



WOODMAN & EATON, P.C.
ATTORNEYS-AT-LAW

Planning for Medicare Countdown to 65

Presented by Susan Flanagan
Blue Cross Blue Shield of Massachusetts

MASTER PLAN



Integrating Your Financial, Estate and Life Planning



MASSACHUSETTS

Planning for Medicare Countdown To 65

Today's Presentation



Health Plan Options

- › Section I: Medicare & Medicare Related Options
- › Section II: Options If Retiring Before Medicare



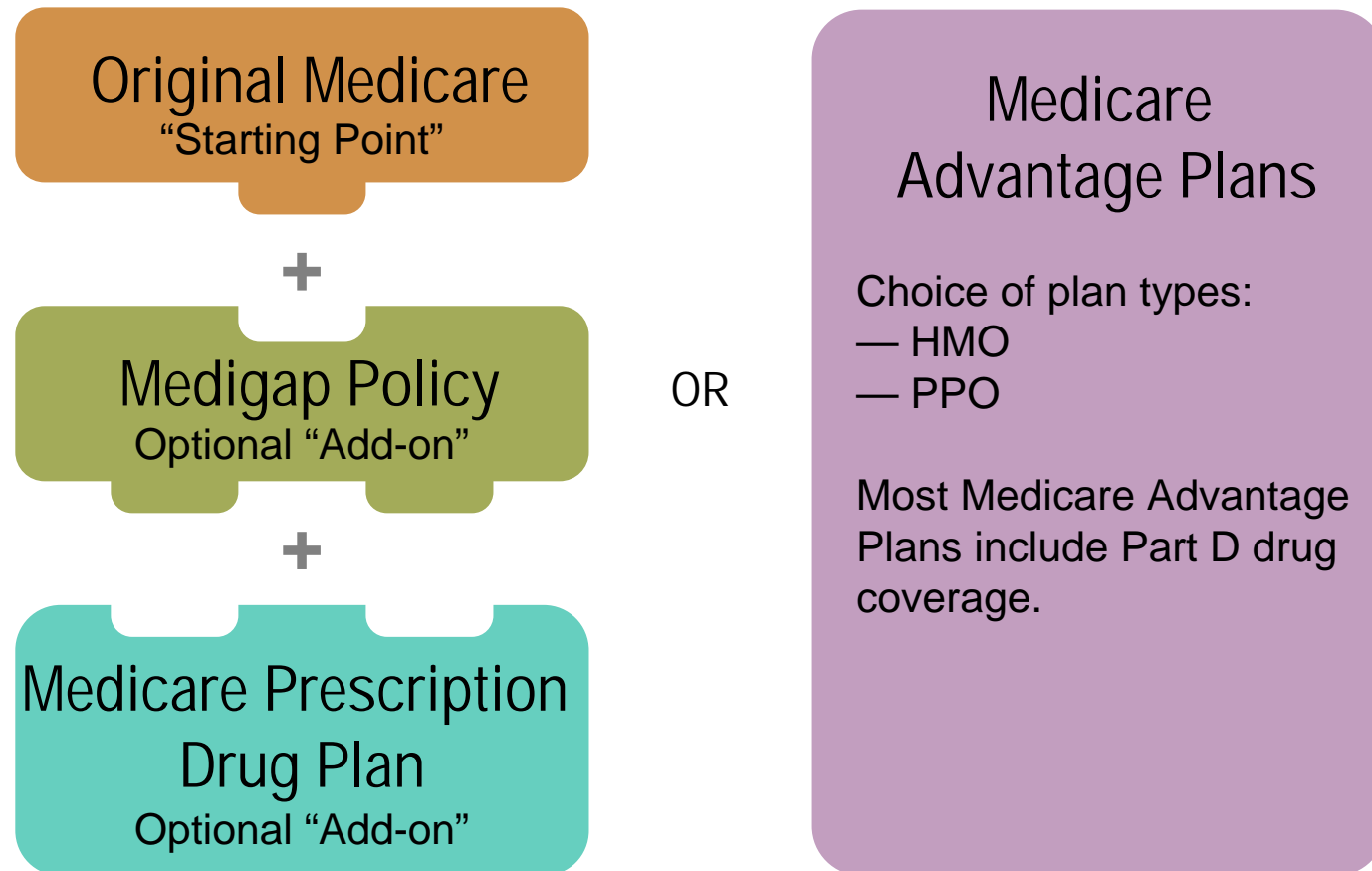
MASSACHUSETTS

Section I

Medicare and Medicare Relation Options

Medicare & Medicare-Related Options

You can get Medicare health care coverage in one of two ways:



You must continue to pay your Medicare Part B premium for both health care options.

