



# MASTERING MEDICARE

Learn your A, B and Ds with CEs



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**Diane  
Omdahl, RN, MS**



## MEET YOUR PRESENTERS

- Co-Founders of a 65 Incorporated® and the i65® Medicare Guidance Software, [i65.com](http://i65.com), [65incorporated.com](http://65incorporated.com)
- Professional Medicare educators who **DO NOT SELL INSURANCE**
- Combined six decades of helping business and consumers make sense of Medicare (*Conducted over a thousand Medicare consultations and have done hundreds of speaking engagements*)
- Regularly featured in national news media
- Diane released the book, “*Medicare For You*,” in 2023. (*An Amazon Best Seller!*)



**Melinda  
Caughill, CSA**



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SESSION ONE:  
**Planning for Medicare**



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### Learning Objectives:

- Describe what Medicare Planning is and why it's important.
- Name three Medicare myths that can lead to Medicare mistakes.
- Explain two strategies to help clients plan for Medicare costs.
- Identify three Medicare tasks to complete before age 65.
- Describe the role of a my Social Security account in Medicare.



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CHAPTER ONE:  
Introduction to **Medicare Planning**



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What **Medicare Planning** is...



- Medicare Planning is a crucial, yet often overlooked, subset of retirement planning.
- Medicare Planning ensures that clients get the maximum amount of healthcare benefits at the minimum cost in retirement.
- Medicare Planning helps clients avoid mistakes that could derail their overall retirement plans.



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What **Medicare Planning** is **NOT**...

- Medicare Planning is **NOT** selling Medicare insurance policies.
  - Purchasing Medicare insurance can be a part of Medicare Planning, but it is not what it ultimately is.
- Medicare Planning is **NOT** a process you begin with clients at the age of 64.
  - When retirement planning begins, Medicare Planning begins.
  - Waiting until the age of 64 is talk about Medicare is not planning — *it's reacting.*



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Benefits of **Medicare Planning** for you...

- Increase client leads and referrals
  - Safeguard assets under management
  - Easily differentiate yourself from the competition
  - Save clients from devastating mistakes
  - Identify holes in retirement plans
  - Get to know other family members
  - Motivate clients to save more for retirement
- ➔ **Keep your existing clients**



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Benefits of **Medicare Planning** for you...



**72%** The percentage of pre-retirees who would be extremely or somewhat likely to change financial advisors to get Medicare guidance.

Nationwide Health Care Costs in Retirement Survey, October 2023



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Benefits of **Medicare Planning** for clients...



- **Gains PEACE OF MIND about healthcare in retirement!**
- Knows that they'll have enough saved (or insured) for healthcare in retirement
- Feels confident they're avoiding mistakes
- Doesn't have to go somewhere else for help



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How to engage in the **Medicare Planning process...**



**Have a conversation with your clients about Medicare.**

- During this conversation, plan to:
  - Dispel the three most critical myths about Medicare
  - Identify any healthcare-related "blind spots"
  - Create a personalized estimate of the client's healthcare and long-term care costs in retirement
  - Present an action plan to ease the client into Medicare

**YOU'LL LEARN ALL OF THESE THINGS DURING THIS MASTERCLASS!**



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Tips for having a **conversation about Medicare...**



**1** **Speak personally; NOT technically.**

- Your goal is to motivate your client and inspire action, and not to teach all the nuances of Medicare regulations.
  - Make the conversation your own. Include the points about Medicare you feel your clients should know.
  - Create a script and/or presentation slides
  - **TELL STORIES!**
  - Personalize the conversation for your client.



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Tips for having a conversation about Medicare...

**2** Know that no one expects you to be a Medicare expert!

- *It's OK to say "I don't know."*
- Create a list of trusted people/resources to get answers from when you encounter Medicare-related questions
- If Medicare insurance agents are included in your list, that's OK! Just be sure to qualify these people and conduct regular due-diligence.

**YOU'LL LEARN THIS TOO!**




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Tips for having a conversation about Medicare...

**3** Use Medicare to start other conversations.

- Social Security timing
- HSAs
- 401(k) contributions
- Estate planning
- Long-term care planning
- Guaranteed income
- Tax planning
- ... Plus much more



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CHAPTER TWO.

Dispel 3 Medicare Myths




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Myth 1: Medicare is FREE

**72%** The percentage of pre-retirees who believe Medicare Part B is FREE when you've worked and paid Social Security taxes for at least ten years.

*Nationwide Health Care Costs in Retirement Survey, October 2023*




**That's 7 out of 10 clients!**



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### The “Bernie Sanders Effect”

“Medicare For All” leads people to believe:


- Medicare is **FREE**
- Medicare is a single-payer system
- Medicare has no restrictions on pre-existing medical conditions

**No!**



www.i65.com

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### The “Bernie Sanders Effect”

- 40% of retirees believe Medicare is **FREE**
- 72% believe Medicare Part B is **FREE**
- 72% believe Medicare covers long-term care
- 50% believe everyone pays the same premiums for Medicare

