitals and skilled nursing facilities
- Home health care
- Hospice



CHOOSE YOUR PATH





Medical Insurance



- Medically necessary services to diagnose or treat a medical condition
- Preventive services
- Optional coverage



CHOOSE YOUR PATH





Drug Coverage



- Administered by private insurance companies
- Helps cover the costs of prescription medications
- Optional coverage



CHOOSE YOUR PATH



The **two** paths of Medicare



CHOOSE YOUR PATH





- Administered by the U.S. Government
- See any provider who accepts Medicare
- Identified by the Medicare Card



CHOOSE YOUR PATH



ORIGINAL MEDICARE



- Starts with Part A , Part B
 - Part A: \$1,484 hospitalization deductible
 - Part B: 20% coinsurance on healthcare services
 - No out-of-pocket limit
- For comprehensive coverage, add:
 - Medigap policy
 - Part D prescription drug plan



What is a Medigap policy?

- ▶ Also called a Medicare Supplement
- ▶ Provides coverage of the payment “gaps” in Medicare Part A and B
- ▶ Pay a monthly premium to have few, if any, out-of-pocket costs
- ▶ Federally-standardized Plans A through N must provide the same basic coverage regardless of carrier *(MA, MN and WI use unique standardizations)*
- ▶ A Guaranteed Issue Right ensures you can get this coverage



Guaranteed Issue Right

- ▶ Ensures that you can get a Medigap policy without medical underwriting
- ▶ Insurance companies cannot deny you coverage or raise premiums based upon your medical history
- ▶ Have this right for the first six months after Medicare Part B enrollment
- ▶ After this period, you may not be able to get a Medigap policy
- ▶ NY, CT, MA and ME provide extra guarantees

ORIGINAL MEDICARE

- Pay a monthly premium and then have no out-of-pocket costs for healthcare services



CHOOSE YOUR PATH



ORIGINAL MEDICARE



MONTHLY COSTS

<i>Parts A & B Costs are Identical on Either Path</i>	
Part A	\$0 As long as you qualify
Part B	\$148.50
Medigap Policy	\$183
Part B Annual Deductible	\$203 (\$16.91 per month)
Part D Plan	\$33
Out-of-Pocket Healthcare Costs	Basically \$0

Original Medicare
TOTAL: \$381.41

(\$232.91 without Part B included)



QUIZ

Please choose the truest statement about Medicare's Late Enrollment Penalties.

- A. Medicare Part B and Part D penalties are calculated the same way.
- B. Part B penalties are based upon the number of months that you did not have creditable health coverage after turning 65.
- C. Part D penalties are based upon the number of months that you did not have creditable drug coverage after turning 65.



- Medicare administered by a private insurance company:
 - Insurance company is in charge
 - Identified by an insurance card



CHOOSE YOUR PATH



Share of Medicare Advantage Enrollees in Plans with Extra Benefits by Benefit Type, 2020



Figure 9: Share of Medicare Advantage Enrollees in Plans with Extra Benefits by Benefit Type, 2020



CHOOSE YOUR PATH

Extractions

Prosthodontics, other oral/
maxillofacial surgery, other serv

VISION

Routine eye exam

Contact lenses

Dental Benefit ⁵

\$300 reimbursement
limit

**Optional
Comprehensive
Dental ⁶**

\$48.10/month

Vision Benefit

Initial routine eye exam
each year:
\$0 copay
Plan pays \$100 per
year
for frames, lenses, and
contacts

process through which the physician
obtain advance approval from the
or item furnished to an enrollee.
particular item or service, the
r) authorization.

ch the plan will provide.

process through which the physician
obtain advance approval from the
or item furnished to an enrollee.
particular item or service, the
r) authorization.

ch the plan will provide.

ch the plan will provide.

