



INNOVATIVE
— FINANCIAL GROUP —

Introduction to Medicare
MEDICARE 101

WHAT ARE THE PARTS OF MEDICARE?



Part A (Hospital Insurance)

Helps cover:

- Inpatient care in hospitals
- Skilled nursing facility care
- Hospice care
- Home health care



Part B (Medical Insurance)

Helps cover:

- Services from doctors and other health care providers
- Outpatient care
- Home health care
- Durable medical equipment (like wheelchairs, walkers, hospital beds, and other equipment)
- Many preventive services (like screenings, shots or vaccines, and yearly "Wellness" visits)



Part D (Prescription drug coverage)

Helps cover:

- Cost of prescription drugs (including many recommended shots or vaccines)

Part D plans are run by private insurance companies that follow rules set by Medicare.



WHAT ARE THE PARTS OF MEDICARE?

Original Medicare

- Original Medicare includes Medicare Part A (Hospital Insurance) and Part B (Medical Insurance).
- If you want drug coverage, you can join a separate Part D plan.
- To help pay your out-of-pocket costs in Original Medicare (like your 20% coinsurance), you can also shop for and buy supplemental coverage.
- Can use any doctor or hospital that takes Medicare, anywhere in the U.S.

✓ **Part A**



✓ **Part B**

You can add:

○ **Part D**



You can also add:

○ **Supplemental Coverage**

(Some examples include coverage from a Medicare Supplement Insurance (Medigap) policy, or coverage from a former employer or union.)

Medicare Advantage (also known as Part C)

- Medicare Advantage is an "all in one" alternative to Original Medicare. These "bundled" plans include Part A, Part B and usually Part D.
- Plans may have lower out-of-pocket costs than Original Medicare.
- In most cases, you'll need to use doctors who are in the plan's network.
- Most plans offer extra benefits that Original Medicare doesn't cover - like vision, hearing, dental, and more.

✓ **Part A**



✓ **Part B**

Most plans include:

✓ **Part D**



✓ **Extra benefits**

Some plans also include:

○ **Lower out-of-pocket costs**



ORIGINAL MEDICARE VS. MEDICARE ADVANTAGE



DOCTOR AND HOSPITAL CHOICE

Original Medicare

You can go to **any doctor or hospital that takes Medicare, anywhere in the U.S.**

In most cases, you **don't need** a referral to see a specialist

Medicare Advantage

In most cases, you'll need to use **doctors who are in the plan's network** (for non-emergency or non-urgent care). Ask your doctor if they participate in any Medicare Advantage Plans.

You **may need** to get a referral to see a specialist.



COST

Original Medicare

For Part B-covered services, you **usually pay 20% of the Medicare-approved amount** after you meet your deductible.

You **pay a premium (monthly payment) for Part B**. If you choose to buy prescription drug coverage (Part D), you'll pay that premium separately.

There's **no yearly limit** on what you pay out-of-pocket, unless you have supplemental coverage (like a Medigap policy).

You **can get** supplemental coverage (like a Medigap policy) to help pay your remaining out-of-pocket costs (like your 20% coinsurance). Or, you can use coverage from a former employer or union, or Medicaid.

Medicare Advantage

Out-of-pocket costs vary - plans may have lower out-of-pocket costs for certain services.

You may **pay a premium for the plan** in addition to a monthly **premium for a Part B**. (Most include prescription drug coverage.) Plans may have a \$0 premium or may help pay all or part of your Part B premiums.

Plans have a **yearly limit** on what you pay out-of-pocket for Medicare Part A- and B-covered services. Once you reach your plan's limit, you'll pay nothing for Part A- and Part B-covered services for the rest of the year.

You **can't buy or use** separate supplemental coverage.



ORIGINAL MEDICARE VS. MEDICARE ADVANTAGE



COVERAGE

Original Medicare

Original Medicare covers most medically necessary services and supplies in hospitals, doctors' offices, and other health care settings.

You can join a **separate Medicare Prescription Drug Plan (Part D)** to get drug coverage.

In most cases, you don't have to get a service or supply approved ahead of time for it to be covered.

Medicare Advantage

Plans must cover all of the medically necessary services that Original Medicare covers. Most plans **may offer extra benefits that Original Medicare doesn't cover** – like vision, hearing, dental, and more. Plans can now cover more of these benefits than they have in the past. See page 56.

Prescription drug coverage is included in most plans.

In some cases, you have to get a service or supply approved ahead of time for it to be covered by the plan.



TRAVEL

Original Medicare

Original Medicare generally **doesn't cover care outside the U.S.** You may be able to buy a Medigap policy that covers care outside the U.S.

Medicare Advantage

Plans generally **don't cover care outside the U.S.** Also, plans usually don't cover non-emergency care you get outside of your plan's network.



SIGNING UP FOR MEDICARE

Some people get Part A and Part B automatically

If you're already getting benefits from Social Security or the Railroad Retirement Board (RRB), you'll automatically get Part A and Part B starting the first day of the month you turn 65. (if your birthday is on the first day of the month, Part A and Part B will start the first day of the prior month.)

