

Medicare RoadMap

CUSTOMIZED FOR
Sample Client

7/9/2018

EXIT NOW
YOUR
DESTINATION

YOUR MEDICARE DESTINATION:

PAGE 4
Recommended
Medicare Path

Medicare Part A and Part B with a Medigap policy and Part D prescription drug plan (Original Medicare).

Please turn to page 4 for your unique Medicare-related action plan.

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Company

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Important Contacts and Resources

Official Medicare Websites and Phone Numbers

Checklist for online enrollment:

<http://www.socialsecurity.gov/hlp/isba/10/isbt-checklist.pdf>

Online Medicare enrollment:

<https://secure.ssa.gov/iClaim/rib>

Medicare Planfinder:

<https://www.medicare.gov/find-a-plan/questions/home.aspx>

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Important

Before taking any action, please read this entire report.

The recommendations outlined in this report are specific to your unique situation based upon the answers you've provided through i65.

We urge our clients to double-check all critical information before making any final Medicare enrollment decisions.

i65 cannot make final Medicare coverage decisions for our clients. This remains the obligation of each client, after carefully considering the information provided by i65 and other resources.

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Your Medicare RoadMap

Prepared For: Sample Client Date of Birth: 9/2/1953 Date: 7/9/2018



Current Status

- I am turning 65 and still working.
- I am not receiving Social Security benefits.
- I do not plan to enroll Social Security at this time.
- I have an employer group health plan, sponsored by a company with 20 or more employees.
- I have decided not to continue with my employer group health plan once I turn 65.

 **YOUR
DESTINATION**

Your Destination

Medicare Part A and Part B with a Medigap policy and Part D prescription drug coverage (Original Medicare).



When to Take Action

To get Medicare coverage as soon as possible, enroll during these months.

June

July

August

ENROLL ANY TIME DURING THE FIRST THREE MONTHS OF YOUR INITIAL ENROLLMENT PERIOD & COVERAGE BEGINS *September 1st*.

BIRTH MONTH

September

ENROLL THIS MONTH & COVERAGE BEGINS *October 1st*.

If you delay and sign up during the next months, you won't face a late enrollment penalty. However, the effective date for Medicare coverage will be delayed, from one to three months.

October

November

December

ENROLL THIS MONTH & COVERAGE BEGINS *December 1st*.

ENROLL THIS MONTH & COVERAGE BEGINS *February 1st*.

ENROLL THIS MONTH & COVERAGE BEGINS *March 1st*.

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Step-by-step Directions

1. Pay attention to Medicare during your Initial Enrollment Period.
2. Enroll in Medicare Part A, hospital insurance, and Part B, medical insurance.
 - Start this process during your Initial Enrollment Period.
 - Download a checklist for online enrollment at [REDACTED]
 - Enroll online at [REDACTED]
 - Click “More Info” if you need additional information.
 - Answer the following questions, as indicated.
 - Yes – “Do you wish to apply for Medicare ONLY, but not for monthly retirement cash benefits at this time?”
 - Yes – “Do you want to enroll in Medicare Part B?”
 - No – “Are you covered under a group health plan?”
 - Yes – “Are you covered under a group health plan through your own current employment?”
 - Write down the confirmation number and print the receipt.
3. Watch for your Medicare card in the mail.
 1. Notify the plan administrator about your decision to discontinue your current coverage and the effective date.
 2. Notify the plan administrator about your decision to discontinue your current coverage and the effective date.
5. Enroll in a Part D prescription drug plan.

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- Go to the Medicare Plan Finder at [REDACTED]
 - Enter your zip code and answer the questions in Step 1.
 - Enter your drugs in Step 2.
 - Write down your drug ID number and password date for future reference.
 - Select two pharmacies in Step 3.
 - Check "Prescription Drug Plans" in Step 4.
 - Select up to three drug plans to compare on "Your Plan Results" page.
 - Contact an agent or customer service representative of your selected plan to verify the monthly premium and other information.
 - Complete the enrollment process.
- 6. Select and enroll in a Medigap policy.
 - Download the booklet, "*Purchasing a Medigap Policy: A Companion Guide*," applicable to your state of residence from the [i65 account home page](#).
 - Study the guide and learn:
 - About the complete process for comparing and purchasing a Medigap policy.
 - How Medigap plans are structured in your state.
 - Which benefits are best for your unique needs.

