

New To Medicare

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NEW TO MEDICARE

Chances are, Medicare is something you've known about your entire life, but perhaps you haven't thought a lot about it until now. If so, you may find that you have a lot of questions. This document has been prepared to help you get started on the right path to making the best choices for your Medicare coverage.

WHAT IS MEDICARE?

To assist retired people as well as some other individuals in securing the medical services they require, the U.S government established Medicare. This program is run by the Centers for Medicare and Medicaid Services (CMS), a federal agency. To be eligible for Medicare, you must meet one of these conditions:

1. Be 65 or older OR
2. Be a recipient of Social Security Disability Insurance (SSDI) for a certain amount of time OR
3. Have End-Stage-Renal Disease (ESRD)

There are four parts to Medicare:

- **Part A** - Pays for hospital and inpatient care. Some people must pay a premium, but most do not.
- **Part B** - Pays for outpatient care and many other medical services. You will pay a monthly premium.
- **Part C** - A Medicare Advantage (MA) plan offered by private companies that have been approved by Medicare and cover Part A, Part B and in some cases, Part D.
- **Part D** - Provides prescription drug coverage to lower what you will have to pay for medications.

Original Medicare, Medicare Advantage and Medigap Insurance

Occasionally called Traditional Medicare or Fee-for-Service Medicare, Original Medicare is provided and administered by the U.S. government. This federal program pays directly for Part A and Part B health care.

When you become eligible for Medicare, you have a choice between Original Medicare or a Medicare Advantage (MA) plan, sometimes referred to as a Medicare private plan or Medicare Part C. While both types of coverage provide health care for Medicare recipients, there are significant differences between Original Medicare and MA plans with important advantages and disadvantages depending on individual circumstances and preferences.

You should also be aware that Original Medicare will not pay all of the costs associated with receiving health care. In addition to deductibles and monthly premiums, in most cases medical services provided under Part A and Part B will also require you to pay coinsurance costs, usually 20%. To protect themselves

from these expenses, most people with Original Medicare also acquire a Medicare Supplement policy, often referred to as Medigap.

Learn more about Original Medicare, MA plans and Medigap insurance beginning on page_____.

WHEN TO SIGN UP

Your opportunities to sign up for Medicare begin with your Initial Enrollment Period (IEP). There are also Special Enrollment Periods (SEP) and annual General Enrollment Periods (GEP).

Initial Enrollment Period (IEP)

Generally speaking, you should sign up for Medicare during your IEP. This is a 7-month timeframe to enroll in Part A and Part B that begins three months prior to the month of your 65th birthday and lasts three months after the month in which you turn 65.

The date your Part B coverage starts depends on which month you sign up during your IEP but it always begins the first of the month. For example, if your 65th birthday is in March and you sign up in February, your coverage will begin on March 1.

If, like the vast majority of Medicare beneficiaries, you qualify for premium-free Part A, coverage begins the month you turn 65. If your birthday is on the first of the month, coverage starts the month before you turn 65.

Note, if you don't have to pay a premium for Part A, you can sign up for it at any time after you turn 65 and your coverage will begin six months back from when you sign up or when you apply for benefits from Social Security.

Avoid the Part B Late Enrollment Penalty

If you fail to sign up for Part B upon first eligibility, you will have to wait until the next general enrollment period (see following) to join the Medicare system. That delay could mean many months without healthcare coverage. Additionally, you probably will also have to pay a Part B Late Enrollment Penalty. That means:

- You'll pay an extra 10% for each year you could have signed up for Part B, but didn't.
- This penalty is added to your monthly Part B premium. (You may also pay a higher premium depending on your income.)
- It's not a one-time late fee — you'll pay the penalty for as long as you have Part B.

However, you won't have to pay a penalty if you delay enrollment because you have health care coverage from an employer— either yours or that of your spouse. If this is the case, you will be given a Special Enrollment Period.

