



MEDICARE CHOICES – HOW TO NAVIGATE

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MEDICARE HEALTH INSURANCE

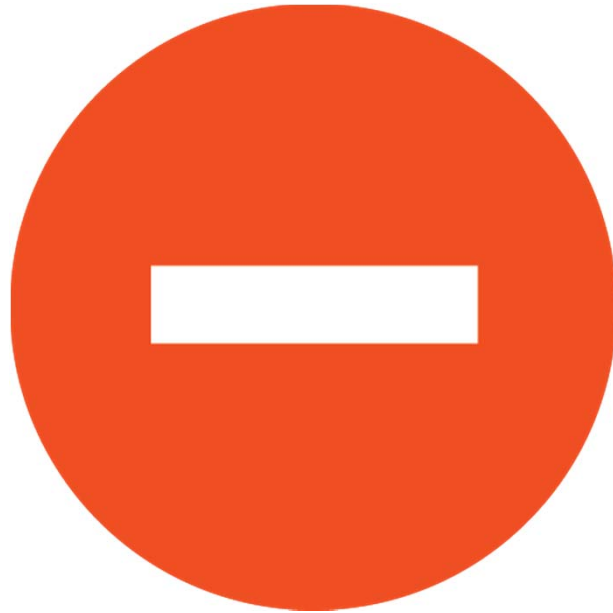
AT A GLANCE

AGE 65 ELIGIBILITY

	WHAT IT COVERS
Part A	Hospital Insurance (Inpatient services)
Part B	Medical Insurance (Outpatient services)
Part D	Prescription Drugs
Medigap	Supplemental Insurance sold by private insurers
Part C	Alternate Private Insurance Plans covering medical, prescription drugs and often dental, vision, and hearing

TRADITIONAL MEDICARE *DOESN'T* COVER...

- ✘ Most dental care
- ✘ Hearing aids and related exams
- ✘ Eyeglasses and related exams
- ✘ Routine foot care



- ✘ Long-term care*
- ✘ Cosmetic surgery
- ✘ Acupuncture
- ✘ Most chiropractic service

* Except for limited care associated with hospital stay and end of life hospice care

COVERAGE CHOICES

STEP 1

Original Medicare
Part A
Part B

OR

Medicare Advantage
Part C*



STEP 2

Choose Prescription Drug Plan?
Part D



STEP 3

Choose Supplemental Plan?
Medigap



* If prescription drug coverage is *not* offered through the specific Advantage plan chosen, Medicare Part D should also be considered.

ELIGIBLE FOR RETIREE INSURANCE? OR STILL WORKING AT AGE 65?

Ask benefits office how coverage works with Medicare

1. Will your spouse or partner be covered?
2. Do you need to sign up for Medicare?
3. Decline Medicare Part B & D to avoid the premiums?



GOAL: Avoid coverage gaps and penalties!



OR SUPPLEMENT WITH *MEDIGAP*

HELP PAY FOR MEDICARE OUT-OF-POCKET COSTS

- ▶ Choose from standardized policies identified by letters A – N
- ▶ Shop – insurers charge different premiums for exact same policy



MEDICARE ADVANTAGE (PART C)

ALTERNATIVE TO TRADITIONAL MEDICARE

May offer extra coverage and simplicity
but pay attention to...

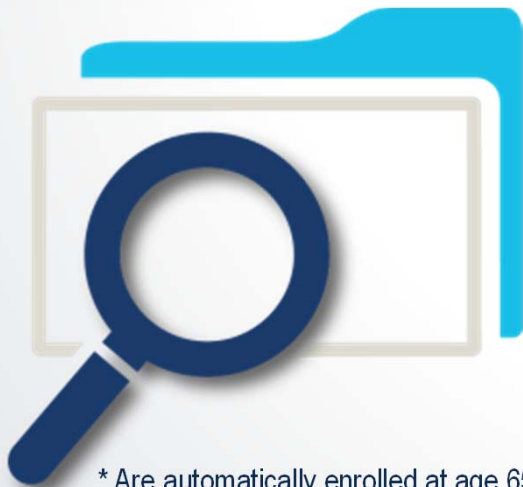
- ▶ Total costs, which can *vary widely* by plan, including co-insurance
- ▶ Which providers are in the network



ENROLLING – KNOW THE DEADLINES

AUTO-ENROLLED IF RECEIVING SOCIAL SECURITY*
OTHERWISE, IF ENROLL LATE...

