

Since you'll be turning 65 in April, your experience with Medicare is about to begin. I hope this letter helps demystify it.

**Just Like Going Outside on a Cold Day**

In the same way that you put on layers before going outside on a cold day, you put on layers of health insurance when it comes to Medicare. And just like you wouldn't put your coat on before your undershirt, there's an order to these layers of health insurance.

**Your First Layer: Part A**

|   |   |
|---|---|
| Part A                                  |   |
| Covers                                  | Hospitalization, skilled nursing care, and hospice. Full coverage for the first 60 days in a hospital after a \$1,484 deductible is paid. After the 60th day, you pay \$371 per day. After the 91st day, you pay \$742 per day. After the 150th day, you pay all expenses.              |
| Premium                                 | None, if Social Security tax has been withheld from your paycheck for at least ten years. Otherwise there's a premium.  |
| When To Enroll                          | Three months before the month of your 65th birthday. You can also enroll up to three months after the month of your 65th birthday, but, if you do, coverage will not begin immediately.   |
| How to Enroll                           | You're automatically enrolled if you're collecting social security. Otherwise go to <a href="http://www.medicare.gov">www.medicare.gov</a> .  |
| Employer Coverage & Delaying Enrollment | Most people enroll in Part A even if they're covered by their or their spouse's employer. The main reasons people delay enrolling in Part A are if they haven't paid Social Security taxes for ten years and therefore need to pay a premium for Part A or if they have an HSA account. |

**Your Second Layer: Part B**

|         |  |
|---------|--|
| Part B  |  |
| Covers  | Out-Patient care and doctor's charges in a hospital. Examples of Out-Patient care are a check-up, X-Ray, blood test, or a simple elective procedure. After meeting an annual deductible of \$203, Part B covers 80% of expenses, and you pay the remaining 20%.  |
| Premium | If your individual tax return shows income of \$88,000 (or \$176,000 for a joint tax return), or less, your Part B premium is \$148.50 a month. If your income is higher, your premium will be as well. You can find a chart of Part B premiums as they vary with income at <a href="http://www.medicare.gov">www.medicare.gov</a> . |

|   |  |
|---|--|
| When To Enroll                          | Three months before the month of your 65th birthday. You can also enroll up to three months after the month of your 65th birthday, but, if you do, coverage will not begin immediately.  |
| How to Enroll                           | You're automatically enrolled if you're collecting Social Security. Otherwise go to <a href="http://www.medicare.gov">www.medicare.gov</a> .   |
| Employer Coverage & Delaying Enrollment | Because everyone pays Part B premium, more people consider delaying enrollment in it if they have sufficient coverage from their or their spouse's employer. The employer's HR staff will let you know if you can delay enrollment in Part B. If you delay enrolling in Part B and don't have sufficient employer coverage, you will face financial penalties in the future. I can help you decide when to enroll in Part B. |

### A Quick Pause Before Adding More Layers

Parts A and B together are referred to as "Original Medicare", and while they satisfy the minimum medical coverage the government requires you to have, many folks find they have gaps in the following areas:

- Part A Deductible - The Part A deductible resets once you've been out of the hospital for 60 days. So if you go to the hospital several times, each time 60 days since the last one, you'll pay a \$1,484 deductible each time. This could add up.
- Part B Coinsurance - After you meet the Part B deductible, you pay 20% of Part B covered care. 20% of a large number can be a large number.
- Excess Charges - Healthcare providers will occasionally charge more than Medicare will reimburse them. The difference is called an "excess charge", and you pay for all of it.
- Foreign Travel - Original Medicare doesn't cover healthcare received abroad except for a few limited cases in Canada and Mexico.

Further, the government requires you to have Prescription Drug Coverage, also referred to as "Part D". Time to put on some more layers.

### More Layers: Medigap, Medicare Advantage, and Prescription Drug Coverage

If you're fine with the coverage provided by Original Medicare (Parts A and B), you can purchase an additional Prescription Drug Plan from a private insurance carrier (Part D), and you will have met the minimum amount of health insurance the government requires you to carry.

If you want additional coverage to "fill the gaps" in Original Medicare, you have two options:

#### Medigap Plan (Medicare Supplement)

If you've ever heard of "Plan G" or "Plan F", you've heard of Medigap plans. They pick up the bill after Original Medicare pays. So if you got a blood test that costs \$100, Part B will cover \$80, and if your Medigap plan covers Part B coinsurance, it'll cover all or part of the remaining \$20.