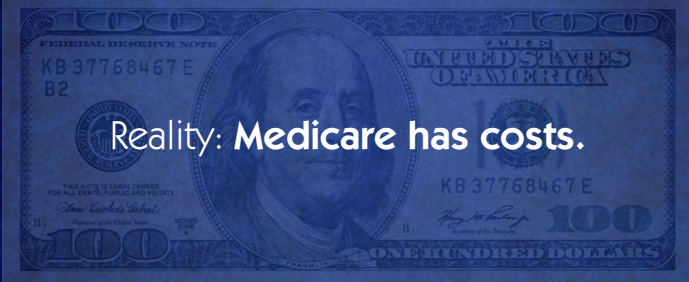
**No!**

Nationwide Health Care Costs in Retirement Survey, October 2023




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**Reality: Medicare has costs.**



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### Medicare Part A, Hospital Insurance

- **No monthly premiums when a person qualifies:**
  - 40 Social Security “credits” required to qualify
  - Social Security uses your total yearly earnings to calculate your Social Security credits.
  - The amount needed for a credit in 2024 is \$1,730.
  - A person can earn up to 4 credits per year.
  - Credits are based on income during the year—*regardless of when the actual work was done.*



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## Medicare Part A, Hospital Insurance

- **People who do not qualify must pay premiums for Part A.**
  - For people with 30-39 credits:
    - ➔ \$278 per person, per month
  - For people with fewer than 30 credits:
    - ➔ \$505 per person, per month
  - Late enrollment penalties can apply for people who do not qualify for premium-free Medicare Part A.




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## Medicare Part A, Hospital Insurance

- **Additional Costs for Part A**
  - Hospitalization deductible: \$1,632 per benefit period
  - Hospitalization Copayment:
    - ➔ Days 0-60: No cost
    - ➔ Days 61-90: \$408 per day
    - ➔ Days 91-150: \$816 per day
  - Hospice Care Coinsurance: 5% for inpatient respite stay
  - **No spending limit**




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## Medicare Part B, Medical Insurance

- **The standard Part B premiums is \$174.70/mo per person**
  - Lower income people can have Medicare Part B premiums reduced/eliminated, and higher income people can pay more for Medicare Part B.
- **Additional Costs for Part B**
  - Part B annual deductible: \$240
  - Part B Service Coinsurance: 20%, after deductible
  - Part B Excess Charges: Up to 15% more than Medicare's assigned amount
  - **No spending limit**



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## Other Medicare-related Costs

- **Medicare Advantage plans** can have no monthly premiums, but include deductibles, copays, out-of-pocket spending limits.
- **Part D drug plans** (stand-alone or through Medicare Advantage) can have monthly premiums, deductibles, copays
- **Medigap (Medicare Supplement) policies** have monthly premiums but can eliminate out-of-pocket costs
- **Retiree coverage, FEHB, and more** have various costs associated with them.
- **Bottom line: Expect healthcare costs**



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The Awful Consequence:  
**“Why save for healthcare in retirement if it’s FREE?”**

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**67%** Of baby boomers turning 65 this year have less than \$500,000 in total assets for retirement. More than 50% have less than \$250,000.

ALI Retirement Income Institute, 2024

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A 65-year-old retiring today will need about  
**\$157,000**  
 to cover healthcare costs in retirement.  
 (Not including long-term care)

Fidelity, 2023

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**75%** Of pre-retirees are not sure/can't estimate how much they will pay for healthcare in retirement.

Nationwide Health Care Costs in Retirement Survey, October 2023

**PROVIDING ESTIMATES OF HEALTHCARE COSTS IS CRITICAL IN MEDICARE PLANNING BECAUSE...**

*That's 3 out of 4 clients!*

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**85%** Of pre-retirees believe managing healthcare costs should be a part of retirement planning/financial planning!

*Nationwide Health Care Costs in Retirement Survey, October 2023*

**That's basically everyone!**

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## How to Estimate Healthcare Costs in Retirement

- Healthcare claims are public data, but is not easy to use
- Tools and resources designed for financial advisors make it easy to create estimates of healthcare costs in retirement:
  - i65, AiVante, Healthview Services, Income Conductor
- Be as personalized and specific as possible.
- Start estimating *ASAP*. **Don't wait until retirement!**
- Use these estimates to guide the retirement planning process.
- Update the estimate regularly!*

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**Your iEstimate**

**Overview**

Current Age: 56 Retirement Zip Code: 19025  
 Age at Retirement: 67 Year of Medicare Eligibility: 2033  
 Life Expectancy: 85 Tax Filing Status: Married Filing Jointly  
 Years of Retirement: 18 Years Subject to IRMAA: 2035, 2036, 2037, 2038, 2039

**Cost Estimates**

| HEALTHCARE   | LONG-TERM CARE   |
|--|--|
| The amount to invest by age 62: \$142,554                        | The amount to invest by age 67: \$204,207                            |
| The amount you will need for healthcare in retirement: \$232,584 | The amount you will need for long-term care in retirement: \$499,037 |
| <b>Total amount to invest by age 67: \$346,760</b>               |  |

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**Your iEstimate**

**Overview**

Current Age: 56 Retirement Zip Code: 19025  
 Age at Retirement: 67 Year of Medicare Eligibility: 2033  
 Life Expectancy: 85 Tax Filing Status: Married Filing Jointly  
 Years of Retirement: 18 Years Subject to IRMAA: 2035, 2036, 2037, 2038, 2039

