THE TOP FIVE MEDICARE FACTS

you need to know

WITH YOUR LOCAL INSURANCE AGENT: *Allison Clayton*

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MEDICARE FACT 1: *Medicare has four parts: A, B, C, & D*

MEDICARE HAS FOUR PARTS.

Part A and Part B are referred to as "Original Medicare" and you apply for these through the Social Security Administration. Part C and D plans are provided by private insurance companies and you can apply directly through the company or with an insurance agent directly to choose the plan that fits your needs. ***One of my main job responsibilities is helping you understand the different Part C plans in comparison to your needs, and each year when there are changes.***

HOSPITAL INSURANCE

Part A covers inpatient hospital stays, skilled nursing facility, hospice care, and some home health care. Most people do not pay a premium for Part A. If you or your spouse have worked at least 40 calendar quarters (10 years) in any job where you paid Social Security taxes, you do not have to pay a premium for Part A. Part A does still include deductibles and copays for certain services. For example, for room and board at the hospital you are responsible for a deductible every 60 day benefit period.

MEDICAL INSURANCE

Part B covers certain doctor services like a specialist visit, outpatient services, durable medical supplies, and preventive services. Most people pay a premium each month for Part B. For 2023, the standard monthly premium is $164.90. There are deductibles and coinsurances associated with most Part B services. In 2023, you will pay $226 for your yearly Part B deductible. After you meet your deductible for the year, you typically pay 20% of the Medicare-approved amount for doctor services (including most doctor services while you're a hospital inpatient), outpatient, and durable medical equipment. Preventative care is generally covered at a $0 copay.

THE PLANS ON THE NEXT PAGE ARE AN ALTERNATIVE TO ORIGINAL MEDICARE (PART A AND B). THEY INCLUDE PART A, PART B, AND USUALLY PART D.

MEDICARE FACT 1: *Medicare has four parts: A, B, C, & D*

MEDICARE ADVANTAGE

Medicare Advantage plans are offered by private insurance companies but have to follow standards and be approved by Medicare each year, thus allowed to call themselves Part C of Medicare. **You must be enrolled in both Part A and Part B to join a Medicare Advantage plan**. You'll still be in the Medicare program, but you will receive all of your benefits through the Medicare Advantage plan instead of through Original Medicare (your red, white, and blue card).

Medicare Advantage (Part C) plans combine coverage for hospital care, doctor visits and other medical services all in one plan. Plans are required to provide all of the benefits offered by Medicare Parts A and B minimally. Many plans also provide prescription drug coverage and additional benefits like routine dental, vision, hearing, and gym memberships that Original Medicare does not cover. **These plans can change benefits yearly, so it is important to review your annual notice of change and discuss options with a licensed agent (like me!).**

PRESCRIPTION DRUG COVERAGE

Prescription drug plans help to cover the cost of your prescription medications. You can receive these benefits through a Medicare Advantage plan with drug coverage or a standalone Medicare drug plan. Each drug plan is designed with different copays, preferred pharmacies, and can cover different medication on their formulary (covered drug list). These plans can change each year, so it should be a priority to understand what is changing and how you will be effected. **Part D is optional, but there is a penalty if you do not sign up when you first become eligible for Medicare.** If you have other creditable coverage, like employer coverage through yourself or a spouse, you may not have a penalty.

MEDICARE FACT 2: *Medicare Supplement vs. Medicare Advantage*

WHAT'S THE DIFFERENCE?

Medicare Supplement

Medicare Advantage

Once you have your Part A and B Medicare card, you can choose to supplement this with either a Medicare Supplement or a Medicare Advantage plan through private insurance companies. The two are different from one another, so it is important to understand the options in your service area.

MEDICARE SUPPLEMENT

Medicare supplement insurance (or Medigap) helps pay some of the out-of-pocket health care costs that Original Medicare (Parts A and B) doesn't pay. It isn't a government benefit, like Parts A and B. Plans are offered through private insurance companies. It's your decision whether to add a supplement with your Original Medicare.

There are 10 standardized Medicare supplement insurance plans, labeled "A" through "N." (These letters are not related to the Medicare Part A, B, C and D) The main purpose of a Medicare supplement plan is to cover some of the out-of-pocket costs not paid by Medicare Parts A and B. This includes deductibles, co-pays and co-insurance. Each standardized plan with the same letter must offer the same basic benefits, no matter which insurance company is offering the plan. For example, the basic benefits of one company's Plan G are the same as the basic benefits of another company's Plan G. However, the premium cost of a plan could be different between insurance companies in a service area; and many states and zip codes are rated at different premiums for the same plan***. If you live in Massachusetts, Minnesota, or Wisconsin, your state offers different standardized plans.***

The most popular supplements right now for new to Medicare eligibles are Plan G and Plan N. **These Medicare supplements do not include prescription drug coverage.**