Medigap plans are defined by the government but offered by private carriers. This means that the benefits of Plan G offered by Humana and Cigna are the same. The premium, however, will likely be different. Medigap premium is paid in addition to Medicare Part B premium.

The different Medigap benefits are listed on [www.medicare.gov](http://www.medicare.gov). Though there are ten options, four or five can usually be ruled out because, surprisingly, they cost more than other Medigap options with more coverage. The Medigap plan with the most comprehensive coverage that's currently available to new Medicare enrollees is Plan G.

Should you choose a Medigap plan, you also need to purchase a Prescription Drug Plan. I am happy to discuss which Medigap plan might be a good fit for you.

### **Medicare Advantage Plans**

Unlike Medigap Plans, Medicare Advantage plans are entirely defined and run by private carriers. They typically have you pay a copayment (a flat fee) or coinsurance (a percent of the total costs) for In-Patient and Out-Patient care until your medical payments for the calendar year reach an “out-of-pocket maximum”, at which point the plan covers all your expenses. Out-of-pocket maximums depend on the plan and typically range from \$4,000 to \$8,000.

Medicare Advantage plans are typically offered as HMOs or PPOs. In the HMO model, you can only see doctors in the HMO, and you must get a referral from your primary care physician to see a specialist. This is in contrast to Original Medicare or Medigap, which allow you to see any doctor who accepts Medicare.

In the PPO model, Medicare Advantage plans let you see out of network doctors, but provide less coverage when you do so. If you choose the Medicare Advantage route, be sure it covers your preferred healthcare providers.

---

Unlike Medigap plans, Medicare Advantage plans come bundled with prescription drug coverage, so there’s no need to purchase a separate Prescription Drug Plan. Be sure a Medicare Advantage plan covers your prescriptions before enrolling in it.

### **Choosing Between Medigap and Medicare Advantage**

To compare any plans, you must consider their total cost for the year: their premium plus your share of the year’s expected healthcare bills.

Depending on the plans available in your zip code, a Medicare Advantage plan might make more sense than a Medigap plan, or vice versa. I can help you compare different plans in your area.

Fortunately, there is an “escape hatch” for folks who enroll in a Medicare Advantage plan and are unhappy. If you enroll in a Medicare Advantage plan when you turn 65, you may switch to a Medigap plan for any reason during the first year.

---

Like all insurance brokerages, our services are free to you.

We are compensated by insurance carriers when one of our clients buys one of their plans. However, unlike other insurance brokerages, we put you ahead of our profit. If our data model indicates you should purchase a plan from a carrier we don't work with, we will help you enroll in that plan even though we won't be compensated for it.

If you have any questions about Medicare or about which Medigap or Medicare Advantage plan might be a good fit for you, please call me at (412) 532-8319.

Best,

Daniel Petkevich  
CEO | Fair Square Medicare  
(412) 532-8319

---

Notes from happy clients:

"Thanks for providing me with a clear choice of my Medicare options. You quickly made a complex and confusing system understandable, saving me time and money!" - Max K.

"Daniel's common-sense approach and analogies of "putting on layers of health insurance" stood out from the deluge of mailings and emails I received in the months leading up to my medicare enrollment. Daniel took my info and his software promptly analyzed the plans that were available, along with explaining the pros and cons of each. This included verifying that my current doctors were part of the networks for each plan. I could not recommend Daniel and Fair Square Medicare more highly." - Chip K.

"Daniel Petkevich is an awesome insurance agent for many reasons. I needed guidance for signing up for a Medicare Supplement plan and he was so good at explaining all the different options and figuring out what was best for me. He is knowledgeable and patient in explaining and answering questions, which made it so much less stressful navigating the Medicare maze! He also takes the time to follow up after signing up to make sure everything is working smoothly and answering any questions I may have, which I find to be great customer support. I recommend him wholeheartedly!" - Patricia B.

"Stanley and I would rate your service a 10++. Stanley received so many Medicare related mails over the past few months and we attended couple webinar as well. I found the letter you sent was most helpful in explaining Medicare to my understanding (as you may have known by now that I do all the homework for Stanley and I am a little slow catching on). You took a big burden off my shoulder and made my life so much easier. We will definitely recommend you to anyone we know who is approaching Medicare age. Thank you for your patience and following up to make sure everything is in place for us." - Frances L.