Original Medicare



What is Original Medicare?

Health Insurance provided by the Federal Government.

- › Part A pays for inpatient care
 - Premium free for most people
- › Part B pays for doctor services and outpatient care
 - \$104.90 (for most people in 2013). Higher annual income will increase Part B premium)

How it Works

- › See any provider that accepts Medicare
- › No PCP or referrals necessary
- › You pay deductibles and coinsurance

When and How to Enroll



If turning 65 and collecting Social Security

- › Your Medicare card should come automatically 3 months prior to your 65th birthday
- › Coverage starts on the 1st of the month of your 65th birthday, unless you were born on the first of the month then coverage begins 1st of previous month

If turning 65 and not collecting Social Security and you want your Medicare coverage

- › Contact Social Security 3 months prior to your 65th birthday
- › Your initial enrollment period to sign up for Medicare is the 3 months prior to your 65th birthday, the month of your 65th birthday, and three months after your 65th birthday

Continuing to work past age 65:

- › Contact Social Security to enroll in Part A. You can delay signing up for Part B beyond age 65 for as long as you have group insurance from an employer (with 20+ employees*) for whom you or your spouse are actively working as required by TEFRA*, the Tax Equity and Fiscal Responsibility Act.
- › When you or your spouse stop working or health coverage ends, you'll be entitled to a special enrollment period. Contact Social Security to ask about your personal enrollment period.

**This is a general overview, Please contact SS for more detail on your personal situation 1-800-772-1213*

Original Medicare (continued)



Medicare Part A	Covered Days are Per Benefit Period
Inpatient Hospital	<ul style="list-style-type: none"> Days 1–60: Covered after you pay \$1,184 deductible
	<ul style="list-style-type: none"> Days 61–90: Covered after you pay \$296 coinsurance per day
	<ul style="list-style-type: none"> Days 91–150 (60 Lifetime Reserve Days): Covered after you pay \$592 coinsurance per day
	<ul style="list-style-type: none"> Days 151+: No coverage
Skilled Nursing Facility	<ul style="list-style-type: none"> Days 1–20: 100% coverage
	<ul style="list-style-type: none"> Days 21–100: Covered after you pay \$148 coinsurance per day
	<ul style="list-style-type: none"> Days 101+: No coverage

Original Medicare (continued)



Medicare Part B

Doctor visits; Lab; X-Ray; Emergency Room; Ambulance; Physical/Speech/Occupational Therapy; Diabetic Supplies; Durable Medical Equipment; Certain preventive services paid in full

- Coverage begins after you pay \$147 Part B calendar year deductible
- Then, Medicare pays 80% of the Medicare-Approved amount. You pay 20% coinsurance.

Not Covered by Original Medicare

Outpatient Prescription Drugs

Most outpatient prescription drugs are not covered. Coverage can be obtained by purchasing Medicare Part D.

Care Received Outside of U.S.

No coverage

Medigap Plans



What is a Medigap Plan?

- › A plan that you add to Original Medicare
- › It pays Medicare's deductible, coinsurance costs for you
- › Also called a Medicare Supplement plan

How Medigap Plans Work

- › Show both Medicare and Medigap cards
- › Medicare pays first; Medigap pays balances

When and How to Enroll

- › Contact the Plan for an application
- › Once you have Medicare card (A & B), you can apply
- › Medigap coverage can begin the day your Medicare does

Medigap Plans in MA*



Medicare Gaps	(Supplement Core) ✓ = Plan Pays	(Supplement 1) ✓ = Plan Pays
Part A Inpatient Hospital Deductible \$1,184		✓
Part A Inpatient Hospital Coinsurance Days 61–90 \$296/day Days 91–150 \$592/day	✓	✓
Part A Skilled Nursing Coinsurance Days 21–100 \$148/day		✓
Part B Deductible \$147 per calendar year although certain preventive services are paid in full		✓
Part B Coinsurance* 20% of Medicare Approved amount	✓	✓
Outpatient Prescription Drugs		
Care Received Outside of U.S.		✓

*To view Medigap plans outside of MA please visit [Medicare.gov](https://www.Medicare.gov) under Resource Locator.