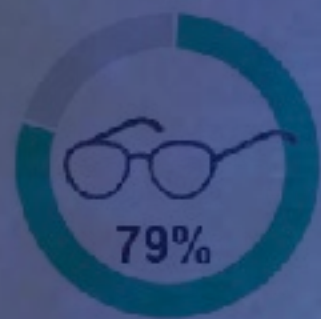
Plan limits - There may be limits on how much the plan will provide.



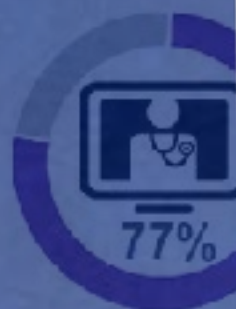
CHOOSE YOUR PATH



Share of Medicare Advantage by Benefit Type, 2020



Eye exams
and glasses



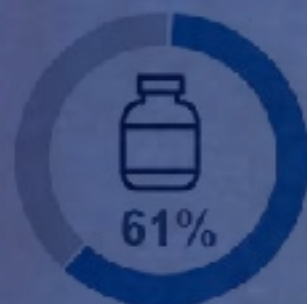
Telehealth



Extra Benefits



Hearing aids



Over the Counter
Benefits



Meal Benefit



Transportation



Bathroom
Safety



In-Home
Support

NOTE: Dental includes plans that only provide preventive benefits, such as cleanings.

SOURCE: KFF analysis of CMS Medicare Advantage Enrollment and Benefit Files, 2020.

KFF
HENRY J. KAISER
FAMILY FOUNDATION

Figure 9: Share of Medicare Advantage Enrollees in Plans with Extra Benefits by Benefit Type, 2020



CHOOSE YOUR PATH



Fitness benefit	Some coverage
Transportation services for non-emergency care: Any health-related locations	Not covered
Transportation services for non-emergency care: Plan-approved locations	Not covered
Over the counter drug benefits	Not covered
In-home support services	Not covered
Home and bathroom safety devices	Not covered
Meals for short duration	Not covered
Annual physical exams	Some coverage



CHOOSE YOUR PATH



Fitness benefit

Some coverage

Transportation services for non-emergency care: Any health-related locations

Not covered

Transportation services for non-emergency care: Plan-approved

Some coverage

You may choose one (1) of the supplemental benefits below. Only one can be selected.