- Whether it's better for you to purchase a plan through an agent or directly from the insurance company.
 - How to compare different plans, and much more.
 - Determine the benefits you need.
 - Shop around for the best company, agent, and price.
 - Contact an insurance agent or an insurance company's customer service representative for your selected policy.
 - Verify the monthly premium and benefits.
 - Complete the enrollment process.
7. Pay attention to your out-of-pocket costs and coverage throughout the year.
- During the Open Enrollment Period (October 15-December 7), compare your drug plan to others that will be available next year.
 - If there is a better option, enroll in a new plan.

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Original Medicare or Medicare Advantage?

The following factors influenced your Medicare path decision.

- You have one or more medical conditions that are under control.
- You have not been hospitalized recently.
- Keeping your doctors is important to you.
- You prefer reduced monthly premiums that come with the risk for out-of-pocket expense.
- You believe you can afford the out-of-pocket costs if you were to be hospitalized.
- You plan to spend considerable time away from home.

You determined that Original Medicare with a Medigap policy and Part D prescription drug plan is the best option.

Because Original Medicare does not utilize networks, finding new physicians should not be a major concern. You'll be able to see physicians and other healthcare providers who accept assignment anywhere in the United States or its territories. Coverage for foreign travel emergency is an optional Medigap benefit.

You will likely pay more in monthly premiums; however, you'll face little or no out-of-pocket expense for medical care and have generally predictable medication costs.

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Initial Enrollment Period for Medicare

Medicare provides a seven-month Initial Enrollment Period (IEP) to enroll in Medicare. This begins three months before and ends three months after the month of your 65th birthday. If your birthday falls on the first of the month, this period shifts one month earlier, beginning four months before and ending two months after your birth month.

The "When to Take Action" page of this Roadmap identifies your IEP. Your individual circumstances will affect your plan.

If you missed your IEP, contact a trusted Medicare advisor to review your options.

Click these links for more information:

- [REDACTED]



Medicare Part A and Part B Enrollment

Medicare will be the primary payer, once you turn 65. You must enroll in Part A, hospital insurance, and Part B, medical insurance. This will ensure that you have complete coverage.



Medicare Card

Watch the mail for your Medicare card. When it arrives, verify the information on your card. If the card has any inaccuracies, contact Social Security at (800) 772-1213 (TTY number (800) 325-0778).

IMPORTANT: Never let anyone else use your Medicare card. Keep the card and your Medicare number as safe as you would a credit card.

If your Medicare card is ever lost or stolen, visit www.socialsecurity.gov, or call Social Security to receive a replacement card.

Check these links for more information.

- Protect yourself from Medicare fraud www.medicare.gov/Pubs/pdf/10111-Protecting-Yourself-and-Medicare.pdf.
- Getting a replacement Medicare card [REDACTED]

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HSA Funds

You will not have your current health insurance plan once you turn 65. If you have a *Health Savings Account (HSA)*, you will no longer make contributions.

You may use any funds in your account to pay most Medicare expenses, such as the premiums for Part B, Part D, and a Medicare Advantage plan, along with copayments, coinsurance, and deductibles. However, you cannot use HSA funds to pay the premiums for a Medigap policy (Medicare supplemental insurance).

Check these links for more information.

- Health Savings Accounts [REDACTED]
- HSA funds [REDACTED]
- Qualified medical expenses www.irs.gov/pub/irs-pdf/p502.pdf.

HSA



Drug Plan Enrollment

Based on your answers to *i65* questions, you will need to select a Part D prescription drug plan. The plan should cover all your prescribed medications, be cost effective, and have a good quality rating. *Medicare.gov* has three resources that provide an introduction to Medicare drug plans.

- Your Guide to Medicare Prescription Drug Coverage [REDACTED]
- Medicare Drug Plans [REDACTED]
- Comparing Drug Plans www.medicare.gov/Pubs/pdf/11163-Compare-Medicare-Drug-Coverage.pdf

i65 put together a video program, including handouts, featuring nationally recognized Medicare expert, Diane J. Omdahl, RN, MS, on using the Medicare Plan Finder. This program will help you learn how to use the Finder and find the right plan for your unique needs and budget. Access this program at [REDACTED].