- › Prescription drug insurance offered by private companies:
 - Stand-alone plan or
 - Included in a Medicare Advantage Plan

- › Covers outpatient prescription drugs (both brand name and generic) at participating pharmacies

- › You pay monthly premiums to the insurer

- › Join when first eligible to avoid a potential late enrollment penalty

Medicare Part D (continued)

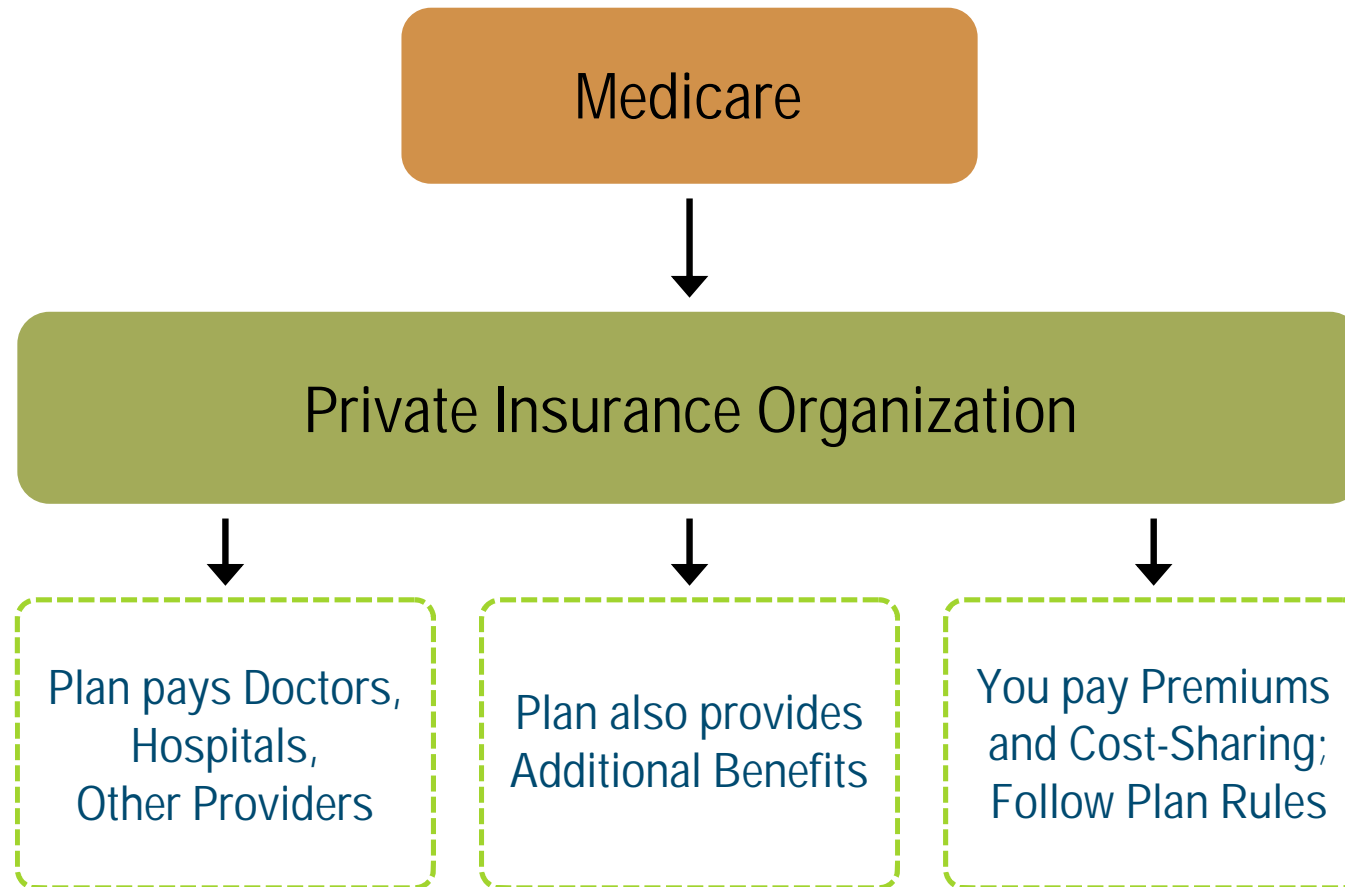


Coverage Periods in 2013 Medicare Prescription Drug Plans

	Coverage Period	What You Pay with a standard Medicare Prescription Drug Plan
Annual Deductible	Before benefits begin	100% of the cost of your prescription up to the first \$325 in a year
I. Initial Coverage	Until total retail costs reach \$2970	You pay copay/coinsurance
II. Coverage Gap	After initial coverage, until Catastrophic Coverage begins	For covered generics you pay 79% of the costs. For covered brand drugs you pay 47.5% of the negotiated price (excluding dispensing fees)
III. Catastrophic Coverage	After yearly out-of-pocket costs reach \$4750	You pay greater of: <ul style="list-style-type: none">• \$2.65 generic or drugs treated like generics• \$6.60 all other drugs• Or 5% coinsurance

- Benefits design (deductibles, cost share, and formulary) determine monthly premium.

Medicare Advantage Plans



Medicare Advantage Plans (continued)



- › Provides all of Original Medicare benefits, Part A and Part B in addition to extra benefits such as routine vision/hearing exams, preventive dental, could include prescription drugs
- › Members pay co-payments and/or co-insurance when services are received

Medicare HMO Plan	Medicare PPO Plan
<ul style="list-style-type: none">• Designate a Primary Care Physician (PCP)	<ul style="list-style-type: none">• May include Physician-of-Choice (POC)
<ul style="list-style-type: none">• Use In-Network providers for most care• Pay co-payments and/or co-insurance	<ul style="list-style-type: none">• Use either In-Network or Out-of-Network providers; generally pay more for Out-of-Network care• Pay co-payments and/or co-insurance