- ▶ Higher lifetime premiums
- ▶ Risk going without insurance and paying extra costs



Understand
Enrollment Rules



* Are automatically enrolled at age 65 in Part A and Part B if receiving Social Security and also made payroll tax contributions for 10 or more years

IF NOT AUTO-ENROLLED...

IF YOU SIGN UP FOR PART A AND/OR PART B.....	YOUR COVERAGE STARTS:
During the three months before the month you turn 65	First day of the month you turn 65*
The month you turn 65	1 month after you sign up
1 month after you turn 65	2 months after you sign up
2 months after you turn 65	3 months after you sign up
3 months after you turn 65	
During the January 1–March 31 General Enrollment Period	July 1



* If your birthday is on the first day of the month, coverage starts the first day of the prior month

IF MISS PART B DEADLINE

Example – turn 65 Jul. 2017 with no qualifying employer coverage?

Must enroll by Oct. 31, 2017 OR



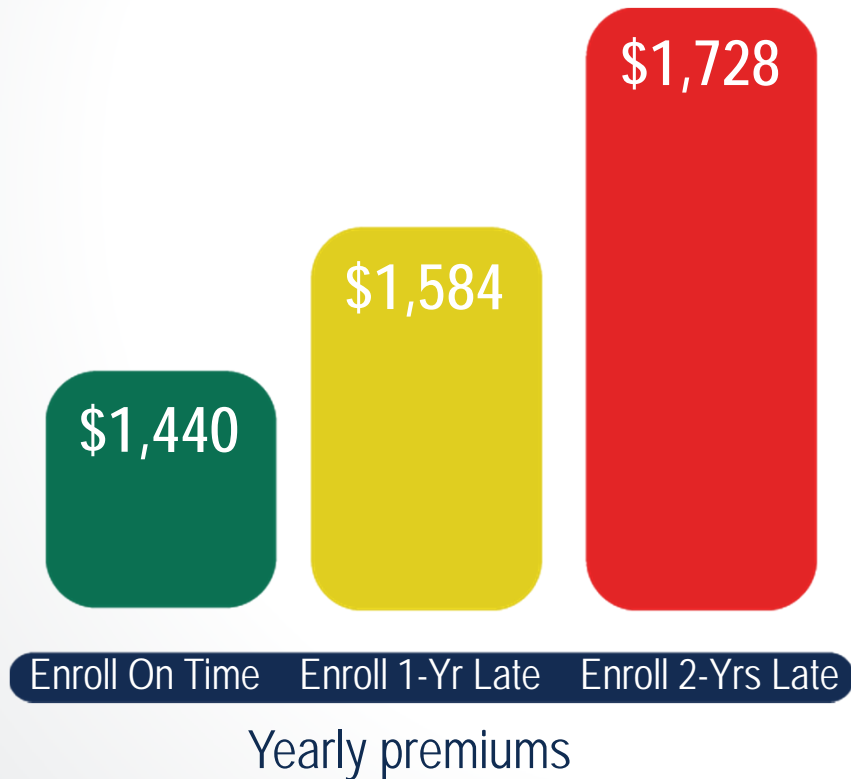
Wait until Jan. – Mar. 2018 enrollment period

And coverage doesn't begin until Jul. 2018

Separate deadlines apply depending on if you have qualifying employer coverage

IF MISS PART B DEADLINES

You pay 10% extra, for each 12-month period you miss, every year for life...



For illustrative purposes only

PRESCRIPTION DRUGS DEADLINE

If you have no “creditable” coverage elsewhere* and you don’t join Part D or Part C on time** ...