Special Enrollment Period (SEP)

Usually, you only can delay Part B enrollment and still avoid a late enrollment penalty if: (1) you're actively working past 65 and enrolled in employer coverage; (2) you're covered under your spouse's employer group plan.

If you delay enrolling in Part because you have creditable coverage, (e.g. group coverage through an employer), you don't have to worry about being impacted by the Part B late enrollment penalty.

Upon retirement, you'll be granted a Special Enrollment Period (See following) to enroll in Part B. This opportunity lasts for two full months after your coverage ends. You won't have to wait until the General Enrollment Period.

General Enrollment Period: January 1 - March 31

If you didn't enroll for Medicare when you first became eligible, and weren't qualified for a Special Enrollment Period, you can take advantage of the General Enrollment Period which runs from January 1 through March 31 of each year. Your coverage will begin on July 1. It is likely that you will have to pay a Part B late enrollment penalty.

Part D Enrollment

Medicare drug coverage will help pay for your prescription medications. You must be enrolled in either Medicare Part A or Part B to sign up for Part D. Even if you don't take prescription drugs now, you should consider getting Medicare drug coverage. To receive Medicare drug coverage, you must join a Medicare-approved plan that offers drug coverage. Each plan can vary in cost and which specific drugs are covered.

In most cases it will be best if you enroll in a Medicare Part D Plan during your Initial Enrollment Period - i.e. the time frame that begins three months before the month of your 65th birthday and ends three months after the month you turned 65.

If you decide not to get Part D coverage when you're first eligible, and you don't have other creditable prescription drug coverage (like drug coverage from an employer or union), you'll probably pay a late enrollment penalty if you join a plan later. Most likely, you will have to keep paying this penalty as long as you have Medicare drug coverage.

SIGNING UP FOR MEDICARE PART A AND PART B

People who have applied for or are receiving Social Security and Railroad Retirement Board disability or retirement benefits will automatically be enrolled in Medicare Part A and Part B upon their eligibility for Medicare. Most people, however, will need to go through the Medicare sign-up process.

Ways to Contact Social Security

When you are ready to enroll in Medicare Part A and Part B, you will need to contact Social Security. You have a number of options:

- **Online** (<https://www.ssa.gov/benefits/medicare/>): This is the easiest and fastest way to sign up. (You'll need to create your secure My Social Security account to sign up for Medicare or apply for benefits.)
- **By Phone:** Call Social Security at 1-800-772-1213. TTY users can call 1-800-325-0778. (If you or your spouse worked for a railroad, call the Railroad Retirement Board at 1-877-772-5772.)
- **Contact your local Social Security office:** You can call 1-800-772-1213 for assistance locating your local office or visit <https://secure.ssa.gov/ICON/main.jsp> to use the online Social Security Office Locator.

About two weeks after you sign up, you will receive a welcome package with your Medicare card. This will contain a letter, booklet, and Medicare card. The booklet explains important decisions you need to make once you have Medicare.

ORIGINAL MEDICARE COSTS FOR PART A AND PART B

As noted previously, Original Medicare does not pay all the costs of medical treatment for Medicare beneficiaries. The following chart shows expenses associated with Part A and Part B.

What You Pay in 2022	
Part A Premium	Most people don't pay a monthly premium for Part A (sometimes called "premium-free Part A"). If you buy Part A, you'll pay up to \$499 each month in 2022. If you paid Medicare taxes for less than 30 quarters, the standard Part A premium is \$499. If you paid Medicare taxes for 30-39 quarters, the standard Part A premium is \$274.
Part A hospital inpatient deductible and coinsurance	You pay: <ul style="list-style-type: none"> • \$1,556 deductible for each benefit period • Days 1-60: \$0 coinsurance for each benefit period • Days 61-90: \$389 coinsurance per day of each benefit period • Days 91 and beyond: \$778 coinsurance per each "lifetime reserve day" after day 90 for each benefit period (up to 60 days over your lifetime) • Beyond lifetime reserve days: all cost
Part B Premium	The standard (and by far most common) Part B premium amount is \$170.10. However, this could be higher, depending on your income.)
Part B deductible and coinsurance.	Your deductible will \$233. After this has been paid, you will typically pay 20% of the Medicare-approved amount for most doctor services (including most services while you're a hospital inpatient), receiving outpatient therapy, and using durable medical equipment (DME).