MEDICARE FACT 2: *Medicare Supplement vs. Medicare Advantage*

MEDICARE ADVANTAGE

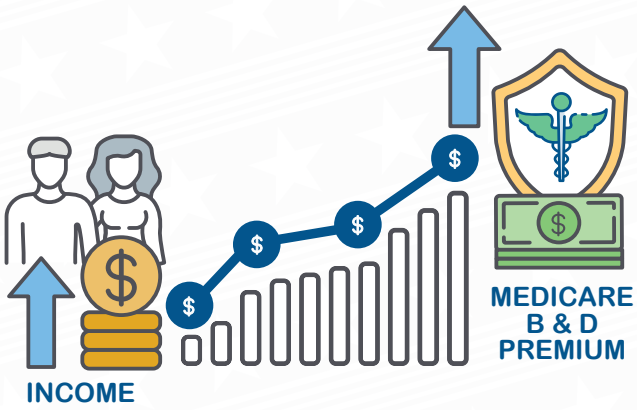
Medicare Advantage plans were designed as an alternative to Original Medicare (Part A and Part B). By joining one of these plans, you are allowing the plan to provide all of your Part A and B services. Medicare pays the Medicare Advantage Plan a set monthly amount for your care. So in a roundabout way, the Part B premium you pay to Medicare each month does get to your Medicare Advantage Plan.

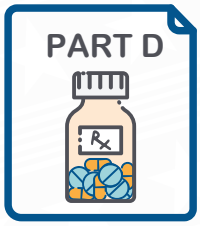
You must always continue to be enrolled in Part A and pay your Part B premium to stay enrolled in a Medicare Advantage Plan. You must also live in the plan's service area. In a lot of cases, you will need to use doctors and facilities who participate in the plan's network and service area with a Medicare Advantage Plan, but some plans do give you the ability to use out of network doctors and facilities, usually with a higher copay or coinsurance. Common types of local Medicare Advantage Plans are HMOs (Health Maintenance Organizations) and PPOs (Preferred Provider Organizations).

Advantage plans were built with an out-of-pocket maximum on your yearly medical spending. Think of this as a protection from unexpected and catastrophic medical bills. If you reach this certain out-of-pocket limit, the plan pays for your covered medical expenses for the remainder of the calendar year. Please note that Part D prescription costs are separate.

Medicare Advantage policies are NOT Medigap plans. You may not have a Medicare Advantage Plan and Medigap plan at the same time. With a Medicare Advantage plan you will use a network of providers and facilities. You will pay co-pays and co-insurance when you receive most healthcare services. Each plan designates their cost sharing (copays, etc.) so it is important to evaluate how the plans differ when making your decision. For example, one plan may have a flat rate for a hospital stay and other plan may charge a copay per day, for a set number of days.

MEDICARE FACT 3: *Higher income households pay more for Medicare*





DID YOU KNOW THAT MEDICARE B & D PREMIUMS ARE BASED ON YOUR INCOME?

Did you know that Medicare Part B and D premiums are based on your income? Most clients I have met do not know this and are sometimes stunned to learn they will not be paying the standard rate for Medicare. The chart on the next page, from **www.medicare.gov** shows the 2023 income breakdown and related Medicare premiums for individual and married couples. Each year the premium responsibility does get reassessed based on your yearly taxes, so the premium can change if your income changes. Note that Medicare looks back 2 years for their evaluation, see below chart.

If you have an extenuating circumstance like receiving a large inheritance, you can file an appeal with Social Security to see if they will approve an exception to the increased premium cost.

MEDICARE FACT 3: *Higher income Households pay more for Medicare*

PART B PREMIUM BASED ON INCOME:

If your yearly income in 2021 was:

(For what you pay in 2023)

FILE INDIVIDUAL TAX RETURN	FILE JOINT TAX RETURN	FILE MARRIED & SEPARATE TAX RETURN	YOU PAY EACH MONTH (IN 2023)
$97,000 or less	$194,000 or less	$97,000 or less	$164.90
above $97,000 up to $123,000	above $194,000 up to $246,000	Not applicable	$230.80
above $114,000 up to $142,000	above $246,000 up to $306,000	Not applicable	$329.70
above $142,000 up to $170,000	above $306,000 up to $366,000	Not applicable	$428.60
above $183,000 and less than $500,000	above $366,000 and less than $750,000	above $97,000 and less than $403,000	$527.50
$500,000 or above	$750,000 and above	$403,000 or above	$560.50

MEDICARE FACT 3: *Higher income Individuals pay more for Medicare*

PART D PREMIUM ADJUSTMENT BASED ON INCOME

If your yearly income in 2021 was:

(For what you pay in 2023)

