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# MEDICARE OPEN ENROLLMENT AVOIDING CRITICAL MISTAKES

Presented By  
**James J. Holtzman, CFP®**  
Wealth Advisor and Shareholder  
Legend Financial Advisors, Inc.®

# What is Medicare?

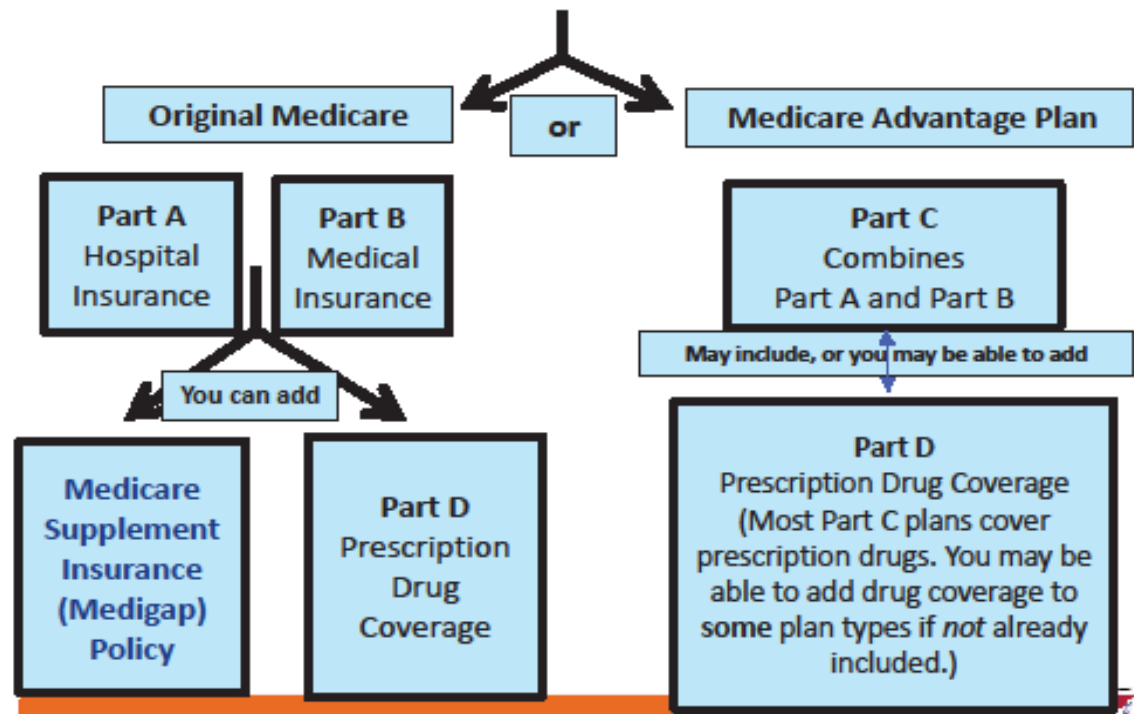
# What Is Medicare?

1. National health insurance program for people 65+
2. Administered by the Centers for Medicare and Medicaid Services (CMS)
3. Enrollment through the Social Security Administration (SSA)

# Who Is Eligible for Medicare?

1. Everyone over 65
  - a. All U.S. citizens
  - b. Legal residents who have lived in the U.S. continuously for at least 5 years
2. Some people under 65 who are eligible for Social Security disability benefits

## Two ways to have Medicare



# Four Parts of Medicare



**Part A**

**Hospital  
Insurance**



**Part B**

**Medical  
Insurance**



**Part C**

**Medicare  
Advantage**



**Part D**

**Medicare  
Prescription  
Drug  
Coverage**

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**Provided by Medicare**

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**Provided by private insurer that  
contracts with Medicare**

# Medicare Enrollment

# Basic Principle of Enrollment

**Unless you are covered by an employer group plan that covers 20 or more employees,\* you must enroll in Medicare when you turn 65**

