

# SOLVING THE PUZZLE OF MEDICARE

This booklet is a compilation of personal client experiences. All Medicare insurance facts can be found on Medicare.gov



**TEXAS FINANCIAL AND  
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**SOLVING LIFE'S PROBLEMS | INSURANCE & RETIREMENT NEEDS**

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## **SOLVING THE PUZZLE OF MEDICARE INTRODUCTION**

It shouldn't be hard to get assistance from Medicare, but in reality it's very frustrating and confusing.

This booklet provides help for you to understand Medicare. After reading it, you'll be able to navigate through the Medicare system more comfortably.

A few questions to think about before reaching for Medicare's help:

- What is your current health?
- What are your future health concerns?
- What is your family health history?
- What prescriptions are you taking?
- What, if any, insurance do you have?
- What is your financial situation?
- What are your goals, and dreams?
- What is your understanding of Medicare? Other insurance options?
- What are your fears?
- What do you need or want?
- Do you have any questions?

The Annual Medicare book is full of words foreign to most of the people because it was written by specialists with technical terms, making it difficult to understand. For this reason, the benefit seekers end up looking for answers elsewhere, and many times asking questions to the wrong people.

## BEWARE OF WELL MEANING ADVICE

When we have hard decisions to make, we often seek advice from family and friends or sometimes get unsolicited advice from outside sources.

Friends, co-workers, and even strangers offer hearsay advice, stories of "Uncle Bob", half-truths and myths.

**CASE STUDY #1:** I have a client who was using a home health care service. A representative of this service advised the son of my client to have his mother drop her Medicare Advantage insurance plan and just use Medicare. This home health service did not accept my client's **Advantage Medicare plan** but did accept straight Medicare. If you have an Advantage plan, you cannot use your Medicare separately. Medicare Part C, Advantage plans, through an arrangement with Medicare, replaces your Medicare Parts A, B, and sometimes D.

**Thankfully she called me first because she has limited income and dropping her insurance would have resulted in substantial out-of-pocket for all her other medical costs (see Medicare Advantage plans). Additionally, if she had dropped her Advantage plan she could not enroll in another Advantage plan until the next enrollment period, October 15 thru December 7 and because of her health, she could not qualify for a Medicare Supplement.**

## MEDICARE ADVANTAGE PLANS AND SUPPLEMENT PLANS

If you do not have or qualify for a Medicare Supplement, which is offered by many insurance companies, then a Medicare Advantage plan (Medicare Part C) may be appropriate for you. As with the Medicare Supplement plans, there is a wide variety of plans all have the same basic medical benefits (controlled by Medicare) but may have different add-on benefits like gym memberships are offered by a variety of insurance companies.

**Medicare Advantage plans are approved by Medicare but run by private companies. These companies provide Medicare Part A and Part B covered services and may include Medicare drug coverage too. Medicare Advantage plans are sometimes called "Part C" or "MA" plans. MA plans are not Supplemental insurance. MA plans may not be free. It is important to**

**understand the cost-sharing of each plan's premiums, deductibles, and copayments. MA plans may require you to use only doctors and hospitals within their network.**

Advantage plans can be free (more restrictive in medical options than Medicare Supplements. They can be HMOs. Which have a limited group of doctors, hospitals, etc. you can use) or they have plans with a small monthly premium and/or doctor visit co-pays (still with some restrictions like a PPO which allows doctors, as long as they take Medicare, out of the plan's approved network of doctors usually at a higher co-payment cost). Again, each plan offers the same medical benefits but may vary in costs and access (Medicare decides each year where an insurance company can sell its plans).

## IMPORTANT MEDICARE FACTS

An important Medicare fact to remember is: if you are just turning age 65, you cannot be refused a Medicare insurance Supplement plan, including the Rolls Royce of Medicare Supplements (G plan) usually the most expensive (see plan types). Insurance companies cannot ask any health questions during this guaranteed period. Medicare Supplement Open Enrollment Period lasts for six months, starting on your Medicare Part B effective date. However, if you should drop your plan after this initial guaranteed coverage period you may not qualify for coverage again or may have to pay a much higher premium.

If you move out of an area and your plan, including an Advantage plan, is not available in your new location, you are guaranteed a Medicare Supplement G plan. You have a 60 day window to take advantage of this coverage guarantee but you have to sign up during the 60 day window.

Another time you are guaranteed issue a Medicare Supplement G plan is when you leave your employers insurance or retirement plan insurance, no matter your health, and you are 65 or older. Again, you have a 60 day window to sign up.