Home and bathroom safety devices

Some coverage

Meals for short duration

Some coverage

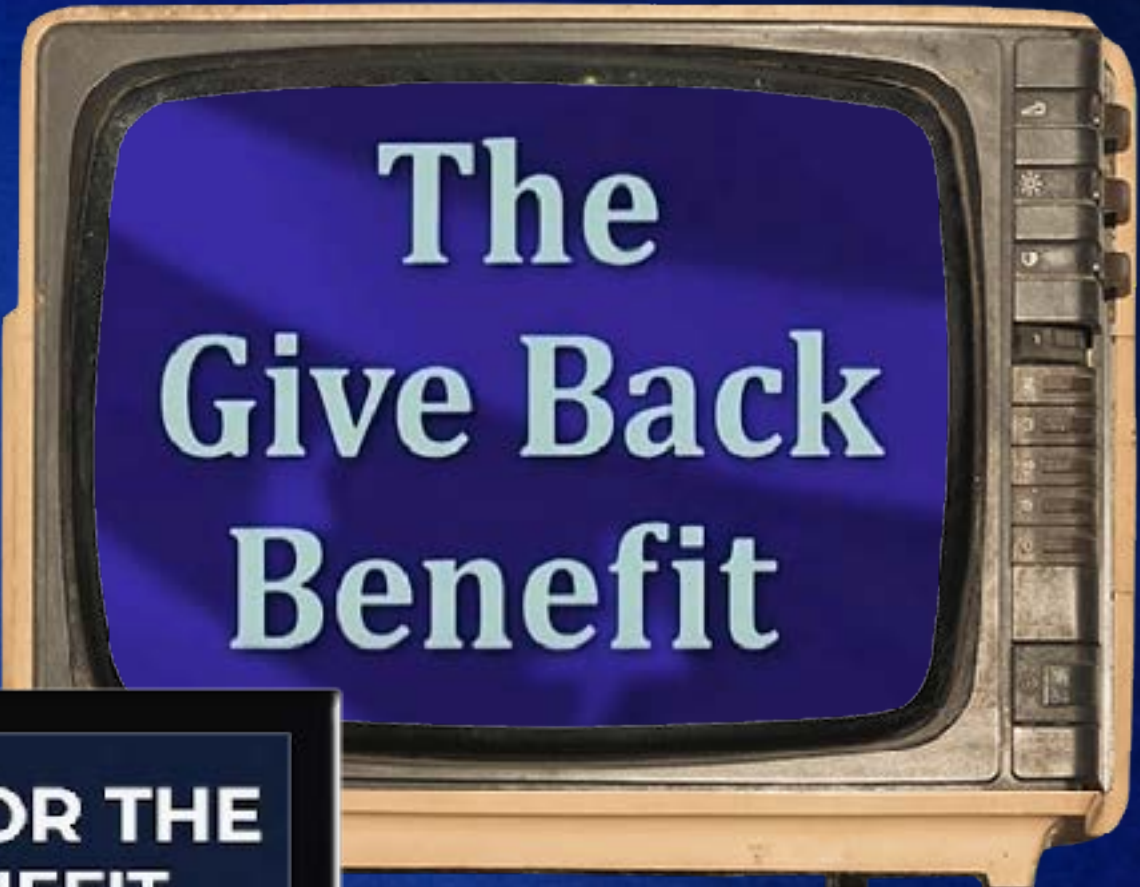
Annual physical exams

Some coverage



CHOOSE YOUR PATH





The Give Back Benefit

**YOU MAY ALSO QUALIFY FOR THE
MEDICARE GIVEBACK BENEFIT**

**CAN GIVE YOU UP TO
\$144 BACK ON YOUR
SOCIAL SECURITY CHECK
EACH MONTH!**

CERTAIN BENEFICIARIES MAY QUALIFY FOR HELP PAYING THEIR PART B PREMIUM AS PART OF EACH STATE'S MEDICAID OR MEDICAL ASSISTANCE PROGRAM.
EASYMEDICARE.COM ASSISTS BENEFICIARIES WITH APPLICATIONS AND INITIAL ELIGIBILITY SCREENING, BUT ONLY THE RELEVANT STATE AGENCY CAN DETERMINE ELIGIBILITY. PROVISION
OF FINANCIAL INFORMATION TO EASYMEDICARE.COM IS OPTIONAL AND DOES NOT AFFECT ENROLLMENT ELIGIBILITY.