**Cost Estimates**

| HEALTHCARE   | LONG-TERM CARE   |
|--|--|
| The amount to invest by age 62: \$142,554                        | The amount to invest by age 67: \$204,207                            |
| The amount you will need for healthcare in retirement: \$232,584 | The amount you will need for long-term care in retirement: \$499,037 |
| <b>Total amount to invest by age 67: \$346,760</b>               |  |

**Your iEstimate**

**Overview**

Current Age: 79 Retirement Zip Code: 53092  
 Age at Retirement: 68 Year of Medicare Eligibility: 2010  
 Life Expectancy: 86 Tax Filing Status: Married Filing Jointly  
 Years of Retirement: 18 Years Subject to IRMAA: None

**Cost Estimates**

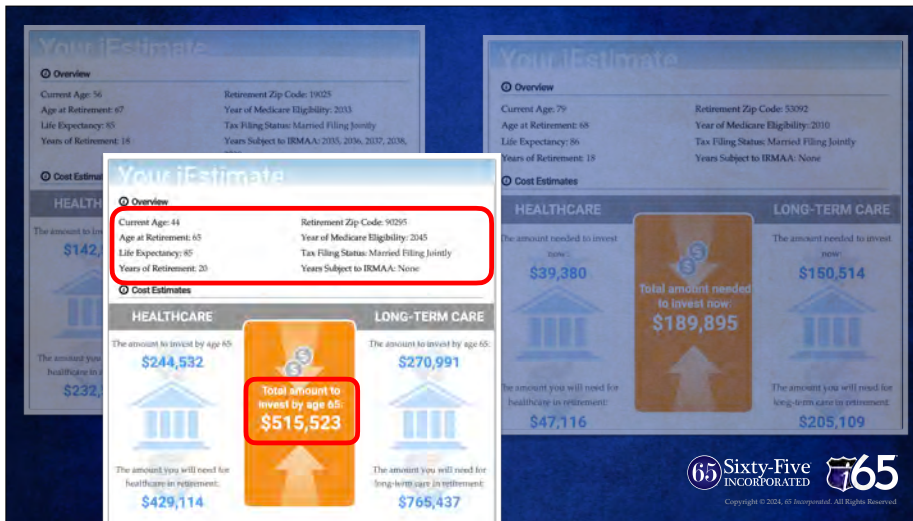
| HEALTHCARE  | LONG-TERM CARE   |
|---|--|
| The amount needed to invest now: \$39,380                       | The amount needed to invest now: \$150,514                           |
| The amount you will need for healthcare in retirement: \$47,116 | The amount you will need for long-term care in retirement: \$205,109 |
| <b>Total amount needed to invest now: \$189,895</b>             |  |

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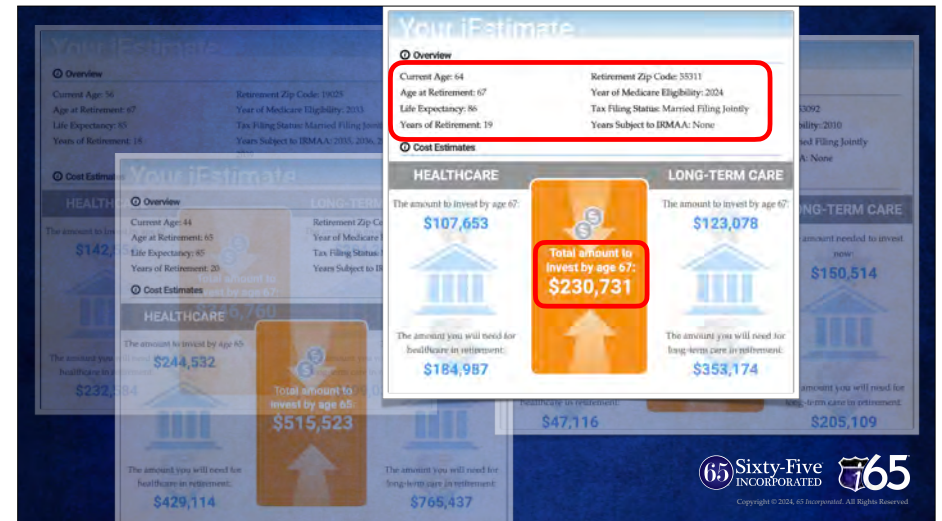
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**Myth 2: Everyone Pays the Same Amount for Medicare**

**50%** The percentage of pre-retirees who believe Medicare costs the same for everyone.

*Nationwide Health Care Costs in Retirement Survey, October 2023*

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**Reality: Some people pay more for Medicare.**

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## Income-Related Monthly Adjustment Amount (IRMAA)

- IRMAA is higher Medicare premiums for higher income Medicare beneficiaries
- In 2024, people filing singly with incomes above \$103,000 or \$206,000 for couples filing jointly must pay higher premiums.
- IRMAA amounts are *per individual*.
  - A couple with both spouses on Medicare will pay TWO monthly IRMAA premiums.
- Social Security adds line 2a to line 11 of the tax returns two years prior to identify higher-income beneficiaries.