You also are guaranteed coverage, a Medicare Supplement G plan, if through no fault of yours, your Medicare plan, whether it is a Supplement or an Advantage plan, is for some reason discontinued. The same 60 day window rule applies.

In addition, if you have a Medicare Supplement plan and try an Advantage plan you have a one-time opportunity during your first year of being on an Advantage plan to go back to your original company's G plan.

Remember Advantage plans are strictly monitored by Medicare (because they are replacing Medicare) as such, they are very affordable but the companies

are restricted by zip code to where they can operate, and the plans can have other restrictions such as: doctors, hospitals, and may have higher out of pocket costs. Medicare Supplement plan premiums may be higher but they may offer more comprehensive coverage.

**CASE STUDY #2:** I met a gentleman who was 66, on kidney dialysis, and still on his wife's insurance. The monthly premium for him alone was very expensive. The amount of his annual deductible also was significantly high. They did not know that he could go on Medicare since he was covered by his wife's insurance. He was guaranteed to get Medicare Supplement insurance because he was within the guaranteed coverage period. He immediately signed up for Part B Medicare and a Medicare Supplement plan.

## THE MAIN MEDICARE SUPPLEMENT PLANS ARE:

**The High Deductible G (HDG) plan** has the same health benefits as a G plan but has a much lower monthly premium than the traditional G plan because it has an annual deductible. Furthermore, once you meet the annual deductible, the plan pays 100%. A relatively healthy person, who does not go to the doctor much and can afford larger out-of-pocket costs, may want an HDG plan. It should be noted that doctors might add an extra 15% for their services if you have an HDG plan. However, once you meet the annual deductible, this extra charge is paid 100% by your insurance as all other medical charges.

**PLAN G pays 100% of doctor bills minus the \$233.00 annual deductible for 2022.** There is an annual deductible for Medicare Part B (doctor) which has to be paid before 100% of the doctor charges are paid by the plan.

The **N PLAN** requires that you pay the annual Part B deductible (doctor) as well as a \$20.00 co-pay every time you see a doctor.



## MEDICARE RULES

It is important to understand that even if you are not retiring at age 65, but you want Medicare insurance options, you can sign up for Medicare Part B and pay quarterly payments for the Part B, and you do not have to start taking your social security. Medicare is based on the age of 65, it is not linked to your social security retirement age.

Traditional Medicare only covers 80% of doctor visits (Part B) and has a substantial deductible for hospitalization (Part A) as well as an annual deductible for Part B. You must have Medicare Parts A and B before you can purchase Medicare Supplement insurance (since they are a secondary insurance to Medicare) or an Advantage plan (since they become your Medicare insurance and rely on the premiums collected from your social security).

It is important to remember that because Medicare Supplement insurance is offered by insurance companies and not the government, you can change companies anytime during the year. If you have a Medicare Supplement, you may want to purchase a stand alone Medicare prescription drug plan (Part D) which you can apply during the guarantee periods described earlier and during the Medicare Annual Enrollment Period (AEP) lasting each year from October 15 through December 7. Please note you only need to have Medicare Part A in order to purchase a drug plan (Part D).

**One thing to consider is that Medicare prescription plans may change their list of accepted medications (known as a plan formulary) or the tier classification of medications for each plan year. As such, you should carefully review your medications each year to make sure your plan continues to cover your medications and at what co-payment.**

**Medicare Part D is necessary to pay for your drugs. If you do not sign up for a prescription drug plan, Medicare Part D, when you are first eligible for Medicare (Part A) and you have no drug coverage recognized by the government, you are assessed a late enrollment penalty which increases each year you could have had a prescription plan but did not enroll.**

After your initial sign up period for Medicare (age 65), the Annual Enrollment Period for Medicare Part D is October 15 through December 7. There are many companies offering Medicare Part D drug plans and a wide array of monthly premiums and co-pays. If you do not take medications or take very few, a Part D plan with a low monthly plan premium and deductible would enable you to avoid the Part D Late Enrollment Penalty. You can always change your plan each year during the Annual Enrollment Period (October 15 through December 7). Medicare Supplement insurance policies do not include your drug plan. With Medicare Part D, however, Advantage plans may include your drug coverage.

**CASE STUDY #3:** I had a 75 year old client who had NOT GOTTEN a prescription drug plan (Part D) when she first got on Medicare and signed up for Parts A and B. Why? Because she was not taking any drugs at the time and she did not think it right that the government should tell her she had to have a drug plan if she did not need one (or charge her). 10 years later (when she became my client), at the age of 75, she had to start taking prescribed drugs (not cheap ones). She had to have a drug plan, but because she had not taken out a plan D when she first went on Medicare, she had to pay a Late Enrollment Penalty fee, charged by the government, that was tacked on to her monthly insurance premium for her drug plan D. Needless to say, she was very upset and surprised.

