



# KNOW YOUR MEDICARE OPTIONS



# HEALTHCARE PLANNING

Healthcare in retirement can be costly and complicated. The decisions you make can impact your retirement finances, and quality of life. Some of the most important factors in making decisions are your healthcare options and costs associated with your medical needs, your retirement finances, and quality of life.

## What Are Your Health Insurance Options?

When it comes to health insurance after age 65, you have two options if you are not covered by an employer-sponsored plan as an active employee (or the covered spouse of an active employee).

### OPTION 1

#### **Medicare Parts A, B, and D**

A government health insurance program that includes Medicare Parts A, B, and D.

### OPTION 2

#### **Medicare Part C (Medicare Advantage)**

A private insurance option that provides the benefits of Part A, B, and often D.

Depending on your circumstances and the extent of coverage needed, each option may have its own advantages.

## Have an Employer Plan? Here's a Third Choice

If you or your spouse are covered by an employer with 20 or more employees, you may have the option of delaying signing up for Medicare. Or you can have both (with Medicare generally being the secondary payer) if that better meets your needs. Consult with a Medicare expert, or go to [www.medicare.gov](http://www.medicare.gov) for more information.

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# YOUR HEALTHCARE OPTIONS



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## Medicare Parts A, B, and D

### Coverage

#### Part A

- Inpatient hospital stays
- Skilled nursing-facility care
- Hospice care
- Some home healthcare

#### Part B

- Doctors' services
- Outpatient care
- Certain home-health services
- Some preventive care

#### Part D

- Prescription drugs



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## Medicare Part C (Medicare Advantage)

### Coverage

Medicare Part C is an alternative to the Original Medicare Parts A and B, and bundles Part A, Part B, and usually Part D. You must first sign up for Parts A and B, and then choose whether you want those under Original Medicare (above) or Medicare Advantage (Part C).

In fact, these plans may offer extra coverage, such as:

- Vision.
- Dental.
- Hearing.
- Health and wellness programs.

Plan rules and coverage will vary by company. Please check with the specific company for more information.

## Costs

### Premiums

- **Part A:** Generally \$0, but can be up to \$505 per month
- **Part B:** Based on modified adjusted gross income (MAGI) and range from \$174.70 to \$594.00 per month
- **Part D:** Each plan can vary in cost and coverage because they are run by Medicare-approved private insurance companies

### Deductibles

- **Part A:** Up to \$1,632 for each benefit period<sup>1</sup>
- **Part B:** \$240 annually
- **Part D:** \$545 annually

### Co-Payments

- **Part A:** Range from \$408 to \$816 per day on the type of care provided
- **Part B:** 20% of the Medicare-approved charges
- **Part D:** May vary by plan and drugs purchased

Important: There's no limit to what you'll pay out-of-pocket in a year under Original Medicare, unless you have or obtain other coverage.

## Are You Eligible?

### Parts A and B

You qualify for Medicare benefits if:

- **You do not already have Medicare.**
- **Age 65 or older and:**
  - If receiving Social Security retirement benefits or Railroad Retirement benefits, then you may be automatically enrolled.
  - You are a U.S. citizen or legal resident.
  - You have resided in the U.S. for a minimum of five years.
  - Worked at least 10 years in Medicare-covered employment (40 calendar quarters qualifies you for free Medicare Part A coverage).
- **Younger than age 65 and either:**
  - You have end-stage renal disease (ESDR).
  - You have received Social Security Disability Income (SSDI) payments for 24 months (or in the first month of disability for ALS (Lou Gehrig's Disease)).

## Costs

Costs associated with Part C will vary by company. Those costs include:

- Monthly premiums.
- Co-payments for covered services.
- Any other out-of-pocket costs.

These plans may be more cost-effective when they cap out-of-pocket costs, especially if you anticipate high healthcare costs.

## Are You Eligible?

You can generally join if:

- You live in the service area of the plan you want to join.
- You have signed up for Part A and Part B, and then choose Medicare Advantage (Part C).
- You don't have end-stage renal disease (with a few exceptions).

<sup>1</sup>A benefit period begins the day an individual goes into a hospital or skilled nursing facility, and ends when that individual hasn't received any inpatient hospital care or care in a skilled nursing facility for 60 days in a row.

## When Do You Need To Enroll?

### Parts A and B

- Automatic enrollment: You may qualify for automatic enrollment if you are age 65 or older and receiving Social Security retirement benefits or Railroad Retirement benefits.
- Elective enrollment: If you are not receiving Social Security retirement benefits or Railroad Retirement benefits, then you must actively enroll. Contact a Social Security Administration office about three months before your 65<sup>th</sup> birthday to sign up for Medicare.
- Late enrollment penalties: A late enrollment penalty may apply to Parts B and D if individuals do not enroll for Parts B and D when eligible.

## When Do You Need to Enroll?

If you decide you'd rather be covered by Plan C (a Medicare Advantage Plan) than covered under Original Medicare for Parts A and B, then you'll want to select and enroll in a Medicare Advantage Plan before your 65<sup>th</sup> birthday; coverage can be delayed and late penalties may apply if you do not apply within the specified time frame.



To learn more about planning for healthcare costs in retirement,  
speak with your financial professional or visit our website.  
[PacificLife.com](http://PacificLife.com)

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