If you're under 65 and have a disability, you'll automatically get Part A and Part B after you get disability benefits from Social Security or certain disability benefits from the RRB for 24 months.

Some people have to sign up for Part A and /or Part B

If you're close to 65, but not getting Social Security or Railroad Retirement Board (RRB) benefits, you'll need to sign up for Medicare.

Contact Social Security 3 months before you turn 65. You can also apply for Part A and Part B at ssa.gov/benefits/medicare.

If you worked for a railroad, contact the RRB. **In most cases, if you don't sign up for Part B when you're first eligible, you may have a delay in getting Medicare coverage in the future (in some cases over a year), and you may have to pay a late enrollment penalty for as long as you have Part B.**



WHEN CAN YOU SIGN UP?

Initial Enrollment Period

You can first sign up for Part A and/or Part B during the 7-month period that begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65.

If you sign up for Part A and/or Part B during the first 3 months of your Initial Enrollment Period, in most cases, your coverage starts the first day of your birthday month. However, if your birthday is on the first day of the month, your coverage will start the first day of the prior month.

If you enroll in Part A (that you have to pay for) and/or Part B the month you turn 65 or during the last 3 months of your Initial Enrollment Period, the start date for your Part B coverage will be delayed.

INITIAL ENROLLMENT PERIOD:

The Initial Enrollment Period (IEP) is the first time you can sign up for Medicare.



SPECIAL ENROLLMENT PERIOD

Special Enrollment Period

After your Initial Enrollment Period is over, you may have a chance to sign up for Medicare during a Special Enrollment Period. If you didn't sign up for Part B (or Part A if you have to buy it) when you were first eligible because you're covered under a group health plan based on current employment (your own, a spouse's, or a family member's (if you have a disability), you can sign up for Part A and/or Part B:

- Anytime you're still covered by the group health plan
- During the 8-month period that begins the month after the employment ends or the coverage ends, whichever happens first

Usually, you don't pay a late enrollment penalty if you sign up during a Special Enrollment Period. This Special Enrollment Period doesn't apply to people who are eligible for Medicare based on End-Stage Renal Disease (ESRD). It also doesn't apply if you are still in your Initial Enrollment Period.

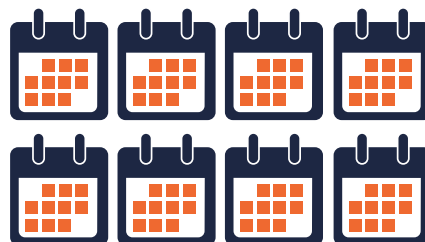
MEDICARE SPECIAL ENROLLMENT PERIOD:

When Is My Special Enrollment Period?



While you have coverage from an employer

OR



The 8 months after your coverage ends for Parts A and B



The 63 days after your coverage ends for Parts C and D



GENERAL ENROLLMENT PERIOD

GENERAL ELECTION PERIOD:

The General Enrollment Period (GEP) allows individuals to enroll in Parts A and B, but late enrollment penalties may apply and increase your premiums.



General Enrollment Period

If you didn't sign up for Part A (if you have to buy it) and/or Part B (for which you must pay premiums) during your Initial Enrollment Period, and you don't qualify for a Special Enrollment Period, you can sign up between January 1-March 31 each year. **Your coverage won't start until July 1 of that year, and you may have to pay a higher Part A and/or Part B premium for late enrollment.**



HOW MUCH DOES **PART A** COST?

How much does Part A coverage cost?

You usually don't pay a monthly premium for Part A coverage if you or your spouse paid Medicare taxes while working for a certain amount of time. This is sometimes called premium-free Part A. If you aren't eligible for premium-free Part A, you may be able to buy Part A.

In most cases, if you choose to **buy** Part A, you must also have Part B and pay monthly premiums for both. If you choose NOT to buy Part A, you can still buy Part B.

People who have to buy Part A will pay up to \$458 each month in 2020.

What's the Part A late enrollment penalty?

If you aren't eligible for premium-free Part A, and you don't buy it when you're first eligible, your monthly premium may go up 10%. You'll have to pay the higher premium for twice the number of years you could've had Part A but didn't sign up.

Example: If you were eligible for Part A for 2 years but didn't sign up, you'll have to pay a 10% higher premium for 4 years.

Medicare Part A eligible participants who delay their enrollment could face penalties that equal 10 percent of their Part A monthly premiums



Part A Penalty

=



Monthly Premium

x



10% of Premium



HOW MUCH DOES **PART B** COST?

How much does Part B coverage cost?

The standard Part B premium amount in 2023 is \$164.90. Most people pay the standard Part B premium amount.

If your modified adjusted gross income as reported on your IRS tax return from 2 years ago is above a certain amount, you'll pay the standard premium amount and an Income Related Monthly Adjustment Amount, also known as IRMAA. IRMAA is an extra charge added to your premium. Visit [Medicare.gov/your-medicare-costs/part-b-costs](https://www.medicare.gov/your-medicare-costs/part-b-costs), or call 1-800-MEDICARE

What's the Part B late enrollment penalty?