After learning about the basics, start the search for a drug plan by using the Medicare Plan Finder at [REDACTED]. This tool can help narrow down the number of plans to consider.

Once you've found a drug plan that will cover all your medications and meets your criteria, contact a plan customer service representative to discuss the premium, coverage of your medications, costs, and any questions you have. Or, if you prefer, contact an agent who sells Medicare drug plans.

Part D Drug Plan Payment Stages

Medicare drug plans have out-of-pocket costs. How much one pays depends on the number and type of prescribed medications.

Regardless of how one gets drug coverage (a stand-alone plan or prescription drug coverage in a Medicare Advantage plan), a Part D prescription drug plan has four payment stages.

1. *Deductible*: This is the amount you would pay out-of-pocket before the plan starts paying. The standard deductible in 2018 is \$405. Plans can charge no deductible or any amount up to the maximum. Over two-thirds of drug plans have a deductible.
2. *Initial Coverage Stage*: In a standard drug plan, the beneficiary pays 25% of the cost of medications. Most plans choose to charge a copayment (a fixed amount such as \$3 or \$10) in this stage. Once total drug costs (what the individual and plan have paid) reach \$3,750, the beneficiary passes into the Coverage Gap.
3. *Coverage Gap*: Also known as the donut hole, the drug plan pays very little in this stage. The beneficiary is responsible for most or all of the costs. There are discounts on medications. In 2018, there is a 65% discount on brand-name drugs and a 56% discount of generic medications. Once the beneficiary's total costs reach \$5,000, it's onto the last payment stage.
4. *Catastrophic Coverage*: Fewer than 5% of all those who have drug plans reach this stage. Cost sharing is minimal. The individual pays the greater of 5% or \$3.35 for some generic medications and \$8.25 for all other drugs.

Check these links for more information.

Medication tiers [REDACTED]

- Part D deductible [REDACTED]

- Donut hole (Coverage Gap) [REDACTED]
- Preferred pharmacies www.65incorporated.com/topics/medicare-part-d-prescription-drug-plans/corner-pharmacy-may-not-be-your-best-deal.
- Medicare star ratings www.65incorporated.com/blog/2016/11/medicare-star-ratings-q.

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Medigap Policy

You have chosen the path of Original Medicare, also called Traditional Medicare.

Medicare Part A, hospital insurance, and Part B, medical insurance, are the core components of coverage. However, there are significant out-of-pocket costs associated with Part A and Part B, such as a \$1,340 deductible for hospitalization and 20% coinsurance for doctors' visits in 2018. There is no limit on the costs for these two parts of Medicare. That is why it's important to select a Medigap policy. Also known as Medicare supplement insurance, a Medigap policy helps cover the costs Medicare does not cover.

Policies are standardized. Any company selling Medicare supplement insurance must offer the same benefits. That means once you pick the package of benefits you need, cost will usually be the most significant difference between policies sold by different companies.

Every Medigap policy must follow federal laws designed to protect you. State laws also can have an impact on Medigap policies. For instance, Wisconsin, Minnesota, and Massachusetts are standardized differently. In states such as Arizona, Florida, and Georgia, to name just a few, insurance companies cannot sell attained-age-rated policies.

To learn more about selecting a Medigap policy in your state of residence, return to the [i65 home page](#) and download the *i65 "Purchasing a Medigap Policy: A Companion Guide"* for your state. This guide will help you understand how plans are structured, determine whether you have a guaranteed issue right, choose the benefits you need, compare different policies, and more.

What If Things Change?

Perhaps, down the road, you decide you no longer want a Medigap policy? Perhaps, you would no longer travel, you would okay with

networks, or you needed a lower premium option. During the fall Open Enrollment Period, you would:

- [REDACTED]
- [REDACTED]

This is possible because Medicare Advantage plans do not utilize medical underwriting.

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Open Enrollment

Pay attention to your drug costs and coverage throughout the year. Then, during Open Enrollment (October 15–December 7), two actions are very important.

- Review the changes in your Part D prescription drug plan for the upcoming year.
- Compare the plan's benefits and costs with other drug plans that will be available.