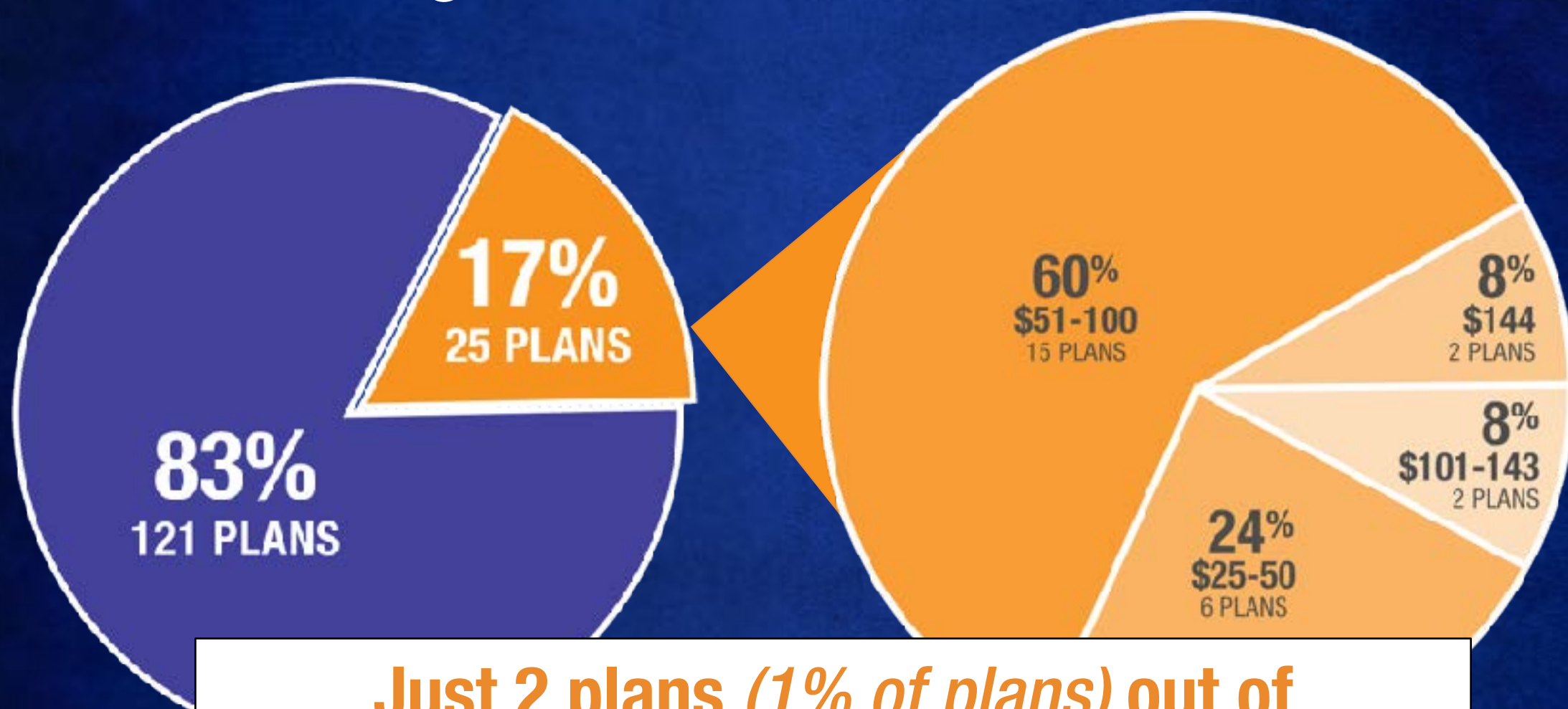


CHOOSE YOUR PATH



Facts about the Medicare Giveback Benefit

- Of the 146 plans in 3 zip codes, only 25 included a giveback benefit.