**\*Coverage must be based on current employment of self or spouse**



# What if You Don't Enroll in Medicare on Time?

- 1. You may pay late-enrollment penalties.**
  - 1. Medicare Part B: 10.0% for each 12-month period you could have had Part B.**
  - 2. Medicare Part D: 1.0% of the “national base beneficiary premium” (\$33.06 in 2021) times the number of full, uncovered months you didn't have Part D or creditable coverage.**
- 2. Your health care expenses may not be covered by insurance.**
- 3. Your private insurance options may be limited.**

# How Do You Enroll in Medicare?

**If you **are** receiving Social Security when you turn 65:**

1. Medicare Parts A and B are automatic  
(can decline if don't want Part B)
2. Coverage starts 1<sup>st</sup> of month turn 65
3. Parts C and D are not automatic; must choose private insurer and proactively enroll

# How Do You Enroll in Medicare?

- If you **are not** receiving Social Security when you turn 65:
  - Must sign up through Social Security Administration during a Medicare enrollment period
    1. Initial enrollment period: If you are not covered by a group plan at 65
    2. Special enrollment period: If you are covered by a group plan at 65
    3. General enrollment period: If you missed your initial or special enrollment period

# How To Sign Up For Medicare

# How to Sign Up for Medicare Parts A & B

- Go to [www.ssa.gov](http://www.ssa.gov).

Apply For Medicare Benefits

- Call Social Security at 800-772-1213.
- For general information about eligibility, go to: [www.medicare.gov/MedicareEligibility](http://www.medicare.gov/MedicareEligibility)

# How to Sign up for Medicare Part D

1. Decide if you want **original Medicare** (Parts A & B + D) **OR** a **Medicare Advantage** plan (Part C) that includes drug coverage.
  - a. If original Medicare, **shop for standalone prescription drug plan** (PDP) offered through a private insurer.
  - b. If enrolling in **Medicare Advantage plan with drug coverage** (MAPD), shop for plan.
2. Apply for Part D through the private insurer or through Medicare at [www.medicare.gov](http://www.medicare.gov) or 1-800-MEDICARE (633-4227).

# Medicare Open Enrollment

# Medicare Open Enrollment – When Is It

**Open Enrollment Dates:**

**October 15 Through December 7**



# Medicare Open Enrollment – What Can You Do

- 1. Switch From Medicare To Medicare Advantage.**
- 2. Switch From Medicare Advantage To Original Medicare.**
- 3. Switch From One Medicare Advantage Plan To Another**
- 4. Switch From One Medicare Part D Plan To Another**
- 5. Enroll In Medicare Part D If You Didn't Enroll When You Were First Eligible For Medicare.**

# Medicare Open Enrollment – What You Can't Do

- 1. Does Not Apply To Medigap**
- 2. If You Did Not Enroll In Medicare When You Were First Eligible, You Cannot Enroll During This Time**
  - a. Must Use General Enrollment Period. (January 1 – March 31)**

# Medicare Advantage Plan Open Enrollment

# Medicare Advantage Plan Open Enrollment – When Is It

**Open Enrollment Dates:**

**January 1 – March 31**

# Medicare Advantage Plan Open Enrollment – What Can You Do

- 1. Switch To Original Medicare and Enroll In Part D. Medigap Might Require Underwriting.**
- 2. Switch To A Different Medicare Advantage Plan.**

# Medicare Initial Enrollment

## If Not Automatically Enrolled Your 7-Month Initial Enrollment Period

### No Delay

### Delayed Start

If you enroll in Part B	3 months before the month you turn 65	2 months before the month you turn 65	1 month before the month you turn 65	<i>The month you turn 65</i>	1 month after you turn 65	2 months after you turn 65	3 months after you turn 65

Sign up early to avoid a delay in getting coverage for Part B services. To get Part B coverage the month you turn 65, you must sign up during the first three months before the month you turn 65.

If you wait until the last four months of your Initial Enrollment Period to sign up for Part B, your start date for coverage will be delayed.