* To view Medicare Advantage plans please refer to the Medicare and You 2013 handbook.

Additional Information



National Resources

- › Centers for Medicare and Medicare Services (CMS): 1-800-MEDICARE (1-800-633-4227)
TTY: 1-877-486-2048 Medicare and You 2011 Handbook • www.medicare.gov
- › Social Security Office: 1-800-772-1213 • www.ssa.gov

Massachusetts Resources

- › Serving the Health Information Needs of Elders (SHINE)
1-800-AGE-INFO (1-800-243-4636) • www.800ageinfo.com
- › Mass Med Line: Pharmacy Outreach, help with affording prescriptions, information about medications and side effects. Talk with a pharmacist or Case Manager.
Free to Massachusetts Residents. Call: 1-866-633-1617
- › Prescription Advantage Program Massachusetts state plan that supplements Medicare Part D. 1-800-243-4636.

Medicare-Related Options Enrollment



Initial Eligibility	Annual Election Period 2013	2013 MADP Disenrollment Period	Special Open Enrollments
<ul style="list-style-type: none"> • 3 months before your 65th birthday, the month of your birthday and up to 3 months after. • Older than 65, 3 months before electing Part B • Medicare due to disability 3 months before to 3 months after your 25th month of disability 	<p>Oct. 15th–Dec 07th, for a Jan 1st effective date</p>	<p>Jan.1st–Feb.14th If you are in a Medicare Advantage Plan you can switch to Original Medicare. If you switch during this period you will have until Feb. 14th to join a Medicare prescription Drug plan. Coverage will begin the 1st day of the following month after the plan gets your enrollment form</p>	<p>Special circumstances such as the involuntary loss of health insurance; just moved out of/into a Plan service area</p>
Applies to	Applies to	Applies to	Applies to
<ul style="list-style-type: none"> • Medigap • Medicare Advantage • Medicare Part D 	<ul style="list-style-type: none"> • Medicare Advantage • Medicare Part D 	<ul style="list-style-type: none"> • Medicare Advantage 	<ul style="list-style-type: none"> • Medigap • Medicare Advantage • Medicare Part D