If you are satisfied with the next year's version of your plan, do nothing; your current plan will renew automatically. If there is a better option, contact a customer service representative of that plan during the Open Enrollment period. The new drug coverage will take effect January 1.

Studies have shown that, on average, people who do not participate in Open Enrollment spend on their coverage by \$368 per year.

There is no open enrollment period for Medigap policies (Medicare supplement insurance). Generally, the plan you select initially will be the one you have for life.

Check this link for more information.

- [Open Enrollment](#)

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Living with Original Medicare

There are some essential points to know about this Original Medicare.

Physicians and Healthcare Providers

Original Medicare does not have networks of physicians. Instead, it has physicians and healthcare providers who accept assignment. These doctors and other providers, including hospitals, outpatient clinics, therapists, and more, have agreed to Medicare's terms of service. They will accept Medicare's allowed charges as payment-in-full for all of their Medicare patients. They cannot bill a beneficiary in excess of Medicare's allowed payment or coinsurance. While these providers must accept assignment on all Medicare claims, they do not have to accept every Medicare beneficiary as a patient.

Medicare has a national database, Physician Compare, to find physicians and other healthcare providers who accept assignment. Find that database at www.medicare.gov/physiciancompare/search.html.

Besides doctors who accept assignment, there are two other categories of physicians.

- They may elect to be non-participating. [REDACTED]

Medicare allowance. Some Medigap policies offer an optional benefit to cover this amount, known as Part B excess charges.

They may opt out of Medicare entirely. These physicians have not enrolled in Medicare and must establish contracts with their patients to bill them directly. Neither the physician nor the beneficiary can bill Medicare or receive any payment from Medicare.

Check these links for more information.

- Original Medicare [REDACTED]
[REDACTED]
[REDACTED]

- Opted-out physicians [REDACTED]
[REDACTED]
[REDACTED]

Preventive Services

Medicare covers many preventive services that help detect health problems early and prevent certain diseases. These services include flu and pneumonia vaccinations, mammograms, colonoscopies, glaucoma and PSA screenings, to name a few, along with health monitoring, counseling, and education. Many of these preventive services are free.

Check these links for more information.

- Preventive services www.medicare.gov/Pubs/pdf/10110.pdf.
- "Welcome to Medicare" and annual wellness visits www.medicare.gov/coverage/preventive-visit-and-yearly-wellness-exams.html.

Vision, Dental, and Hearing Services

Medicare's coverage of these services is very limited.

- **Dental:** Medicare does not cover routine dental services, which includes the regular appointments for cleaning and exams, along with dentures, fillings, braces, and the like. Stand-alone dental plans are available.
- **Vision:** Medicare will cover some vision-related services for medical conditions, such as glaucoma, cataracts, and diabetic

retinopathy. Medicare will not cover routine services, including annual exams, glasses, or contact lenses.

- Hearing: Medicare doesn't cover hearing exams, hearing aids, or exams for fitting hearing aids.

Check these links for more information.

- Dental services [REDACTED]

- Vision services [REDACTED]

- Hearing services [REDACTED]

Medicare and Long-term Care

When the aging process begins to take effect, a person may need long-term care, abbreviated LTC. This is a range of services and support to meet health or personal care needs over an extended period of time. Most of this care involves assistance with personal tasks, such as bathing, dressing, eating, getting in and out of bed or chair, moving around, and using the bathroom. A person can receive this care in a home, an assisted living facility, a group home, or a nursing home.

There are two common beliefs about long-term care.

1. Medicare will cover long-term care.

Over a quarter of older Americans believe Medicare will pay for this care. However, Medicare considers this to be custodial, not medical, care and does not cover it. For example, if someday, you need help with bathing or meals, you may hire a personal care worker. Medicare doesn't pay for this. Of, if you move into a

facility because you can no longer live safely in your home, Medicare won't cover that.

2. I will never need long-term care.

Recent studies have reported that 50-year old has a 53-59% chance of entering a nursing home and over 70% of the population will need long-term care at some time. The longer we live, the more likely it is that we will need this help.

Long-term care can be costly. Experts estimate one may need at least \$250,000 to cover the costs over a lifetime. These costs will fall to the individual. Talk with your financial advisor about your plan to meet long-term care needs.

Check these links for more information.