Just 2 plans (1% of plans) out of 146 have the full \$144 giveback benefit

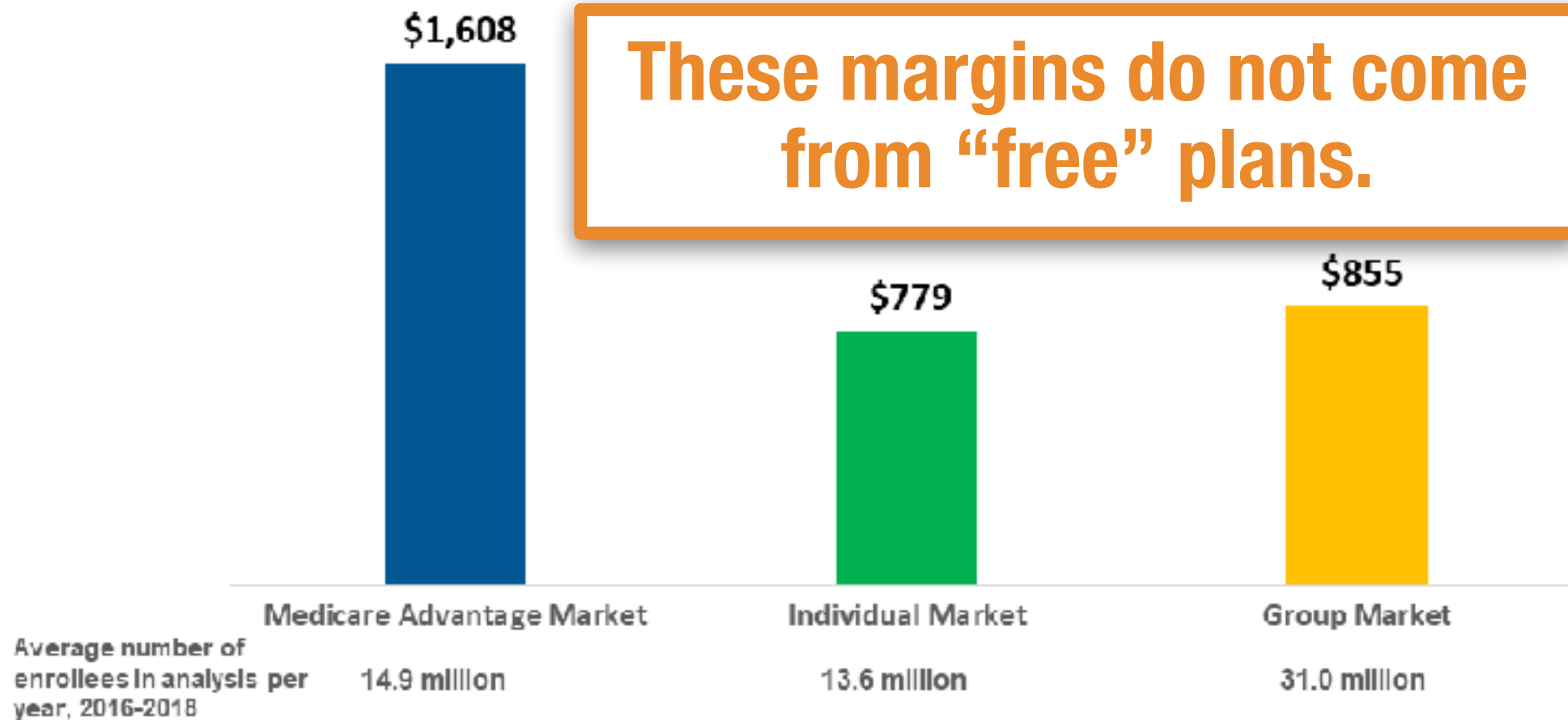


CHOOSE YOUR PATH



Gross Margins of Medicare Advantage Plans

Average Gross Margins per Covered Person per Year, 2016-2018



Note: The group market only includes fully-insured plans. Enrollment numbers do not include plans that do not file data with the NAIC, plans licensed as life insurance, California HMOs regulated by California's Department of Managed Health Care, plans that recorded negative premiums, claims, or enrollment numbers, or plans domiciled outside of the U.S. Figures are averaged across 2016, 2017, and 2018.

Source: Kaiser Family Foundation analysis of data from Mark Farrah Associates Health Coverage Portal TM.



- Medicare Advantage policies:
 - Must provide Part A and Part B services
 - Can include Part D coverage
 - Very low or no premiums
 - Can add vision, hearing, dental coverage
- Labeled Part C