**CASE STUDY #4:** I had a client whose income was just above the qualifying income threshold needed to receive assistance with her drugs. Her drug costs were high enough to where she exceeded the threshold before year end. I made a call to her doctor and he was able to give her a 3 month supply of samples.

## HOW TO CHOOSE A PLAN

There is a lot to take into consideration when choosing Medicare insurance: your health, your income, the company offering the plan, the monthly premium, the co-pays, and deductibles. You need to consider what is important to you.

### Things to consider include:

1. How reliable is the company?
2. How long has the company been in business (under the same name)?
3. How long have they been offering this type of plan?
4. What is their track record for paying claims?
5. How often do they raise premiums?

The lowest premium is not always the best buy; a company may offer a low premium one year to attract more customers and increase the premium the next year, making it hard for those with health issues to change companies. In most states, (including Texas) they have premiums based on your attained age but some companies have an additional increase across the board (I have seen increases as high as an additional 32%!). Consistency is important; as some companies have only raised their premiums (based on attained age) once in eight years.

Medicare created a Star Rating system to help beneficiaries compare plan performance and quality of Medicare Advantage and Medicare Prescription plans. Medicare plans are rated on a scale of 1 to 5, with a 5 star rating being the highest score a plan can receive. More stars indicate performance and quality.

A rating will not be necessarily up-to-date. Always ask what the rating is and what it might mean.



## OFTEN HEARD QUESTIONS

### ***Question: Do I need to sign up for Medicare if I am employed or my employer retirement plan offers insurance?***

**The insurance offered by your employer, especially their retirement plan, may or may not be the best insurance for you or it may be the same insurance you can sign up for under Medicare and be less expensive than your retirement plan.**

Often the employers are offering insurance from the same insurance companies that offer Medicare Supplements or Advantage plans but their negotiated contract may have different benefits and costs. Insurance most often offered by employers today, both pre-retirement plans and retirement plans, have a high deductible, many times in the thousands. Remember it pays to check.

In addition, you are guaranteed issue status when you leave your employer retirement insurance plan no matter what your health! I have a client in her 80's with severe health issues who was on her company's retirement insurance, which I reviewed with her children and found it expensive (with high deductibles), and since she had never been insured except through her company's retirement plan she was guaranteed to be issued a Medicare Supplement plan with no health questions.

**CASE STUDY #5:** I had a couple covered under the husband's retirement plan and were paying \$700 a month in premiums with a \$2,500 annual deductible. By signing up for a Medicare plan, I was able to cut their premiums in half and they did not have a deductible with the same company.

**CASE STUDY #6:** Another couple I was working with had an HMO plan through their employer retirement program with each paying a large monthly premium. **I was able to get them the same HMO plan through Medicare with no monthly premium.**



## ***Question: Are there programs to help me with my situation?***

I hear this more often than I should. I am distressed that so many beneficiaries with special needs are overlooked in our society, often they have no idea that they qualify for help. This is why listening to you is so important. Many people have a low enough income that they qualify for special programs, such as:

- Low income subsidy (LIS)
- Medicaid
- Veteran Assistance Living Subsidy or in-home care
- Served during time of war or spouse of same
- Tri-Care Military Insurance
- Offered free to military retirees
- RX outreach help with their medicine if their drugs are high and income low
- A program offered by pharmaceutical companies of brand name drugs

Visit my website (<http://tfha.info>) for up to date phone numbers and other assistance options. The website is updated quarterly.

**CASE STUDY #7:** A few years back I was visiting with a couple who was trying to decide if they should buy food or pay for their Medications. The wife was using 3 different inhalers which was very expensive. After talking with them, I found out their income was low enough to qualify for the RX outreach program and was able to save a significant amount of money annually.

**CASE STUDY #8:** Once I met with a couple who were paying for Medicare Supplement insurance. When talking with them I found out he was retired from the Navy. He did not realize they both could be on Tri-Care which is free insurance offered to military retirees. Their home was in need of much repair so I took them to visit senior places they could afford. By getting them on Tri-Care they reaped a significant additional income per year to live on.

## **Question: When can I enroll? When can I switch plans?**

I have touched on this earlier but it is important enough to cover it again.

**Medicare Supplement plans:** these are offered by insurance companies and are not restricted to any time periods. If you qualify (or guaranteed issue) you can purchase or switch Medicare Supplement plans or companies anytime during the year.

