



Just the Essentials Medicare 2019

Basics about retirement
planning topics and tools.

RetirED[™], LLC
A Retire Ready Resource Company

Just the Essentials: Medicare

Medicare Part A (Hospital): Part A covers inpatient hospital stays, limited care in a skilled nursing facility, hospice care, and some limited home health care.

How much does Medicare Part A Cost?

You can get Part A at no premium cost at age 65 if:

You already get retirement benefits from Social Security.

You're eligible to receive Social Security benefits, but not yet receiving them.

If you paid Medicare taxes for less than 30 quarters during your working years, the standard Part A premium is \$413 in 2019. In most cases, if you choose to buy Part A, you must also have Medicare Part B (Medical Insurance) and pay monthly premiums for both.

Note: 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 have had Part A, but didn't sign up.

Medicare Part B (Medical): Part B covers certain doctors' services, outpatient care, medical supplies, and preventive services.

How much does Part B coverage cost?

The standard Part B premium amount in 2019 is \$135.50 (or higher depending on your income – see below table). However, most people who get Social Security benefits pay less than this amount. This is because the Part B premium increased more than the cost-of-living increase for 2018 Social Security benefits. If you pay your Part B premium through your monthly Social Security benefit, you pay less (\$109 on average). Social Security will tell you the exact amount of your Part B premium. You pay the standard premium amount if:

- You enrolled in Part B for the first time in 2019.
- You don't get Social Security benefits. (If you are receiving Social Security benefits, future Medicare premiums do not increase in a year when no Social Security COLA is received.)

- You're directly billed for your Part B premiums.
 - You have Medicare and Medicaid, and Medicaid pays your premiums. (Your state will pay the standard premium amount of \$135.50)
 - Your modified adjusted gross income as reported on your IRS tax return from 2 years ago is above a certain amount.

Modified Adjusted Gross Income in 2017

Modified Adjusted Gross Income in 2017			2019	2019
Individual tax return	Joint tax return	Married /file Separate	Part B Prem	Part D Prem
\$ 85,000 or less	\$ 170,000 or less	\$85,000 or less	\$ 135.50	Plan Amt
\$ 85,001 - \$ 107,000	\$ 170,001 - \$ 214,000		\$ 189.60	+ \$ 12.40
\$107,001 - \$ 133,500	\$ 214,001 - \$ 267,000		\$ 270.90	+ \$ 31.90
\$133,501 - \$ 160,000	\$ 267,001 - \$ 320,000		\$ 352.20	+ \$ 51.40
\$160,001 - \$ 500,000	\$ 320,001 - \$750,000	Above \$85,000	\$ 433.40	+ \$ 70.90
\$500,001 and higher	\$ 750,001 and higher		\$ 460.50	+ \$ 77.40

Medicare Part C (HMO)

This is a Health Maintenance Organization (HMO) type coverage also known as Medicare Advantage. It is a combination of Medicare Parts A and B and it usually includes Medicare Part D and then is known as Medicare Advantage with Prescription Drug coverage. The drugs covered and co-payments you pay out-of-pocket vary widely among the plans.

Medicare Part D: (Prescription Drug Coverage)

Medicare Part D is provided by private insurance companies. There is usually a premium for Part D. The national average for a Part D premium in 2015 is approximately \$33 per month. For every year you delay enrollment past the initial enrollment period, your Medicare Part D premium will increase 12% per year.

You can enroll in a Medicare Part D plan when you become eligible for Medicare. If you decide not to enroll in a Medicare Part D plan at that time and do not have Medicare "creditable" drug coverage through another insurance, such as an employer's, you will pay a 12% penalty for each year you delay past the initial enrollment period and a higher premium in the future.

Medicare Part D Out-of-Pocket Costs (Calendar year)

Premium cost = Plan amount + income adjusted surcharge (see above)

Annual Deductible – up to \$415 depending on plan. Participant pays 100%

Initial coverage limit - \$ 3,820 Participant pays 25% of retail cost.

Coverage Gap (Donut Hole) - Participant pay 44% of generic retail cost, 35% of brand name retail cost.

Catastrophic Coverage - Once you've spent \$5,100, Participant pay 5% of retail cost.

When to apply for Medicare:

Already receiving Social Security payments:

You'll automatically get Part A and Part B starting the first day of the month you turn 65.