The image shows a portion of a tax return form. The 'Dependents' section at the top has columns for (1) First name, Last name, (2) Social security number, (3) Relationship to you, and (4) Child tax credit and Credit for other dependents. Below this, the 'Adjusted Gross Income' section is visible. Line 11 is highlighted in red and labeled 'Adjusted gross income'. It is calculated as 'Subtract line 10 from line 9. This is your adjusted gross income'. Other lines shown include 1 (Wages, salaries, tips, etc.), 2a (Tax-exempt interest), 3a (Qualified dividends), 4a (IRA distributions), 5a (Pensions and annuities), 6a (Social security benefits), 7 (Capital gain or (loss)), 8 (Other income from Schedule 1, line 10), 9 (Total income), 10 (Adjustments to income from Schedule 1, line 26), 12a (Standard deduction or itemized deductions from Schedule A), 12b (Charitable contributions), 12c (Add lines 12a and 12b), 13 (Qualified business income deduction), 14 (Add lines 12c and 13), and 15 (Taxable income).

| 2022 Adjusted Gross Income + Tax-exempt Interest Income |                            | 2024 IRMAA |         |
|---|----------------------------|------------|---------|
| Single Filers   | Individuals Filing Jointly | PART B*    | PART D* |
| ≤\$103,000  | ≤\$206,000                 | \$0.00     | \$0.00  |
| >\$103,000 to ≤\$129,000                                | >\$206,000 to ≤\$258,000   | \$69.90    | \$12.90 |
| >\$129,000 to ≤\$161,000                                | >\$258,000 to ≤\$322,000   | \$174.70   | \$33.30 |
| >\$161,000 to ≤\$193,000                                | >\$322,000 to ≤\$386,000   | \$279.50   | \$53.80 |
| >\$193,000 to <\$500,000                                | >\$386,000 to <\$750,000   | \$384.30   | \$74.20 |
| ≥\$500,000  | ≥\$750,000                 | \$419.30   | \$81.00 |
| Married Individuals Filing Separately                   |                            | PART B*    | PART D* |
| ≤\$103,000  |                            | \$0.00     | \$0.00  |
| >\$103,000 to <\$397,000                                |                            | \$377.70   | \$74.20 |
| ≤\$397,000  |                            | \$412.10   | \$81.00 |

\*These amounts are IN ADDITION to your standard Part B & D premiums.

## Income-Related Monthly Adjustment Amount (IRMAA)

- One-time income 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.





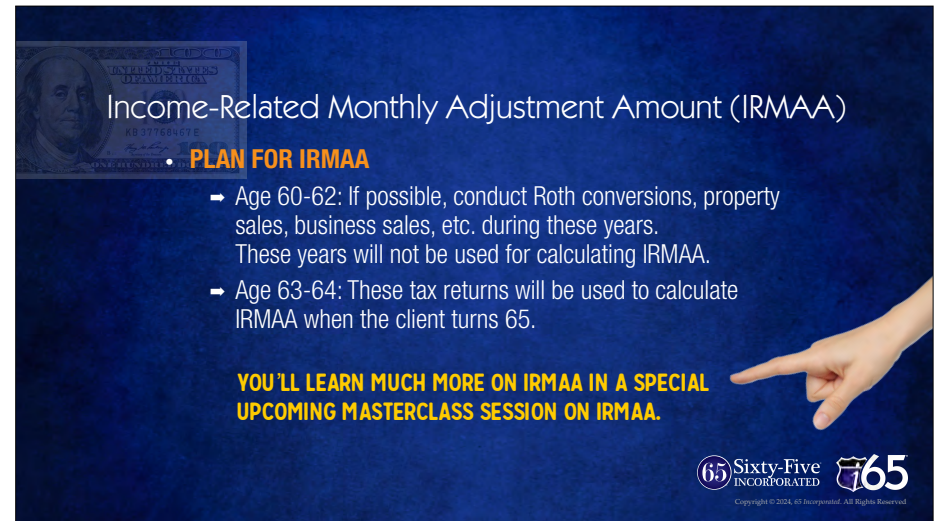
## Income-Related Monthly Adjustment Amount (IRMAA)

- Clients who've had life-changing events can use the SSA-44 form to reduce/eliminate IRMAA:
  - ➔ Work reduction or stoppage (retirement)
  - ➔ Death of a spouse, divorce, marriage
  - ➔ Loss of income-producing property (not to a sale)
- Estimate the anticipated annual income:
  - ➔ File the form immediately after receiving IRMAA notice.  
**DO NOT WAIT** for the next tax returns to be done!
- May have to file the notice several years in a row



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## Income-Related Monthly Adjustment Amount (IRMAA)

- **PLAN FOR IRMAA**
  - ➔ Age 60-62: If possible, conduct Roth conversions, property sales, business sales, etc. during these years. These years will not be used for calculating IRMAA.
  - ➔ Age 63-64: These tax returns will be used to calculate IRMAA when the client turns 65.

**YOU'LL LEARN MUCH MORE ON IRMAA IN A SPECIAL UPCOMING MASTERCLASS SESSION ON IRMAA.**


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## Myth 3: Medicare covers long-term care.