FILE INDIVIDUAL TAX RETURN	FILE JOINT TAX RETURN	FILE MARRIED & SEPARATE TAX RETURN	YOU PAY EACH MONTH (IN 2023)
$97,000 or less	$194,000 or less	$97,000 or less	your plan premium
above $97,000 up to $123,000	above $194,000 up to $246,000	Not applicable	$12.20 + your plan premium
above $114,000 up to $142,000	above $246,000 up to $306,000	Not applicable	$31.50 + your plan premium
above $142,000 up to $170,000	above $306,000 up to $366,000	Not applicable	$50.70 + your plan premium
above $183,000 and less than $500,000	above $366,000 and less than $750,000	above $97,000 and less than $403,000	$70.00 + your plan premium
$500,000 or above	$750,000 and above	$403,000 or above	$76.40 + your plan premium

MEDICARE FACT 4: *Original Medicare doesn't cover everything*

MEDICARE DOESN'T COVER EVERYTHING

Original Medicare Part A and B does not cover all of your routine benefits. Routine hearing, dental, and vision are not part of Original Medicare, although, Medicare Advantage Plans typically do include some of these benefits.

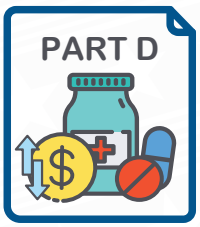
Medicare Part A and B, as you may realize at this point, do not cover prescription drug coverage. You need to choose a Medicare Advantage Plan with drugs or a stand alone drug plan to avoid penalty and have coverage for your medication.

Medicare will pay for medically necessary skilled-nursing facility or home health care but generally does not cover costs for "custodial care" which is care that helps you with activities of daily living, such as dressing, bathing, and eating. Custodial care is what takes place at most nursing homes or long-term care facilities. To help pay for these services, you either need to have a savings, long-term care insurance policies, or be eligible for the state Medicaid system assistance, or pay out of pocket.

Routine foot care, cosmetic surgery, and acupuncture are also not covered by Original Medicare.

MEDICARE FACT 5: *Medicare Part D prescription drug costs can change throughout the year.*

MEDICARE PART D: UNDERSTANDING THE STAGES OF A PRESCRIPTION DRUG PLAN



There are four main stages of a Medicare prescription drug plan in a calendar year. Not everyone will see all of these stages for many reasons and ***not all Part D plans have preferred pharmacy networks.*** For example, if you receive extra help through Medicare or the PA state PACE program, your drug costs are designed differently. **If you have an employer plan this exact model will most likely not apply. It is important to understand this in detail and how it applies to your situation.** Below are the four stages of a traditional Medicare prescription drug plan, however you always need to review your evidence of coverage to know how your plan works for that year.

STAGE ONE of a Medicare prescription drug plan is the deductible. Not all plans have a deductible responsibility, so this may not apply to your plan. If it does apply, in 2023 the deductible could be as much as $505. This means you would be responsible for the first $505 at the pharmacy before your plan pays their part of the drug cost outlined in your plan. Usually this deductible is on higher tiered medication, but not all plans are designed the same.

STAGE TWO of a Medicare drug plan is what most are familiar with when they go to the pharmacy and pick up a medication. In this stage you have a set copay (ex. $10, $40) or a coinsurance (ex. 20%) for the medication. You stay in this stage until your retail price of medications reaches the 2023 limit of $4660. **Retail price includes your copays AND what your drug company provider has paid for the medication.** Thus higher priced medication like brand names can push you to this stage's limit of $4660 at some point in the calendar year. So, what happens when your retail spending hits this amount?

MEDICARE FACT 5: *Medicare Part D prescription drug costs can change throughout the year.*

WHAT HAPPENS WHEN YOUR RETAIL SPENDING HITS IT'S LIMIT?

STAGE THREE, the coverage gap stage (or also called the donut hole) is when you reach your limit of retail spending. Most Medicare drug plans have a coverage gap. Why do many people hear this term and cringe? When an individual reaches this stage, they no longer have a "set" copay responsibility on their prescription drug plan. They are now responsible for 25% of the price of all brand and generic medication until they get through this stage. So how do you get through? Once your spending in STAGE ONE and STAGE TWO reaches $7,400 out-of-pocket in 2023, you are out of the coverage gap and into catastrophic coverage. It needs to be noted that manufacturers do help you to get out of this coverage gap stage. Of the total cost of the drug, the manufacturer pays 70% to discount the price for you, which counts towards the $7400 out-of-pocket and gets you out of the "donut hole" faster.

STAGE FOUR or "catastrophic coverage" starts if you do reach the $7,400 limit in a calendar year. This stage assures you pay only a small coinsurance amount or co-payment for covered drugs for the rest of the calendar year. It is important to note, that the stages of the drug plan reset **January 1st** each year and you go back to STAGE ONE.

ASK ME ABOUT MEDICARE!

I know Medicare can be confusing! I am here to help with over eleven years of experience to make it easy and understandable. Although I am licensed in PA for health, life, and annuities, I spend most of my time specializing in Medicare to provide you with the most up to date changes and updates year over year.

Thank you for reading! I look forward to hearing from you, and I promise to make Medicare a little easier.

- Allison

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Your Local Licensed Agent!
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Contact me today!

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