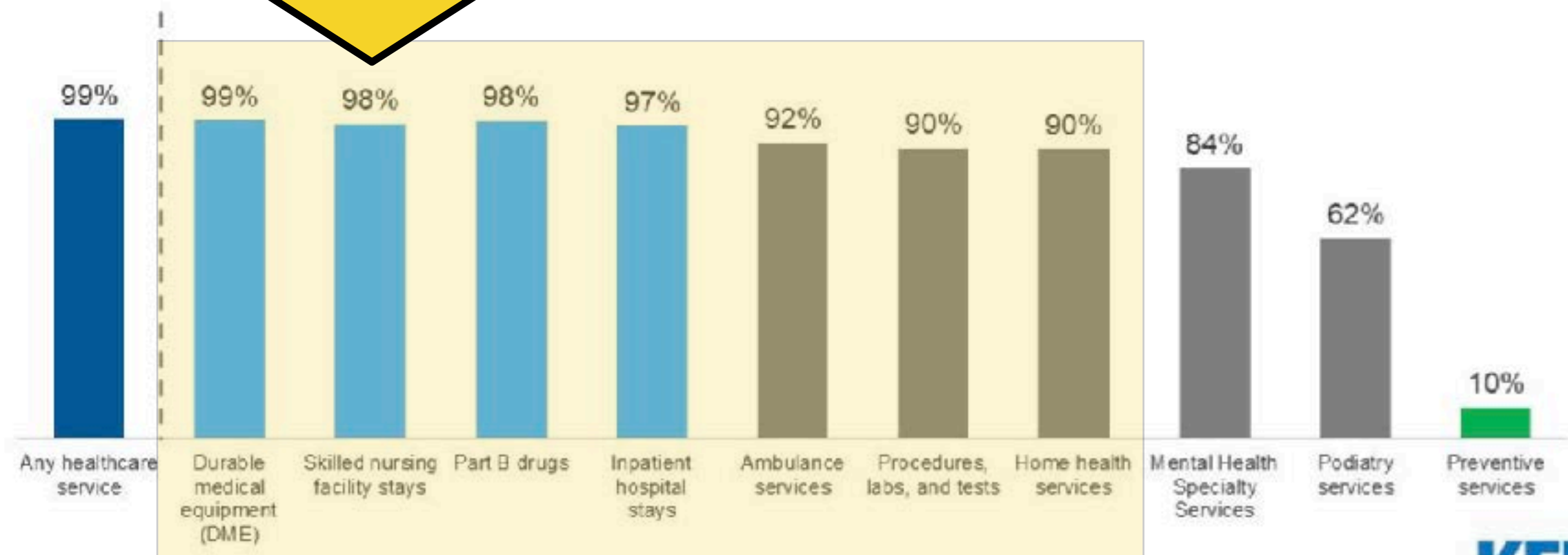
CHOOSE YOUR PATH



Figure 10

Share of Medicare Advantage Enrollees Required to Receive Prior Authorization, by Service, 2020

Most enrollees are required to receive prior authorization for the **highest cost** services and fewer enrollees need it for **preventive services**



NOTE: Preventive services are Medicare-covered zero-dollar cost-sharing preventive services.

SOURCE: KFF analysis of CMS Medicare Advantage Enrollment and Benefit Files, 2020.

KFF
HENRY J KAISER
FAMILY FOUNDATION



CHOOSE YOUR PATH



- You must follow the rules of the insurance company:
 - See providers in a network that can change at any time
 - Subject to prior authorization rules
 - Must pay deductibles, co-pays and coinsurances up to an out-of-pocket limit



CHOOSE YOUR PATH



- Pay no monthly premiums but then pay every time you use healthcare services
 - If you don't follow the rules, you may be responsible for paying the full cost of any health care services



CHOOSE YOUR PATH



MONTHLY COSTS

Parts A & B Costs are Identical on Either Path	
Part A	\$0 As long as you qualify
Part B	\$148.50
MA-PD plan	\$0 – \$100+
Out-of-Pocket Healthcare Costs	? You pay every time you use healthcare services up to a limit

Medicare Advantage

TOTAL: \$148.50 - ?

(\$0 - ? without Part B included)





CHOOSE YOUR PATH



QUIZ

Which costs may a person pay while covered by a “free” Medicare Advantage plan?

- A. Deductibles
- B. Co-pays
- C. Coinsurances
- D. All of the above
- E. None of the above



STEP SIX:

Review Your Coverage **Annually.**

Annual Open Enrollment Period

- October 15 - December 7
- New plans take effect January 1
- Check for changes in Part D and Advantage plans:
 - ▶ Premiums, deductibles, out-of-pocket costs, spending limits, coverage limitations
 - ▶ Provider and pharmacy networks
 - ▶ Medications covered and how



Annual Open Enrollment Period

Darella believed that there wasn't much use in changing plans. She was shocked to learn that **changing drug plans for just one year saved her \$21,000!**



**Anything else
to know?**

**Of course!
Two myths...**

MEDICARE MYTH #1



“Everyone pays the same for Medicare.”