**72%** The percentage of pre-retirees who believe Medicare will cover long-term care costs in retirement.

*Nationwide Health Care Costs in Retirement Survey, October 2023*



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**Reality: Medicare pays NOTHING for long-term care!**



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**Medicare & Long-term Care**

- For Medicare coverage, the magic word is **SKILLED**.
  - Skilled means that a degreed medical professional (nurse, therapist) is needed to provide the healthcare services safely and effectively.
  - Long-term care is activities of daily living (ADLs) or “custodial” care.
    - Bathing, eating, dressing, transferring, toileting, continence
    - These services are NOT considered skilled.
    - Medicare does not cover these services — *not a penny*.





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**Medicare & Long-term Care**

- **Most people will need long-term care in retirement.**
  - More than 70% of people turning 65 today will need long-term care at some point in their future.
  - 2023 Average Annual Costs:
    - Nursing home (shared room): \$104,000
    - Assisted living facility (ALF): \$64,200
    - Home health care (40 hrs/wk): \$75,500
    - Adult day care: \$24,700



2020 U.S. Department of Health and Human Services  
Genworth, Cost of Care Database



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**The Awful Consequence:**  
**“Why plan for long-term care Medicare covers it?”**




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**Medicare & Long-term Care**


- **Strategies for funding long-term care include:**
  - Health Saving Accounts (HSA)
  - Long-term care insurance
  - Annuities with long-term care riders
  - Reverse mortgages
  - Self-funding
  - Medicaid...




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## Medicare & Long-term Care

- **Medicaid is NOT a strategy for long-term care. It is a failed retirement plan.**
  - About 50% couples with lifetime earnings of \$4.75+ million will end up on Medicaid.
  - Many states have long waiting lists for Medicaid beds.
  - Patients on Medicaid often end up “low tier” facilities.
    - ➔ “A private apartment, lobster bisque and symphony concerts or a shared room, chicken noodle soup and reruns of I Love Lucy on a shared TV.”

The Affordability of Long-Term Care and Support Services: Findings from a KFF Survey, 2023  
Medicaid and Quality of Care: How our Funding Structure Failed Nursing Homes, Medium, 2020



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## MYTH 3A: My parents Medicare-related decisions are their business.



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## Reality:

The fastest way for people in the 30s, 40s and 50s to derail their own retirement is for their parents to make poor Medicare-related decisions.



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## Consider Laura's Situation...



Laura, age 56, left a \$70,000-a year job to care for her spouse's mother for 3 years.

- \$216,207 in lost salary
- \$60,816 in lost Social Security benefits
- Lost raises, bonuses, promotions
- Took money out of her retirement fund to pay for home safety renovations


Estimated total loss: **\$451,662**

Fidelity, "How to take care of aging parents and yourself," 2023




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Consider Laura's Situation...




**What happens if Laura gets divorced between now and her retirement?**



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Medicare & Long-term Care

- Nearly 9 in 10 Americans ages 50 to 80 would like to “age in place,” but half acknowledge they haven’t taken any steps toward that goal.
- More than 50 million U.S. adults are unpaid caregivers, spending an average of \$7,000 a year on out-of-pocket costs related to caregiving.
- Half of caregivers say they have experienced financial setbacks, cutting retirement contributions, dipping into savings, and more.

The Affordability of Long-Term Care and Support Services: Findings from a KFF Survey | KFF, 2023  
Caregiving Out-of-pocket Costs Study, AARP Research, 2021



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Medicare & Long-term Care

- Talk about long-term care with clients
  - **Sooner, rather than later.**
- Create a plan for long-term care.
  - **Sooner, rather than later.**
- Talk about your clients about their parents’ plan (or lack thereof) for long-term care.
  - **Sooner, rather than later.**



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CHAPTER THREE:

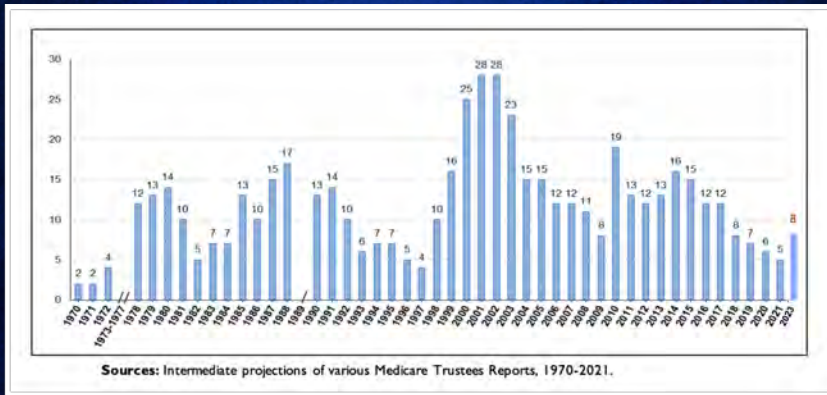
## Medicare Trust Fund Solvency



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Congressional Research Service, "Medicare: Insolvency Projections," October 25, 2021



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## Medicare Trust Fund Facts

- Fund will become insolvent by 2031
- Insolvency is not bankruptcy:
  - Medicare will continue to pay at a lower level
  - Can only imagine consequences
- Only Part A, hospital insurance, is at risk; financed primarily through 2.9% payroll tax



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## Medicare Trust Fund Facts