Will also likely pay late enrollment penalty



* Through your employer or union, or spouse’s employer or union

** Part C Medicare Advantage Plan that offers prescription drug coverage

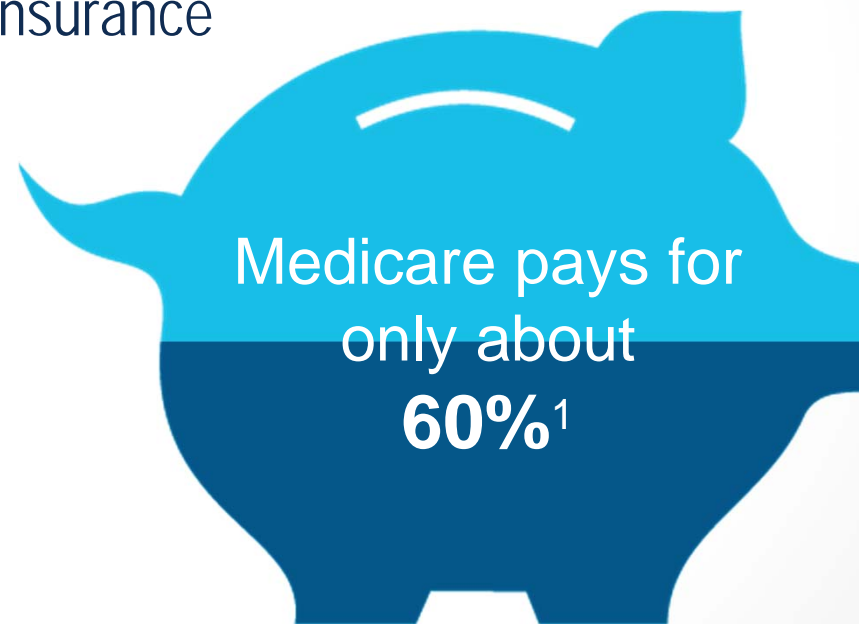
PAY ATTENTION TO MEDIGAP DEADLINES, TOO

Within 6 Months of Age 65 & Part B Enrollment	After 6 Months or if Drop Coverage & Reapply
Can't be denied coverage	May be denied due to pre-existing conditions
No penalties	May cost more



KNOW WHAT MEDICARE COSTS

- ▶ Premiums
- ▶ Copayments and coinsurance
- ▶ Deductibles



¹ Source: "Amount of Savings Needed for Health Expenses for People Eligible for Medicare", Employee Benefits Research Institute (Oct. 2015). References 2012 data for Medicare beneficiaries age 65 and older.

HIGH INCOME? YOU PAY EVEN MORE

If your income¹ is...

> **\$85,000** single filers
> **\$170,000** married joint filers

Instead of paying...

\$105 monthly for Part B premiums

You pay...

\$171 - \$390 per month!²



¹ The income thresholds refer to your Modified Adjusted Gross Income, which equals your Adjusted Gross Income (AGI) plus tax-exempt interest income

² 2016 figures. Figures are rounded to the nearest dollar.

TOTAL COST IS WHAT MATTERS

DON'T JUST FOCUS ON PREMIUMS...

- ▶ Consider **co-pays** and **deductibles**, too
- ▶ Understand **fixed co-pays** vs. **co-insurance**

20% co-insurance for big expense could really add up

SAVE ON DRUG COSTS



Biggest expense for
retirees: \$1,700 per person

- ▶ Generics – pay up to 80% less
- ▶ Some stores offer big discounts vs. insurance
- ▶ “Preferred” pharmacies offering lower co-pays
- ▶ Mail order

TAX PLANNING TO MANAGE COSTS

CAN YOU DEDUCT MEDICAL EXPENSES?

