

UNDERSTAND MEDICARE OPTIONS



HEALTHCARE PLANNING

Healthcare expenses in retirement can be costly and complicated. The decisions you make can have an impact on your retirement finances and quality of life. Some of the most important choices to consider are your healthcare options and costs associated with your medical needs.

What Are Your Healthcare Options?

When it comes to health insurance after age 65, you have two options.

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)

An alternative to the government health insurance program.

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

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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 Medicare Parts A and B and is offered by private insurance companies that are approved by Medicare. Part C can be more cost-effective, depending on the coverage needed.

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

- Vision.
- Health and wellness programs.
- Hearing.
- Part D (prescription drugs) coverage.
- Dental.

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 \$499 per month
- **Part B:** Based on modified adjusted gross income (MAGI) and range from \$171.10 to \$578.30 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 \$1,556 for each benefit period¹
- **Part B:** \$233 annually
- **Part D:** \$480 annually

Co-Payments

- **Part A:** Range from \$389 to \$778 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

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 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:**
 - You have end-stage renal disease (ESRD), or
 - 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.

Are You Eligible?

You can generally join if:

- You live in the service area of the plan you want to join.
- You have Medicare Parts A and B coverage.
- You don't have end-stage renal disease (with a few exceptions).

¹A 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 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 or Railroad Retirement benefits.
- **Elective enrollment:** If you are not receiving Social Security or Railroad Retirement benefits, then you must actively enroll. Contact a Social Security Administration office about three months before your 65th birthday to sign up for Medicare.
- **Late enrollment penalties:** A late enrollment penalty may apply to Parts B and D individuals who don't 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 separately by Parts A and B, then you'll want to select and enroll in a Medicare Advantage Plan before your 65th birthday; coverage can be delayed and late penalties may apply if you do not apply within the specified time frame.



For more information about healthcare expenses,
please contact our Retirement Strategies Group at
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