- Insolvency:
  - Is **NOT** an issue for Part B, medical insurance, and Part D, prescription drug coverage
  - Financed through general revenues, premiums
- Medicare Advantage (Part C) funds come from Trust Fund, general revenue, and premiums
- Medigap policies funded through beneficiary premiums
- Those subject to IRMAA will pay more for all of this coverage



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## Medicare Trust Fund Factors Contributing to Insolvency

- Demographics: 4.1 million retiring each year through 2027
- Medical care costs:
  - COVID and pent-up demand for elective procedures that were delayed
  - 95% of those over age 60 have at least one chronic condition, 80% have two or more
- Fewer employees paying payroll taxes



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## Medicare Trust Fund Fixes

- **In your dreams:** Implode entire system and start over
- The following require Congressional involvement:
  - Using funds from general revenue
  - Raising Medicare eligibility age
  - Decreasing/modifying benefits
  - Increasing payroll taxes

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## Medicare Trust Fund Fixes

- Suggestions that are not very popular:
  - Increasing beneficiary cost-sharing
  - Reducing payments to providers
- This may not even be possible:
  - Reducing Medicare expenditures
- The most likely/best options:
  - Recouping/stopping Medicare Advantage overpayments
  - Increasing payroll taxes

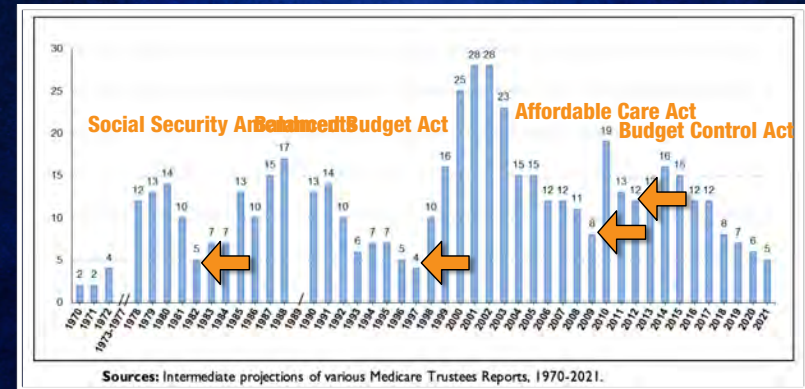
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## Medicare Trust Fund Do We Need to Worry?

- This is not the first time the Trust Fund has been in danger

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Congressional Research Service, "Medicare: Insolvency Projections," October 25, 2021  
Health Affairs, "The Coming Crisis For The Medicare Trust Fund," December 15, 2020

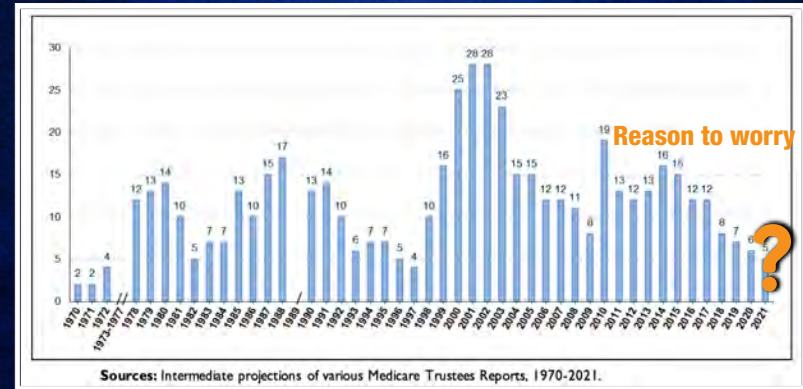
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## Medicare Trust Fund Do We Need to Worry?

- This is not the first time the Trust Fund has been in danger
- Policy makers took action to:
  - Increase revenues
  - Reduce expenditures
  - Increase deficit spending
  - Modify benefits
  - Some combination
- An Act of Congress may be necessary



Sources: Intermediate projections of various Medicare Trustees Reports, 1970-2021.

Congressional Research Service, "Medicare: Insolvency Projections," October 25, 2021  
Health Affairs, "The Coming Crisis For The Medicare Trust Fund," December 15, 2020

## Medicare Trust Fund Advice for Worried Clients

- Design a retirement plan to address healthcare costs
- Use your power as a citizen

## CHAPTER FOUR: Lay the Groundwork for the Transition to Medicare

## Create or Update a my Social Security Account

- Provides access to Social Security online services
- Most efficient way to enroll in Medicare:
  - Few offices take appointment
  - Drop into office and wait
  - Phone appointments still possible but...
- Freeze on credit can freeze application



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## Create or Update a my Social Security Account

- Setting up an account:
  - At least 18 years old, have Social Security number, valid U.S. mailing address, email address
  - Visit [www.ssa.gov/myaccount](http://www.ssa.gov/myaccount), follow instructions
  - Activation code will likely be sent via USPS
- Keep account up-to-date
- Name or address changes, freeze on credit can freeze the set-up



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Sondra was a self-described worry wart. She was going to develop a plan for Medicare six months before her birthday. But then, she became a grandmother and was hospitalized for pneumonia. She finally applied during the last month of her IEP.

However, her application stalled. Sondra learned that her name and address did not match Social Security's file. (She changed her name after a divorce and moved.)