# Who Signs up for **Part A** During the Initial Enrollment Period?

- (Almost) everyone who turns 65.
  - Check with benefits administrator if still working and covered by a large ( $\geq 20$  employees), group health plan.
    1. You may be advised to enroll in Medicare Part A to enhance hospitalization coverage offered by employer plan.
    2. However . . . Do not sign up for Part A if employer plan ( $\geq 20$  employees) is a high deductible health plan paired with a health savings account and you want to keep contributing to the HSA. (HSA contributions must stop upon enrollment in Medicare.)



# Who Signs up for **Part B** During the Initial Enrollment Period?

- People who are not covered by a comprehensive employer-sponsored group health plan that covers 20 or more employees when they turn 65 — i.e., people who are:
  1. Not working
  2. Self-employed
  3. Employed by a company with <20 employees
  4. On COBRA
  5. Receiving retiree health benefits
  6. Employed by a company whose health plan is less comprehensive than Medicare

# Who Signs up for **Part D** During the Initial Enrollment Period?

- People who have signed up for Parts A and B and want prescription drug coverage, either now or in the future.
  1. Must sign up when first eligible or face late enrollment penalty (unless covered by a plan with drug coverage at least as comprehensive as Medicare — called “creditable” coverage).
  2. Two options for Part D
    1. Standalone prescription drug plan
    2. Medicare Advantage plan that includes drug coverage

# Medicare Special Enrollment

# Special Enrollment Period

1. For people who did not sign up for Parts B and D during their initial enrollment period because they were covered as a worker or spouse of a current worker by a large ( $\geq 20$  employees) group plan.
2. Special enrollment period for Part B:
  - a. Anytime before coverage ends
  - b. The 8-month period starting the month group coverage ends
3. Special enrollment period for Part D:
  - a. Anytime before coverage ends
  - b. Within 63 days after coverage ends

# Medicare General Enrollment

# General Enrollment Period

1. If you missed the initial enrollment period, can sign up during the **general enrollment period**, Jan.1 – March 31.
2. Coverage starts July 1.

If you sign up during these months:	Your coverage will begin on:
January	July 1
February	
March	

# Review of Enrollment Periods

- 1. Initial enrollment period – for everyone age 65 who is not covered by an employer-sponsored group plan that covers 20 or more employees**
  - a. Best time to sign up: 3 months before 65<sup>th</sup> birthday
  - b. Coverage starts 1<sup>st</sup> of month turn 65
- 2. Special enrollment period – for everyone over 65 who is covered as a current worker or a spouse of a current worker under a large ( $\geq 20$  employees) group plan**
  - a. Best time to sign up: Before coverage ends
  - b. Coverage starts first of month of enrollment (if enroll no later than month after coverage ends) or first of month following enrollment if later
- 3. General enrollment period – for everyone over 65 who missed the initial enrollment period**
  - a. Runs Jan. 1 – March 31
  - b. Coverage starts July 1

# Out-Of-Pocket Costs



# Out-of-Pocket Costs Paid by Medicare Beneficiaries

1. Premiums
  - a. Part B premiums paid to Medicare
  - b. Private insurance premiums for
    - i. Part D drug plan plus Medigap policy or
    - ii. Medicare Advantage plan
2. Other out-of-pocket costs
  - a. Deductibles
  - b. Portion of doctor bills not paid by Medicare
  - c. Services not covered by Medicare

# Monthly Premiums

1. **Part A** – paid to Medicare
  - a. **\$0** if self or spouse paid into Social Security  $\geq 40$  quarters (10 years)
  - b. \$259/mo. if 30-39 quarters SS
  - c. \$471/mo. if  $< 30$  quarters SS
2. **Part B** – paid to Medicare
  - a. **\$148.50/month** in 2021
  - b. Plus income-related adjustment if applicable
3. **Part D** – paid to private insurer
  - a. Varies with plan
  - b. Plus income related adjustment paid to Medicare if applicable