When you first sign up for Medicare Part B you have three months before the month of your 65th birthday, the month of your birthday and three months after your birth month to sign up for an Advantage insurance plan and/or Part B.

This rule is slightly different for the guaranteed Medicare Supplement plans that normally cover the first day of the month of your 65th birthday and six months after your birth month. This sign up period can vary by insurance company.

**Medicare Advantage plans (Medicare Part C):** the plans are offered by insurance companies on behalf of Medicare and are actually Medicare part C. You can only enroll or switch plans October 15 thru December 7. The exception is your initial Coverage Election Period (ICEP) that takes place when you first become eligible for Medicare Parts A and B.

**The Medicare Advantage Open Enrollment Period (OEP)** is from January 1 through March 31 each year. If you're enrolled in a Medicare Advantage plan, you can switch to a different Medicare Advantage plan or switch to Original Medicare (and join a separate Medicare drug plan) once during this time. The exception is your Initial Coverage Election Period (ICEP) that takes place when you first become eligible for Medicare Parts A and B.

**Part D plans:** You must have either Part A or Part B of Medicare to be eligible for a Part D plan. You DO have to be enrolled in both Medicare Parts A and B to enroll in a Medicare Supplement plan (they do not include your drug plan) or an Advantage plan that includes your drug plan. You can enroll in a drug plan (Medicare Part D) during your ICEP and thereafter during the Annual Enrollment Period October 15 through December 7.

**I stress the point once you are on Medicare, whether through disability or retirement, your window of opportunity is time sensitive and to avoid penalties please comply with the above rules. Of course, these rules are open to change every year and can be altered by Medicare at a future date. If you are in doubt, ask.**



***Question: there are so many time-related rules-- what is the rule for Medicare Part A and Part B?***

Once you turn 65 , you are automatically signed up for Medicare Parts A and B. You will receive a letter from Medicare and you usually have 30 days to opt out (your letter will specify the time period) but you can only do so if you have credible insurance employer plans, employer retirement plans, (which are not governed by Medicare) or military insurance, etc. If you do not have credible insurance, you will incur a 10% penalty for each 12 full month period after eligibility you do not have creditable insurance.

***Question: am I too old to qualify for a Medicare Supplement plan?***

Many of my clients are in their 80s and 90s and are afraid to switch Supplement companies even if their current plan is too expensive for them. If they do not have health issues, I explain that you shop around for car or home insurance, so why not shop around for Medicare Supplement insurance. Medicare governs the basics of all plans, so if company X, Y, and Z are basically the same and the only difference is the premium they charge, why not shop around for the best price.

## MORE THAN INSURANCE NEEDS

By listening to you, I am often able to help with other needs. I have access to many experts in multiple fields of expertise.

**CASE STUDY #9:** I have a client who lost her husband right before she had to go in for open-heart surgery and she did not have a will. I was able to have a lawyer visit her in the hospital within three days and write her will. The surgery was a success and her recovery complete but I then found out two of her children are special needs so I had a lawyer create special need trusts to protect their assets. The same week she executed the special need trusts she had a horrible accident and it was touch and go whether she would live. Thankfully, she has recovered.

In addition to listening to my client's needs and problems, I observe their needs. Whether it be loneliness or living conditions, if I think their situation warrants it, I offer to take them to visit some senior places that they can afford (of course I always contact any family members that may be involved).

**CASE STUDY #10:** After talking with a client, I realized she was paying a lot for her Medicare Supplement. I asked her to fill out an application to see if she would be approved for the same plan, but with a different company. She didn't think she would get insured, being a 98-year-old woman. With there being no harm in filling out an application and a potential outcome of reducing premiums by half, she agreed to apply. I was able to get an approval for her and cut her payments in half, resulting in significant annual savings.

## SUMMARY

I hope I have not fallen into the same trap as Medicare by including too much detail. I have used detail, where needed, to help illuminate a particularly difficult concept. I think I have accomplished what I set out to do was to try to convey in the briefest possible terms the basic concepts of Medicare. I have not covered every possible situation because, frankly it would be too detailed and lose its effectiveness.

Every year Medicare changes and they spend a month on educating those of us that work in the field of Medicare about that year's plans. The insurance companies also require that we learn their plans before we are licensed to sell. It is worth the effort, because you (our seniors) are worth it.

## SPECIAL NOTES

Please note all Medicare information is available online through Medicare.gov or their annual reference book.

*I want to thank my wife, Sheila,  
for her support and endless hours of proofreading.*

*I want to thank my clients who are my inspiration.*

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