Please contact CMS or Plan Carrier for additional information

Medicare Part B and D Premiums (2013)



Modified adjusted gross Income (MAGI)	Part B monthly premium amount	Prescription drug coverage monthly premium amount
Individuals with a MAGI of \$85,000 or less Married couples with a \$170,000 or less	2013 standard premium \$104.90*	Your plan premium
Individuals with a MAGI above \$85,000 up to \$107,000 Married couples with a MAGI above \$170,000 up to \$214,000	Standard premium + \$42.00*	Your plan premium + \$11.60*
Individuals with a MAGI above \$107,000 up to \$160,000 Married couples with a MAGI above \$214,000 up to \$320,000	Standard premium + \$104.90*	Your plan premium + \$29.90*
Individuals with a MAGI above \$160,000 up to \$214,000 Married couples with a MAGI above \$320,000 up to \$428,000	Standard premium + \$167.80*	Your plan premium + \$48.30*
Individuals with a MAGI above \$214,000 Married couples with a MAGI above \$428,000	Standard premium + \$230.80*	Your plan premium + \$66.60*

*If you pay a late enrollment penalty, this amount is higher

This chart is for individuals, or couples who file a joint tax return, or married couples who live separately and file a separate tax return.

Medicare Part B and D Premiums (2013)



Modified adjusted gross Income (MAGI) Beneficiaries who are married but file a separate tax return from their spouse	Part B monthly premium amount	Prescription drug coverage monthly premium amount
Less than or equal to 85,000	\$104.90 Standard premium*	Part D plan premium*
Greater than 85,000 and less than or equal to 129,000	Standard premium + \$167.80*	Part D plan premium + \$48.30*
Greater than 129,000	Standard premium + 230.80*	Part D plan premium + \$66.60*

*If you pay a late enrollment penalty, this amount is higher

This chart is for married couples who filed separately but have lived together at any point during the tax year with their spouse



MASSACHUSETTS

Section II

Options if Retiring Before Medicare

Your Options Prior to Medicare

These options may apply:

- › When you “retire” younger than age 65
- › When you need coverage for family members if you retire at or past age 65



Considerations

- ✓ Access to current or desired providers
- ✓ Benefits design for your needs
- ✓ Cost

COBRA

Omnibus Budget Reconciliation Act (COBRA) of 1985

Temporary Continuation of Group Coverage

- › Current employer group benefit plan design
- › Employees, former employees generally up to 18 months
- › Spouses / dependent children generally up to 36 months

Quality Events

- › Termination of employment
- › Divorce or legal separation, death
- › Verify qualifying event with employer or plan sponsor

Premium

- › Group rate varies, member pays 100%+ of premium

Spouse / Partner's Health Plan



Consider Spouse / Partner's Employer-sponsored Group Plan

Coverage

- › Spouse's employer group plan design

Eligibility

- › Spouse's employer rules

Premium

- › Employee premium rate
- › Payroll deduction

Direct Pay Plans



Why consider a Direct Pay plan?

- › If you are not eligible for group employer coverage
- › If you do not qualify for state or federal government program coverage (Medicare / Medicaid)

Direct Pay Plans

- › May include Individual / 2-person / family health insurance
- › Purchased direct from insurer
- › Premiums are billed directly to the subscriber

Health Connector

- › The Health Connector is an independent state agency that helps Massachusetts residents find health care coverage 1-877-MA-ENROLL (1-877-623-6765)
- › Commonwealth Care – No-cost and subsidized plans available to those who qualify.
- › Commonwealth Choice – Lower-cost, Connector-approved standardized plans.

Questions?



Please let us know what you think

Complete your seminar feedback form



MASSACHUSETTS

Thank you for your time today!