# Monthly premiums for Parts B & D Including Income Related Adjustment Amounts

MAGI Single	MAGI Joint	MAGI Married filing separately	Part B monthly premium paid to Medicare	Part B income-related adjustment amount paid to Medicare	Part D monthly premium (average) paid to insurer	Part D income-related adjustment amount paid to Medicare	Total Parts B & D premium
≤ \$88,000	≤ \$176,000	≤ \$88,000	\$148.50	\$0.00	\$40.00	\$0.00	<b>\$188.50</b>
\$88,001 - \$111,000	\$176,001 - \$222,000		\$148.50	\$59.40	\$40.00	\$12.30	<b>\$260.20</b>
\$111,001 - \$138,000	\$222,001 - \$276,000		\$148.50	\$148.50	\$40.00	\$31.80	<b>\$368.8</b>
\$138,001 - \$165,000	\$276,001 - \$330,000		\$148.50	\$237.60	\$40.00	\$51.20	<b>\$477.30</b>
\$165,001- \$499,999	\$330,001- \$749,999	\$88,001- \$411,999	\$148.50	\$326.70	\$40.00	\$70.70	<b>\$585.90</b>
≥\$500,000	≥\$750,000	≥\$412,000	\$148.50	\$356.40	\$40.00	\$77.10	<b>\$622.00</b>

**These do not include premiums for Medicare Advantage or Medicare supplement plans**

# Deductibles

## Amount You Pay

1. **Part A - \$1,484** per spell of illness
2. **Part B - \$203/year**
  - a. Waived for some preventive services such as flu shots, some mammograms and Pap smears, bone mass tests, prostate screening, diabetes tests, some others
3. **Part D – \$445/year**

# Coinsurance

## Amount You Pay

### 1. Part A

#### a. Hospital

i. **\$371/day** for days 61-90

ii. **\$742/day** for days 91-150

b. Skilled nursing: **\$185.50/day** for days 21-100

### 2. Part B

#### a. Assigned claims:

i. Doctor who accepts Medicare-approved amount

ii. Insured pays **20% of Medicare approved rate**

#### b. Unassigned claims:

i. Doctor who does not accept Medicare-approved amount

ii. **20% of approved rate + balance of actual charge** up to an additional 15% of the approved charge

# Part D Coinsurance

Medicare's standard benefit design;  
individual plans vary and may pay more

1. Under standard drug plan design, beneficiary pays:
  - a. **\$445** deductible
  - b. **25%** of drug costs after deductible has been paid
  - c. Small copayment once out-of-pocket spending has reached **\$6,550**
2. But...drug plans vary widely
  - a. Some will pay more
  - b. It will be important to find a plan that covers the drugs YOU take

# Medicare Part D Overview

1. Annual Deductible: \$0.00 - \$445.00
  - a. Pay 100% of the Annual Deductible.
2. Initial Coverage: \$446.00 - \$4,130.00
  - a. Pay A Copay or Percentage
3. Coverage (Donut Hole): \$4,131.00 - \$6,550.00
  - a. You Pay 25.0% of Cost for Brand-Name and Generic
4. Catastrophic Coverage: \$6,550.00 +  
You Pay the Greater of:
  - a. 5.0% Of Cost OR
  - b. \$9.20 Copay for Brand-Name and \$3.70 Copay for Generic

# **What Medicare Covers and Does Not Cover**



# What Medicare Covers

1. Hospital: 100% of first 60 days
2. Medical services (doctor visits, outpatient services):  
80% of Medicare-approved amount
3. Some preventive services (flu shots, certain screenings)

See “Medicare & You” for complete list of covered services.  
Call 800-633-4227 or go to [www.medicare.gov](http://www.medicare.gov).