If you don't sign up for Part B when you're first eligible, you may have to pay a late enrollment penalty for as long as you have Part B. Your monthly premium for Part B may go up 10% for each full 12 months in the period that you could've had Part B, but didn't sign up for it. If you're allowed to sign up for Part B during a Special Enrollment Period, you usually don't pay a late enrollment penalty.

The Medicare Part B late penalty is 10 percent of your premiums for every 12 months you delay enrollment

$$\text{Part A Penalty} = \text{Monthly Premium} \times 10\% \times \text{\# of Years Delayed}$$

Part A Penalty Monthly Premium 10% of Premium # of Years Delayed



2022 INCOME RELATED PREMIUMS

Medicare 2023 Part B Premiums by Income

If your filing status and yearly income in 2021 was:

File Individual Tax Return	Beneficiaries File Joint Tax Return	Income-Related Monthly Adjustment	(In 2023) Each month you pay
\$97k or less	\$19 4k or less	\$0.00	\$164.90
Above \$97k up to \$123k	Above \$194k up to \$246k	\$65.90	\$230.80
Above \$123k up to \$153k	Above \$246k up to \$306k	\$164.80	\$329.70
Above \$153k up to \$183k	Above \$306k up to \$366k	\$263.70	\$428.60
Above \$183k & Less than \$500k	Above \$366k & Less than \$750k	\$362.60	\$527.50
\$500k or above	\$750k and above	\$395.60	\$560.50



WHAT DOES MEDICARE COVER?



What do Parts A/B cover?

Part A

- ✓ Hospital care
- ✓ Skilled nursing facility care
- ✓ Short-term nursing home care
- ✓ Home healthcare services
- ✓ Hospice

Part B

- ✓ "Welcome to Medicare" exam prevention visit*
- ✓ Annual "Wellness" visits every 12 months*
- ✓ Laboratory tests, i.e., X-rays and blood work
- ✓ Medical equipment, i.e., wheelchairs and hospital beds
- ✓ Orthotics and prosthetics
- ✓ Mental healthcare
- ✓ Ambulance services



WHAT DOES MEDICARE NOT COVER?



What do Parts A/B not cover?

- ✗ Annual physical exams, except for a one-time "Welcome to Medicare" exam when you join Medicare and an annual "Wellness" visit every 12 months
- ✗ Long-term nursing home care for more than 100 days
- ✗ Acupuncture, naturopathy, etc.
- ✗ Routine foot care
- ✗ Cosmetic surgery
- ✗ Hearing aids
- ✗ Dental care and dentures
- ✗ Care outside the United States



THE BIG PROBLEM

2023 Medicare Costs at a Glance

Part A Premium
(monthly)

Premium-free with qualifying work history;
\$499 each month without

**Part A Deductible
and Coinsurance**

You pay:
\$1,600 deductible for each benefit period

Days 1-60:

\$0 coinsurance for each benefit period

Days 61-90:

\$400 coinsurance per day of each benefit period
Days

91 and beyond:

\$800 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 costs

Part B Premium
(monthly)

The standard Part B premium amount is \$164.90
(high earners pay more)

**Part B Deductible
and Coinsurance**

\$226 per year and then 20% of the
Medicare-approved amount

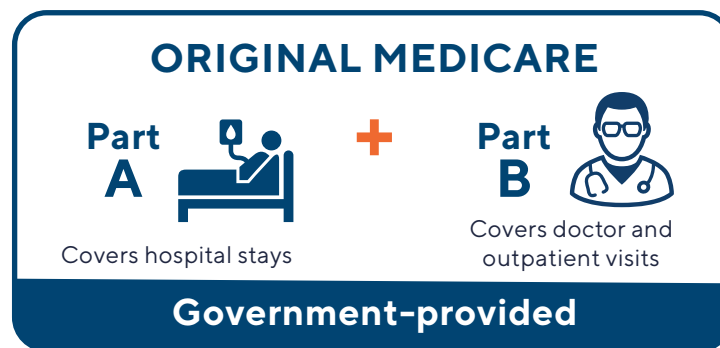


HOW DO I COVER THE 20%?

Medicare Choices

Step 1

Enroll in Original Medicare when you become eligible.

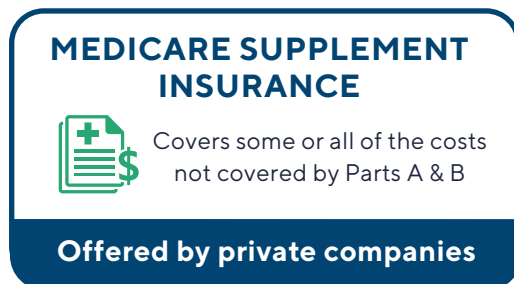


Step 2

If you need more coverage, you have choices.

Option 1

Keep Original Medicare and add:



and/or



Option 2