She did not get her records fixed in time and now, she has to wait until January and likely will pay a late enrollment penalty.



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## Make Important Decisions

- Establish a living will and/or advance directive:
  - Living will involves documents that shape end-of-life care
  - Advance directive is a legal document for guiding future medical care, if incapacitated
  - Combine into one document
  - Update as needed
  - Share with healthcare providers, family

**GET TO KNOW THE FAMILY MEMBERS!**



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## Make Important Decisions

- Establish a living will and/or advance directive:
  - Living will involves documents that shape end-of-life care
  - Advance directive is a legal document for guiding future medical care, if incapacitated
  - Combine into one document
  - Update as needed
  - Share with healthcare providers, family
- Establish or update financial and durable medical powers of attorney



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# No!

~~Powers of Attorney will allow you to talk with Medicare or Social Security.~~



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## Designate a Social Security Representative Payee



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Dana and Rick had an updated trust, advance directives, and POAs. Then, he had a stroke that left him with aphasia. They switched banks and needed to update Social Security. The agent took Dana's information but not Rick's. He would have to speak for himself.

They had never heard about a Social Security representative payee.



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## Designate a Social Security Representative Payee

- For individuals who cannot manage Social Security benefits
- Payee responsibilities:
  - Manage benefits, pay for current, future needs
  - Keep records of expenses
  - Complete necessary forms



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## Advance Designation Social Security Representative Payee

- Designate though Social Security account:
  - Up to three capable adults
  - Yearly reminders
- If payee ever necessary, Social Security chooses one from the list



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Advance Designation of Representative Payee

Your Advance Designation

Please enter at least one designee below. If you enter more than one, please provide the names in your order of priority. You may not designate an organization. [More on order of priority](#)

| Order of Priority | Name | Phone | Relationship | Last Updated | Actions  |
|-------------------|------|-------|--------------|--------------|--|
| 1                 |      |       | Child        | 12/18/2020   | <a href="#">Edit</a><br><a href="#">Delete</a> |
| 2                 |      |       | Child        | 12/18/2020   | <a href="#">Edit</a><br><a href="#">Delete</a> |

[Add Designee](#) [Change Order of Priority](#) [Delete All](#)



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## Determine Your Initial Enrollment Period (IEP)

- The most important Medicare enrollment period:
  - And the root cause of too many Medicare mistakes
  - EVERYONE needs to take time and figure what to do about Medicare
- This is a seven-month period surrounding the 65th birthday; exact months depend on birth date
- No late enrollment penalties if enrolling before the end of the IEP



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IEP:

### Not Born on the First Day of Month

- Enroll during the three months before the birth month, coverage begins on first day of the birth month
- Enroll during the birth month or three months after that, coverage is effective first day of the next month



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Birthdate October 2, 1959



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IEP:

### Born on the First Day of Month

- Treated as though the birthday was on the last day in previous month
- IEP:
  - Begins four months before and ends three months after birth month
  - Enroll in first three months, effective the first day of the month before birth month
  - Enroll in last four months, effective the first day of next month



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Birthdate October 1, 1959



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## Check on Medicare Eligibility

- There are two pieces to eligibility
- Eligible to enroll in Medicare:
  - Age 65 or older
  - Younger people with disabilities, ESRD, ALS
  - Citizen or legal permanent resident for at least five years
- Eligible for premium-free Medicare Part A:
  - Worked, paid taxes for at least 10 years, earned 40 credits
  - Spouse can qualify on husband/wife's record
  - If short on credits, can still enroll in Part A but will pay a premium



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## Check on Medicare Eligibility: Premium-free Part A Through Spouse

- For every situation, spouse must be eligible for Social Security benefits (have earned 40 credits, age 62 or older)
- Current spouse: Married for at least one year
- Divorced spouse: Married for at least 10 years, now single
- Surviving spouse:
  - Married for at least nine months
  - Single or remarried after age 60
- Exceptions may apply



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## Pay Attention to Documentation

- Document any relevant phone call or visit: Date, time, name of person, complete details, any follow up
- Keep important documentation:
  - Notice of Creditable Drug Coverage
  - Annual Notice of Changes
  - Evidence of Coverage
  - Medicare Summary Notices, Estimate of Benefits
- Review relevant accounts, statements
- Open any mail from Medicare, CMS, Social Security



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At age 70, Susan was still working and applied for retirement benefits and Part A only. When she retired two years later, she discovered that she had been enrolled in Part A and Part B.

### **Evidently, she did not open:**

- Social Security award letter
- Benefits verification letter
- Medicare card
- Initial and annual IRMAA letters
- Social Security Form 1099
- Checking or savings account statements



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## When Documentation Is Important: Part B Equitable Relief

- Missed enrollment, has late enrollment penalties because of error, misrepresentation, or inaction by federal employee
- Request immediate/retroactive enrollment and/or elimination of the penalty
- Limitations:
  - Applies to Part B only
  - No timeframe for Social Security response
  - No formal appeal process but can resubmit documentation



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## When Documentation Is Important: **Special Enrollment Period for Exceptional Circumstances**

- Missed first-time enrollment period because of:
  - Emergency, natural disaster
  - Termination of Medicaid eligibility
  - Formerly incarcerated
  - Insurance plan or employer error
- Request immediate enrollment, no penalties
- Submit CMS-10797, Application for Medicare Part A and Part B – Special Enrollment Period (Exceptional Circumstances)



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Dick retired at age 70 and had a COBRA continuation plan. He called Social Security to ask about Medicare. He was told he would need Part A only. Then, he visited his local Social Security office to enroll. The agent helped him apply for Social Security and Part A and said he was good to go.