Only expenses exceeding 10% of AGI*

- ▶ Consider bunching non-emergency expenses together in one year

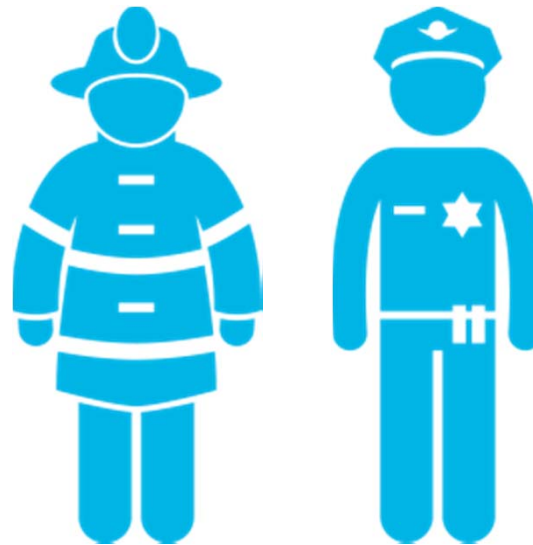


* 7.5% for individuals age 65 or older during 2016. AGI refers to Adjusted Gross Income

TAX BENEFITS FOR PUBLIC SAFETY EMPLOYEES

Up to **\$3,000**
a year tax-free

From 401 or 457 plan for
health or long-term care
insurance premiums*



* Eligibility rules apply. You must have separated from service as a public safety employee due to attaining normal retirement age or disability. Provision must be allowed under your plan's rules.

FOCUS ON COVERAGE, TOO...

Are your preferred doctors,
providers, facilities, and
pharmacies covered?



APPEAL MEDICARE COVERAGE DENIALS

- ▶ You can appeal...up to 5 times*
- ▶ Almost 80% of appeals were later approved**

* Different rules apply to Part A/B, Part D, Medicare Advantage

** Centers for Medicare and Medicaid Services, 2013 data

EVALUATE YEARLY

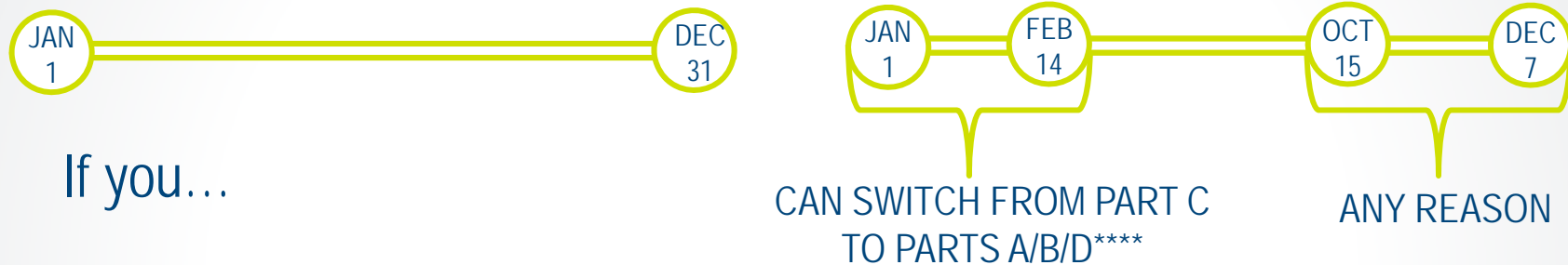
Changes to your...

- ▶ Health needs?
- ▶ Medicare plan costs?
- ▶ Medicare plan coverage?



EVALUATE YEARLY – PART D and C

CAN JOIN, CHANGE, OR DROP PLAN*



If you...

1. Move out of service area
2. Lose employer/union coverage
3. Move to nursing home***
4. Qualify for extra help (low income)****

Can also switch to Medicare-rated "5-star" plan**

* Change takes effect Jan. 1 of following year

** Can only switch once per year.

*** Part D only

**** Reminder: may not be able to subsequently qualify for Medigap coverage, if needed

LEARN MORE

UNDERSTANDING MEDICARE

COVERAGE

www.medicare.gov/what-medicare-covers

www.medicare.gov/supplement-other-insurance

COSTS

www.medicare.gov/your-medicare-costs

RESEARCH PLANS

www.medicare.gov/find-a-plan

GET HELP

www.medicare.gov – search for “Get help paying costs”

www.shiptalk.org – help for those with limited resources

www.medicarerights.org