The deductibles and coinsurance charges with Original Medicare can quickly add up to thousands, even tens of thousands of dollars. To help manage coverage and manage these potentially devastating bills, most Medicare beneficiaries choose a Medigap plan to supplement Original Medicare, or they opt for a Medicare Advantage plan.

MEDIGAP

Sold by private insurance companies, Medigap plans typically cover outstanding deductibles, coinsurance charges, and copayments that are the responsibility of a person with Original Medicare. Additionally, Medigap plans may pay for health care expenses that Medicare doesn't cover at all, such as medical care received while out of the country. Keep in mind that you cannot buy a Medigap policy if you have a Medicare Advantage plan.

There are as many as 10 Medigap policies. With the exceptions of Massachusetts, Minnesota and Wisconsin, which have different plans, these policies are simply identified by the letters A, B, C, D, F, G, K, L, M and N. Benefits are standardized by plan name, regardless of the state in which it's sold or which company sells it.

Comparing Medigap Plans

The following chart shows the basic information about the different benefits that various Medicare Medigap plans cover as of January 2022. If a percentage appears, the plan covers that portion of the benefit and customers will be responsible for the rest.

Benefits	Plans Available to All Customers								Medicare first eligible before 2020 only+	
	A	B	D	G ¹	K	L	M	N	C	F ¹
Medicare Part A coinsurance and hospital coverage (up to 365 additional days once Medicare benefits are exhausted.)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	50%	75%	100%	100%	100% copays apply ³	100%
Blood (first three pints)	100%	100%	100%	100%	50%	75%	100%	100%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	50%	75%	100%	100%	100%	100%
Skilled nursing facility coinsurance			100%	100%	50%	75%	100%	100%	100%	100%
Medicare Part A deductible		100%	100%	100%	50%	75%	50%	100%	100%	100%
Medicare Part B deductible									100%	100%
Medicare Part B excess charges				100%						100%
Foreign travel emergency (up to plan limits)			100%	100%			100%	100%	100%	100%
Out-of-pocket limit for 2022²					\$6620	\$3310				

Note: Policies may not cover all the costs that a buyer must pay for medical care during the coverage period.

+ Only applicants first eligible for Medicare prior to Jan, 1, 2020 are allowed to purchase C, F and high-deductible F plans.

¹Plans F and G also have a high deductible option which requires a plan deductible of \$2,490 before the plan begins to pay. Once the plan deductible is met, it will pay 100% of covered expenses for the remainder of the calendar year. Separate foreign travel emergency deductibles are not covered for high deductible plans F and G. Nor does the high deductible Plan G cover the Medicare Part B deductible. However, the high deductible F and G plans do count toward payment of the Medicare Part B deductible (\$233 in 2022).

²Under Plan K and L, 100% of covered expenses for the rest of the calendar year are paid once the out-of-pocket yearly limit has been met.

³Plan N will pay 100% of Part B coinsurance, with the exception of a \$20 copayment for some office visits and up to a \$50 copayment for emergency room visits that do not end with admission.

Medigap Policy Costs

All Medigap policies have a monthly premium, and though plans with the same letter name provide the same benefits and coverage, these premiums differ by insurance company. This means ABC Insurance could sell Policy G for \$125, while XYZ Insurance sells Policy G for \$150. This being the case, you would want to consider a wide range of insurance companies to help identify the best value for your money.

