

## Enrolling in Medicare

*Presented by Warren Wealth Associates*

The process for enrolling in Medicare is surprisingly easy. But before enrolling, you will need to make a choice about how you want your Medicare delivered. Unlike an employer's health plan, you may have dozens of options from which to choose.

If you already receive social security or Railroad Retirement Board benefits, you will be enrolled automatically in Medicare Parts A and B at age 65. If not, you will need to sign up by your enrollment deadline—typically, three months after the month you turn age 65.

It's not a good idea to select a plan based on feedback from friends, neighbors, or family members without doing your own research. The best plan for you will depend on personal factors, such as your current medications, your age, and whether you live part of the year in another state.

### How Medicare Is Delivered

The first step in selecting a Medicare plan is to understand the various coverage choices.

**Medicare Part A.** Also called hospital insurance, Medicare Part A covers care in a hospital, skilled nursing facility, and hospice. It provides limited coverage for nursing home and home health services.

**Medicare Part B.** Medicare Part B covers doctor visits, lab tests, outpatient surgeries, preventative care, telehealth, and medically necessary services and equipment. Together, Medicare Part A and Part B are often referred to as Original or traditional Medicare.

**Medicare Part C.** Commonly known as Medicare Advantage, Medicare Part C is the managed care alternative to Original Medicare that private insurance companies and health providers such as Humana and UnitedHealthcare offer through Part C plans. The benefits and services provided by Medicare Parts A and B are included in Part C plans. Part C plans include telehealth coverage and may cover other services such as dental, hearing, and vision care. Also, since 2019, health insurance companies that offer Part C plans can create managed care plans that target specific types of illnesses, such as diabetes and end-stage renal disease. Part C plans are usually a health maintenance organization (HMO) plan or a preferred provider organization (PPO) plan. With an HMO plan, you will select a primary care doctor; except for emergencies, that doctor will refer you only to health providers within the HMO network. With a PPO, you have the option of getting care outside the network, but your copay will be higher than for visits to in-network providers.

**Medicare Part D.** Medicare's prescription drug benefit, Part D, is the newest part of Medicare. Private health insurance companies offer stand-alone Part D plans for individuals who have Original Medicare. Most Part C plans include a prescription drug benefit.

**Medigap.** Medigap is also called Medicare supplement insurance. It is not a separate part of Medicare. Medigap plans fill the cost sharing associated with the coinsurance and deductibles in Original Medicare. Private health insurance companies offer standardized Medigap plans, and each type of plan is identified by an alphabet letter. Although the benefits provided by Medigap plans are standardized, the premiums can vary by geographic area. There are 10 types of Medigap plans, but only eight are available to new Medicare enrollees. Medigap Plans C and F are no longer available to new enrollees as of December 31, 2019, because of a change in federal law that prohibits Medigap plans from covering the Part B deductible. Medicare enrollees who had Plan C or Plan F before December 31, 2019, can maintain either Medigap plan. You cannot have a Medigap plan if you choose to receive your health care through a Medicare Advantage plan.

## Paying for Medicare

Medicare is not free. To determine the estimated cost of your Medicare coverage, you can review the information available at [Costs | Medicare](#). Most people do not pay a premium for Medicare Part A because they paid payroll taxes while they were working. There are premiums for Medicare Part B, Part D, Medicare Advantage plans, and Medigap plans. If you are already receiving social security benefits, Part B and Part D premiums may be deducted automatically from your monthly payment. The premium for Medicare Advantage, which includes both Part A and Part B, will depend upon the plan. Remember, you are still enrolled in Medicare even if you choose to have your benefits delivered through Part C. This means your Part C premium will include the Part B premium (and a Part A premium if you or your spouse do not have sufficient work history). You are also responsible for deductibles, copayments, and/or coinsurance charged by Part D, Medicare Advantage, and Medigap plans.

To compare the costs and ratings of various Medicare Advantage and drug prescription plans, visit the Medicare website at [www.medicare.gov/plan-compare](http://www.medicare.gov/plan-compare). You can compare the costs of Medigap plans at [www.medicare.gov/supplements-other-insurance/how-to-compare-medigap-policies](http://www.medicare.gov/supplements-other-insurance/how-to-compare-medigap-policies). Once you've narrowed your choices, contact the providers for more information on the differences between plans.