- Long-term care www.medicare.gov/coverage/long-term-care.html and www.medicare.gov/what-medicare-covers/part-a/other-long-term-care-services.html.

Medigap Policy and Drug Plan Premiums

The insurance companies sponsoring the Medigap policy and Part D prescription drug plans will send invoices for the monthly premiums. Contact the plans if you wish to arrange auto-payment. It's also possible to have Social Security benefits pay the drug plan premiums. Contact your Social Security representative to arrange this.

Know that if you don't pay the premiums in a timely fashion, the insurance companies can cancel your policies. You would have to wait until the Open Enrollment Period to re-enroll in a drug plan. You may also have to pay the overdue premiums. If late with the Medigap premiums, the sponsoring company may refuse to issue another policy.



Part A and Part B Premiums

Part A, hospital insurance, is premium-free for those who have worked and paid Medicare taxes for 10 years (40 quarters), or whose spouse has paid taxes. Those who do not have enough quarters can purchase Part A.

The standard Part B monthly premium in 2018 is \$134. For those enrolled in Social Security, the premium amount will come out of the monthly benefit payment.

Those not receiving Social Security benefits will get an invoice in the mail. There are two ways to pay the Part B premium.

- Set up an Easy Pay account. [REDACTED]
- Send in a check or credit card information with the statement.

As with any other coverage, failing to pay the premium will lead to cancellation. If that happens, the beneficiary must wait until the General Enrollment Period (January 1–March 31) to reenroll in Part B. Coverage won't be effective until July 1 and a late enrollment penalty can apply.

Check these links for more information.

- Medicare costs www.medicare.gov/your-medicare-costs/costs-at-a-glance/costs-at-a-glance.html.
- Part B premiums www.65incorporated.com/medicare-premium.



IRMAA

Higher income beneficiaries are subject to IRMAA (Income-related Monthly Adjustment Amount). These beneficiaries will pay more in premiums for Part B, medical insurance, and Part D, prescription drug coverage.

Social Security uses two items from your income tax statement two years prior to the current year to identify higher-income beneficiaries. For example, for those enrolling in Medicare in 2019, Social Security would use the 2017 return. The two items are tax-exempt interest income (line 8B) and adjusted gross income (line 37). If these two total \$170,000 for an individual filing jointly or \$85,000 for a single filer, Social Security will send a letter stating you need to pay higher premiums. Use the IRMAA calculator at app.i65.com/IRMAA to determine whether you are subject to IRMAA, and, if so, how much extra you may have to pay.

Circumstances may change, leading to a drop in income. Social Security recognizes certain events to be life changing. These include work stoppage or reduction, marriage, divorce, death of a spouse, loss of income-producing property or pension income, and employer settlement payments. If one of these events caused a drop in income, the individual can submit a life-changing event notice to ask Social Security to base premiums on the expected income for this year.

Every fall, Social Security will look back two years to determine the premiums for the next calendar year. **Important:** Know that significant financial transactions, such as converting an IRA to a Roth, withdrawing IRA funds, or selling property, can change your financial status and subject you to IRMAA for one year.

Here are three more important points about IRMAA.

- The Centers for Medicare and Medicaid Services sends an invoice for the amount due.

- The beneficiary pays this amount to the government, not the companies sponsoring plans.
- Failing to pay IRMAA can lead to cancellation of Part B, medical insurance, and Part D, prescription drug coverage.

If you have questions, consult your trusted advisor.

Check these links for more information.

- IRMAA [\[REDACTED\]](#)
- Medicare premiums for higher-income beneficiaries [\[REDACTED\]](#)
- Life-changing event forms and instructions [\[REDACTED\]](#)

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Disclaimer

i65, LLC provides guidance and information to our users, based primarily on third-party sources, so that our users can make informed decisions after reviewing their options. Clients should investigate plans and address any specific concerns about premiums, costs, and coverage with a trusted advisor.

i65, LLC does not make decisions or choices as to which option is best for a particular user; that is the obligation of each client, after carefully considering the information contained within this document and from other sources. We urge our users to study all the options carefully. i65, LLC disclaims responsibility for any option chosen by a user, and for the information prepared by third party sources. In the event of any claim by a user against i65, LLC, the liability of i65, LLC shall be limited to the consideration paid by such client to i65, LLC.

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