MEDICARE ADVANTAGE

Also known as Part C, MA plans are the result of a contract between the U.S. government and private health insurance companies whereby Medicare pays those companies a fixed amount to cover health care services for beneficiaries. Most MA plans are structured as:

- Health Maintenance Organizations (HMOs)
- Preferred Provider Organizations (PPOs)
- Private Fee-for-Service (PFFS)

Because MA plans arise from the Medicare program, you will probably have to pay a Part B premium and possibly a Part A premium as well. The same benefits provided for Parts A and B under Original Medicare are included in MA plans. However, many MA plans also include prescription drugs and may include additional features and benefits as well.

With an MA Plan:

- There is usually a network of health care providers that you must use if you want to have treatment costs covered. Many MA plans require you to get prior approval from your primary care physician before you receive certain specialty services, procedures or access to durable medical equipment.
- When you receive medical care, you will probably have to make a co-payment of a fixed amount. These costs depend on which MA plan you have. Your co-payment or co-insurance amount cannot be more than it would be under Original Medicare for some services like chemotherapy or dialysis, but may be higher for other treatments.
- There is an upper limit to how much your out-of-pocket expenses for Parts A and B services can be. For example, the maximum out-of-pocket limit for Advantage Plans can reach \$7,550 in 2022 for in-network services.
- Additional benefits MAY be included in an MA Plan. MA plans vary widely as to which of these additional benefits are covered.

Important MA Differences:

- You will probably be limited to a provider network.
- You may be limited in the type and extent of medical care you receive by coverage rules as well as authorization and referral requirements.
- You will probably have to pay premiums in addition to Part B.
- Most likely, your costs (deductibles, co-payments and co-insurance) will be structured differently.

Every type of MA plan has different network rules, and they don't all work the same way. Before enrolling in an MA plan, make sure you understand the extent of the network and any other coverage rules. You will also discover that plans usually control access to specialists or out-of-network providers. If you have questions, check with the insurance company or your insurance agent for additional information.

WHAT ABOUT TRICARE FOR LIFE?

TRICARE is a health care program administered by the United States Department of Defense Military Health System. TRICARE provides medical services for active duty service members and their family members; National Guard and Reserve members and their family members; retirees and retiree family member; survivors, and certain former spouses.

Retired service members and immediate family members who enroll in Medicare Parts A and B, automatically receive coverage from TRICARE For Life (TFL). There are no enrollment forms or enrollment fees. Essentially, TFL works like a Medigap plan.

- Medicare is your primary payer.
- TRICARE pays second to Medicare or last if you have other health insurance
- TRICARE benefits include covering Medicare's coinsurance and deductible for services covered by Medicare and TRICARE.
- When retired service members or eligible family members also reach age 65 and are eligible for Medicare, they become eligible for TFL and are no longer able to enroll in other TRICARE plans.
- For dental and vision coverage, you will need standalone plans. However, someone with TFL may be eligible for dental coverage through the Federal Employees Dental and Vision Insurance Program (FEDVIP).

With TFL, there is almost certainly no benefit to also purchasing a Medigap or Medicare Advantage plan.

IN CONCLUSION

Though signing up for Medicare is relatively easy, there will be a lot of important decisions to make — choices that could impact your health care and financial wellbeing for the rest of your life. Additionally, your choices could affect not only you, but those closest to you as well.

This guide is just an overview of the many components and provisions of Medicare and is only intended to assist in understanding the broader requirements of Medicare enrollment. If you are eligible to sign up for Medicare, or will be within in the coming months, you are encouraged to speak to a trusted Medicare health insurance agent, a knowledgeable professional in the field of Medicare or a Social Security Administrator to answer questions that you may have.

Sources:

<https://www.medicare.gov/basics/>

<https://www.cms.gov/Outreach-and-Education/Find-Your-Provider-Type/Employers-and-Unions/Top-5-things-you-need-to-know-about-Medicare-Enrollment>

<https://www.ssa.gov/pubs/EN-05-10043.pdf>