**Additional income-based factors.** If your income is above a certain threshold, you will be assessed an income-related monthly adjustment amount (IRMAA) on your Part B and Part D premiums. IRMAA has six income-based tiers. For single income tax filers, IRMAA assessments begin if your modified adjusted gross income (MAGI) is greater than \$103,000. For married joint income tax filers, IRMAA assessments begin if your MAGI is greater than \$206,000. IRMAA is based on your MAGI from your tax return filed two years prior to the current year. The timing of tax return filings causes the delay. For example, when the IRMAA assessments were done at the end of 2022 to determine which Medicare beneficiaries would pay the surcharge on their 2023 premiums, the most recently filed income tax return was from 2021. If your MAGI will be reduced because of a change in your life circumstances, you may file Social Security Form [SSA-44](#) to request that the surcharge be removed.

If you have limited income and resources, you may qualify for help paying premiums through federal and state programs. Those who automatically qualify for assistance will be contacted by the Social Security Administration. You may also contact your local social security office to discuss your circumstances.

## Medicare Enrollment Dates

A word of caution: Don't confuse Medicare open enrollment dates with your required enrollment period. *Open enrollment*, which runs between October 15 and December 7, applies to those who are already enrolled in Medicare and want to make changes to their plans or plan provider. Your *initial enrollment period* is based on your age or when you leave your or your spouse's employer's group health insurance plan. You must enroll in Medicare within the seven-month period starting three months prior to the month you reach age 65 and ending three months after the month you reach age 65. You can delay enrollment if you are covered by your or your spouse's employer's group health insurance plan, but only if the employer has at least 20 employees. If you miss your Medicare enrollment deadline, your premiums will be increased permanently, and you may face a gap in health care coverage. COBRA is not treated as a group health insurance plan for purposes of avoiding the late enrollment penalty.

If you are enrolled in your former employer's retiree health insurance plan, check with your provider to see if enrollment in Medicare Part B is required and how your plan coordinates with Medicare. If you are required to enroll in Part B and fail to do so, you may find that your retiree plan will not pay for services Medicare would have covered if you had enrolled.

## Comparing the Options

	<b>Original Medicare</b>	<b>Medicare Advantage</b>	<b>Medigap</b>
<b>Choice of health care provider</b>	Any doctor or provider in the U.S. who accepts Medicare	Usually through a managed care program such as an HMO or PPO	Any doctor or provider in the U.S. who accepts Medicare (In some states, Medigap Select plans limit care to a network of providers.)
<b>Out-of-pocket limits</b>	No cap on out-of-pocket costs	Annual cap set by plan provider; provider also sets copays and deductibles, which may be lower than Original Medicare's deductible and coinsurance	Can help cap the out- of-pocket costs of Original Medicare
<b>Travel</b>	Coverage limited to U.S. doctors who accept Medicare	Coverage limited geographically, except for emergencies; may provide access outside network at higher copay	May provide 80 percent coverage for medical emergencies outside the U.S.
<b>Part D drug coverage</b>	Separate policy with additional premium	May be included in plan	Medigap plans sold after January 1, 2006, cannot cover prescription drugs.
<b>Advantages</b>	Allows for second opinions from a doctor anywhere in the U.S. who accepts Medicare	All-in-one plan; may be a lower-cost alternative to Original Medicare and Part D, plus a Medigap plan	More predictable out- of-pocket costs
<b>Disadvantages</b>	Provider must accept Medicare assignment; if not, you'll pay difference between Medicare reimbursement amount and provider charges	Limits health care options for those who live part of the year outside the geographic area served by the plan	May be more costly than a bundled plan through Medicare Advantage

## Once You've Enrolled

It's up to you to know how the Medicare option you choose covers a test, treatment, or medical equipment. Keep in mind that Original Medicare doesn't cover most hearing, dental, vision, or long-term care costs.

Every year between October 15 and December 7, you can make changes to your coverage during Medicare open enrollment. The changes take effect on January 1 of the following year. If you opt for a Medicare Advantage plan, your Medicare Advantage provider will send a letter in September of each year outlining the changes in premium and coverage for the upcoming plan year. Also, if you have a Medicare Advantage plan, you can switch to a different Medicare Advantage plan or to Original Medicare during the Medicare Advantage open enrollment period, which starts on January 1 and ends on March 31 each year.

For more information about Medicare and your choices, download the easy-to-understand *Medicare & You* handbook from [www.medicare.gov/medicare-and-you](http://www.medicare.gov/medicare-and-you).

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