When the plan ended in April, he went back to apply for Part B. Another agent told him he couldn't because he missed his chance. He had to wait until January and would face a penalty.

Dick says they made mistakes and he shouldn't have to pay. However, he can not remember the dates of those encounters or the agents' names.



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## Develop a Plan for Medicare

- Figure out what you need to do
- Do your research
- Make your own decisions
- Develop a plan
- Pay attention to documentation
- Most important, give yourself enough time; don't miss any deadlines



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CHAPTER FIVE:  
**Important Medicare Concepts**



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### Medicare Lingo

- Part A, hospital insurance
- Part B, medical insurance
- Part C, Medicare Advantage
- Part D, prescription drug coverage
- Medicare Supplement Insurance (Medigap policy)
- Beneficiary, member, or enrollee
- Centers for Medicare and Medicaid Services (CMS)
- Social Security Administration (SSA)



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### Months, Years, and Medicare

- Medicare works on a calendar month:
  - Coverage always takes effect on first day of month
  - If non-Medicare coverage ends mid-month, the end date is last day of the month
- Medicare works on a calendar year:
  - Premiums, deductibles, cost-sharing based on beginning of the year
  - Benefits and coverage change yearly
  - Exception: Medicare Advantage networks, drug plan formularies can change at any time



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### Social Security and Medicare

- Social Security:
  - Government agency
  - Retirement, disability, survivor, and family benefits
  - Medicare enrollment, premiums, penalties
- Medicare:
  - Program run by Centers for Medicare and Medicaid Services (CMS)
  - Helps pay for medical care, supplies, equipment, medications



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## Social Security and Medicare

- Eligibility:
  - Social Security – Age 62 or older for Social Security benefits; younger if disabled, blind; enough credits
  - Medicare – Unless disabled, must wait until age 65
- Application:
  - Apply for retirement, disability benefits through Social Security
  - Also apply for Medicare through Social Security (not Medicare)



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## Primary and Secondary Payers

- Primary payer:
  - Responsible for paying first, establishes second payer's share
  - Often drives the Medicare enrollment decision, can choose to delay Medicare or enroll
  - Employer group health plan sponsored by company with 20 or more employees and Federal Employee Health Benefits (FEHB) plan are primary after age 65
- Secondary payer:
  - Covers remaining costs up to limit
  - Non-employer (e.g., COBRA, retiree) is secondary



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## Medicare and Medicaid

- Medicaid:
  - Joint federal and state public health insurance program for low-income individuals
  - States have different requirements
- Dual-eligible:
  - Enrolled in both Medicare, Medicaid
  - Separate eligibility requirements
  - Medicare is the primary payer
  - Medicaid covers cost-sharing, provided other benefits



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## Spouses and Domestic Partners

- Spouses:
  - Married under laws of the State
  - Living in same household
  - Medicare recognized same-sex marriages in 2014
- Domestic partners:
  - Live together but not married
  - Cannot qualify for premium-free Part A or Part B Special Enrollment Period based on partner's history or employer plan
  - Legally recognized common law marriage is treated as a traditional marriage



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## The Medicare Decision

- Medicare is not a temporary solution
- If enrolling and then going back to work, there are issues



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## Dropping Medicare Coverage

- Part A, hospital insurance: A free benefit, by law cannot disenroll



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### Termination of Enrollment

Individuals entitled to premium-free Part A cannot voluntarily terminate their Part A coverage. This is not permitted by law. Generally, premium-free Part A ends due to:

- Loss of entitlement to Social Security or Railroad Retirement Board benefits; or
- Death.



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### REQUEST FOR TERMINATION OF PREMIUM PART A, PART B, OR PART B IMMUNOSUPPRESSIVE DRUG COVERAGE

Expires: 04/24

#### WHO CAN USE THIS FORM?

People with Medicare premium Part A, or Part B who would like to terminate their hospital or medical insurance coverage.

#### WHAT HAPPENS NEXT?

Send your completed and signed application to your local Social Security office. If you have questions, call Social Security at 1-800-772-1213. TTY users should call 1-800-325-0778.

#### WHEN DO YOU USE THIS APPLICATION?

Use this form:

- If you have premium Part A, or Part B, but wish to no longer be enrolled.

#### HOW DO YOU GET HELP WITH THIS APPLICATION?

- Phone: Call Social Security at 1-800-772-1213. TTY users:



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## Dropping Medicare Coverage

- Part A, hospital insurance: A free benefit, by law cannot disenroll
- Part B, medical insurance:
  - Optional coverage because of premium
  - Dropping coverage involves discussion with Social Security and completion of a form
- Medigap policy and Medicare Advantage plan:
  - Must be enrolled in Part B
  - Can drop the coverage
- Part D drug plan: Can disenroll



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SESSION 1:  
Thank you.



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