REALITY

Some people will pay more for Medicare.

- Income-Related Adjustment Amount (IRMAA)
 - ▶ In 2021, singles with incomes above \$88,000 or \$176,000 for couples must pay higher premiums.
 - ▶ IRMAA amounts are per individual. A couple with both spouses on Medicare will pay two monthly IRMAA premiums.
 - ▶ Social Security generally uses income from two years prior to identify higher-income beneficiaries.
 - ▶ With a life-changing event, these premiums may be adjusted downward.



REALITY

2019 Adjusted Gross Income + Tax Exempt Interest		2021 IRMAA	
Single Filers	Individuals Filing Jointly	PART B	PART D
≤\$88,000	≤\$176,000	\$0.00	\$0.00
>\$88,000 to ≤\$111,000	>\$176,000 to ≤\$222,000	\$59.40	\$12.30
>\$111,000 to ≤\$138,000	>\$222,000 to ≤\$276,000	\$148.50	\$31.80
>\$138,000 to ≤\$165,000	>\$276,000 to ≤\$330,000	\$237.60	\$51.20
>\$165,000 to <\$500,000	>\$330,000 to <\$750,000	\$326.70	\$70.70
≥\$500,000	≥\$750,000	\$356.40	\$77.10

Add Part B IRMAA to the standard premium, \$148.50.

Pay Part D IRMAA in addition to the monthly drug plan premium.



REALITY

- One-time income that can activate IRMAA:
 - ▶ Lottery and casino winnings
 - ▶ Capital gains
 - ▶ Sale of property
 - ▶ IRA withdrawals
 - ▶ Roth conversions
 - ▶ Required minimum distributions
- Income will affect premiums for one year only

MEDICARE MYTH #2



**“Medicare covers
long-term care.”**

MEDICARE MYTH #2

- **56%** of Baby Boomers believe that Medicare will pay for their ongoing long-term care.¹
- **45%** of Boomers believe they will need long-term care someday.¹



¹ "A Growing Urgency: Retirement Care Realities for Middle-Income Boomers"
Center for A Secure Retirement, March 2019

REALITY

➔ Medicare pays NOTHING!

- **56%** of Baby Boomers believe that Medicare will pay for their ongoing long-term care.
- **45%** of Boomers believe they will need long-term care someday.



➔ More than 70% will need care.²

2 U.S. Department of Health and Human Services, Longtermcare.gov, Updated October 10, 2017

REALITY

- Annual costs³:
 - ▶ Nursing home \$82,000
 - ▶ Assisted living facility (ALF) \$43,000
 - ▶ Home health care \$22,000



3 American Association for Long-Term Care Insurance, January 2019.

QUIZ

Medicare covers some of a person's ongoing long-term care needs.

- A. True
- B. False



Final Tips for Medicare Success:

- Pay attention to Medicare and Open Enrollment
- Go beyond agents or friends when making decisions
- Document date, time, individual, and message for any Medicare-related issue
- Consider impact of IRMAA
- Address long-term care needs
- Help establish a budget for Medicare, healthcare, and long-term care costs



Ritter Insurance Marketing

www.ritterim.com

The Value of a “Good” Agent:

- How do you determine a good agent vs. a bad agent?
- What are the benefits of having an ongoing relationship with an agent?
- What kind of products can an agent offer to support my clients?



 **RITTER**
Insurance Marketing®



Thank you!



Melinda Caughill

262-240-9860

www.i65.com

www.65incorporated.com



CHICAGO
SUN-TIMES

Forbes

MarketWatch
THE WALL STREET JOURNAL

Kiplinger

The Washington Post