# What Medicare Does Not Cover

1. Long-term care
2. Care delivered outside the U.S.
3. Dental care
4. Vision care
5. Hearing aids
6. Cosmetic surgery
7. Acupuncture and other alternative care
8. Amounts over Medicare-approved amount
9. Amounts not covered by deductibles and coinsurance (20%)

# Medigap

# Medigap Policies (Medicare Supplement Insurance)

1. Private health insurance for individuals
2. Sold by private insurance companies
3. Supplement Original Medicare coverage Parts A and B
4. Follow federal/state laws that protect you

# Medigap

1. Medigap insurance companies can only sell a “standardized” Medigap policy
  - a. Identified in most states by letters
  - b. MA, MN, and WI standardize their plans differently
2. Does not work with Medicare Advantage
3. You pay a monthly premium
4. Costs vary by plan, company, and location

# Medigap Plans

Medigap Benefits	A	B	C	D	F	G	K	L	M	N
Medicare Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Medicare Part A deductible		100%	100%	100%	100%	100%	50%	75%		100%
Medicare Part B deductible			100%		100%					
Medicare Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%

\* Starting in 2020, Plans C and F are not be available to people new to Medicare

\* For Plans K and L, after you meet your out-of-pocket yearly limit and Part B deductible, the Medigap plan pays 100% of covered services for the rest of the calendar year. Out-of-pocket limits: Plan K \$6,220; Plan L \$3,110

\* Plan N pays 100% of the Part B coinsurance, except for some copayments.

# Medicare Advantage Plans

# Medicare Advantage Plans

1. Health plan options approved by Medicare
2. Also called Medicare Part C
3. Run by private companies
4. Medicare pays fixed amount for each member's care to the insurance company



# Medicare Advantage Plans (continued)

5. May have to use network doctors or hospitals
6. Plan may include prescription drug coverage
7. May include extra benefits like vision or dental
8. Benefits and cost-sharing may be different

# Coordination of Benefits

# Coordination of benefits

## Who pays first?

If you are 65 or older, entitled to Medicare, and covered by . . .	Who pays first?	Who pays second?
A group health plan because you or your spouse are still working AND the plan covers <b>20 or more</b> employees	Group health plan	Medicare
A group health plan because you or your spouse are still working and the plan covers <b>fewer than 20</b> employees	Medicare	Group health plan
A group health plan with retiree coverage	Medicare	Retiree coverage
COBRA	Medicare	COBRA

# If “yes,” you can stay on the employer plan and delay Medicare

1. Talk to your benefits administrator to see if you should enroll in any part of Medicare
2. You may be advised to enroll in Part A, which is free and provides good hospital coverage



# COBRA Warning

1. If you go onto COBRA after retiring, you must enroll in Part B by the end of the 8<sup>th</sup> month after employer insurance terminates
2. If you stay on COBRA the full 18 months without enrolling in Part B, you may be charged a late-enrollment penalty

# Sample Budget

# Sample budget: Monthly premiums

Insurance	Monthly premium
Medicare Part B	\$148.50
Medigap policy	\$200
Prescription drug plan	\$40.00
<b>Total</b>	<b>\$388.50</b>

# Sample first-year budget: premiums + out-of-pocket costs

Expenditure	Annual amount
Insurance premiums: $\$388.50 \times 12$	\$4,662
Prescription drugs: out-of-pocket costs	\$650
Dental out-of-pocket	\$400
Vision out-of-pocket	\$300
Alternative care out-of-pocket	\$200
<b>Total</b>	<b>\$6,262</b>



# QUESTIONS AND ANSWERS



# CONTACT INFORMATION



**EMERGING WEALTH**  
Investment Management, Inc.®

**EmergingWealth Investment  
Management, Inc.®  
5700 Corporate Drive, Suite 360  
Pittsburgh, PA 15237-5829  
Phone: (412) 548-1386**



**Legend Financial Advisors, Inc.®  
5700 Corporate Drive, Suite 350  
Pittsburgh, PA 15237-5829  
Phone: (412) 635-9210  
E-mail: [legend@legend-financial.com](mailto:legend@legend-financial.com)  
[www.legend-financial.com](http://www.legend-financial.com)**