Not Receiving Social Security payments yet:

If you're close to 65, but not receiving Social Security 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 [socialsecurity.gov/retirement](https://www.ssa.gov/retirement).**

There are three enrollment periods:

Initial Enrollment Period

You can first sign up for Part A (if you have to buy it) 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. **If you enroll in Part A 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 Medicare coverage will be delayed. In this case, you may risk not having medical insurance coverage during this delay.**

Important: Medicare supplement guaranteed issue period

Medicare supplement plans may offer premium discounts during this period

Special Enrollment Period

If you (or your spouse) are still working, 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 if you're disabled, a family member's), 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.

IMPORTANT: COBRA coverage, retiree health plans, and individual health coverage (like through the Health Insurance Marketplace) aren't considered coverage based on current employment. You aren't eligible for a Special Enrollment Period when that coverage ends. To avoid paying a higher premium, make sure you sign up for Medicare when you're first eligible.

General Enrollment Period

In most cases, if you don't sign up for Part B when you're first eligible or during the special enrollment period, you'll have to pay a late enrollment penalty. You'll have to pay this penalty for as long as you have Part B. Your monthly premium for Part B may go up 10% for each full 12-month period that you could have had Part B, but didn't sign up for it. Also, you may have to wait until the General Enrollment Period (from January 1 to March 31) to enroll in Part B. Coverage will start July 1 of that year.

Results:

Part B Premium 10% Late penalty for life – 10% for each 12-month late

Possible gap in insurance coverage.

You may not qualify for guarantee issue

Medicare supplement Insurance plan coverages:

Benefits	A	B	C	D	F*	G	K***	L***	M	N**
Part A daily copays; hospital costs up to an additional 365 days after Medicare benefits are used	YES	YES	YES	YES						
Medicare Part B coinsurance or copay	YES	YES	YES	YES	YES	YES	50%	75%	YES	YES
Blood first 3 pints	YES	YES	YES	YES	YES	YES	50%	75%	YES	YES
Part A hospice care coinsurance or copay	YES	YES	YES	YES	YES	YES	50%	75%	YES	YES
Skilled nursing facility care coinsurance	NO	NO	YES	YES	YES	YES	50%	75%	YES	YES
Medicare Part A deductible	NO	YES	YES	YES	YES	YES	50%	75%	50%	YES
Medicare Part B deductible	NO	NO	YES	NO	YES	NO	NO	NO	NO	NO
Medicare Part B excess charges	NO	NO	NO	NO	YES	YES	NO	NO	NO	NO
Foreign travel emergency up to plan limits****	NO	NO	80%	80%	80%	80%	NO	NO	80%	80%
Out-of-Pocket limit	N/A	N/A	N/A	N/A	N/A	N/A	\$5240	\$2620	N/A	N/A

* Plan F also offers a high-deductible plan. If you choose the high-deductible plan, you must pay the Medicare-covered out-of-pocket costs up to the deductible amount of \$2,300, in 2019. After you have spent the deductible, the Medigap Plan F pays the benefits in full as described on the chart.

** Plan N pays 100% of the Part B coinsurance except for up to \$20 co-payment for office visits, and up to \$50 for emergency department visits.

***Plans K and L have an out-of-pocket yearly limit you need to spend before the plan pays benefits.

**** There is a \$250 deductible and \$50,000-lifetime benefits limit for foreign travel emergencies.

Note: In Massachusetts, Minnesota, and Wisconsin, Medigap policies are standardized in a different way.

Steps for Purchasing your Plan:

Medicare base plan A, B, C, D

- Couples are treated individually, there are no joint or group plans.
- Know your enrollment date to avoid higher premiums and penalties.
- Decide on traditional Medicare coverage (Part A, B, D) or Medicare Advantage (HMO) (Part C).

Medicare Supplement Coverage plan:

- Consider your on-going medical and prescription drug needs: If you have frequent doctor visits you may want to consider a low out of pocket expense with a higher premium vs. a higher out of pocket expense with a lower premium supplemental plan.
- Request several plan proposals to evaluate total out of pocket costs:
 - Out of pocket costs include annual: Premiums, Deductibles, Co-pays.

For more information, consult with a Medicare professional or contact Medicare directly: 1-800-772-1213 or on line at Medicare.gov

Important: This is a summary report. Reader is encouraged to review more detailed information for taking action. This information is offered as a summary of Medicare benefits, conditions and costs. Please consult Medicare.gov for more complete information. It is believed that this information is accurate. However, the author makes no guarantee of its accuracy. Reader is encouraged to consult the official US Government site for Medicare: Medicare.gov for more details and clarifications.

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