4 PARTS OF MEDICARE



With so much confusion surrounding Medicare, it's best to start with the basic pieces.

Making the move from your employer's health insurance plan to Medicare[1] can leave you puzzled. With multiple moving parts, all very different, how do you know where to start?

Let's start with the **A, B, and D of Medicare**, and then **additional insurance options**. Here's a look at four basic puzzle pieces in each of the Medicare parts: **coverage, pricing, timing** and **penalties**.

Medicare Part A:

Your hospitalization insurance

1

What does Part A cover?

Only four categories of coverage: inpatient hospital stays, skilled nursing care, certain home-health services and hospice care.

2

How much does it cost?

$0 per month for most people. You're pre-paying for Part A with your FICA or payroll taxes. When you need hospitalization care in retirement, you're responsible for a deductible and other daily charges for long stays.

3

When do I sign up for Part A?

Generally, three months before the month containing your 65th birthday. But, if you claim Social Security before 65, you will be automatically enrolled in Part A. If you continue to work after age 65 and stay on your employer's group health insurance, you can wait to enroll until your coverage ends.

4

Are there penalties for missing my sign up?

Not usually. If you earned your 40 Social Security credits that gives you access to premium-free Part A whenever you enroll. If you do not qualify for premium-free Part A, you will have a 10% late enrollment penalty when requesting to purchase hospitalization coverage.



Medicare Part B:

Your doctors and outpatient services

1

What does Part B cover?

Many health care providers and services including doctors, specialists, various exams, preventive care, outpatient treatments, and much more.

2

How much does it cost?

The standard monthly premium adjusts every year, the 3 year average is about $160. If you are a high-income earner, you will pay additional amounts for Part B. Learn more about annual costs.

3

When do I sign up for Part B?

Generally, one to three months before the month containing your 65th birthday.[2] If you claim Social Security before 65, you will be automatically enrolled in Part B. However, you may choose to delay Part B if you get health insurance as an active employee from a large employer.

4

Are there penalties for missing my sign up?

Yes. If you do not sign up on time, your premium increases for your entire retirement. You'll pay a 10% penalty for every 12-month period you delayed enrolling.

Medicare Part D:

Your prescription drug insurance

1

What does Part D cover?

Some of the costs of your prescription drugs.

2

How much does it cost?

For most, there is no cost to Medicare for Part D. However, since you must purchase this insurance from a private insurance company, you typically pay a monthly premium. In addition, you may pay a deductible.
And you'll pay for the specific drugs you take.

3

When do I sign up for Part D?

Generally, you must sign up within 63 days of losing your employer group health plan.

4

Are there penalties for missing my sign up?

Yes. If you do not sign up on time, you pay a penalty of 1% per month times the number of months you waited to sign up.



Additional Insurance:

Your choice of Medigap or Medicare Advantage

1 What does Medigap cover?

Medicare Parts A and B do not cover 100% of the costs incurred when using the health care system. Supplemental insurance plans (Medigap) pay certain costs that would otherwise be your out-of-pocket share.

2 How much do they cost?

Medigap plans typically have a monthly premium that may range from $100 - $500 per person per month. Medicare Advantage plans may have no monthly premium or may charge a premium. However, you pay out-of-pocket as you use health care until you reach an annual cap.

3 When do I sign up for Additional Insurance?

While you have 6 months to sign up for a Medigap plan after your Part B begins, you won't have gap coverage until you enroll. Medicare Advantage plans typically require you sign up within 63 days of starting Part B.

4 Are there penalties for missing my sign up?

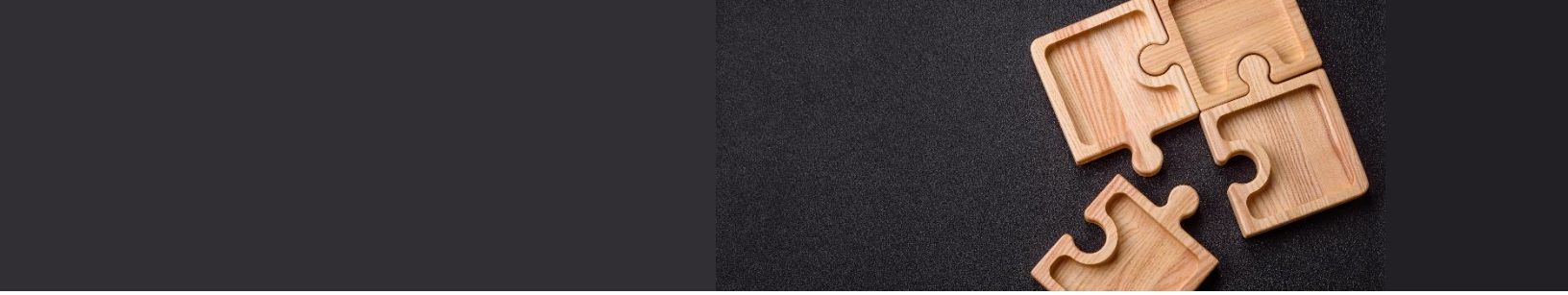
Yes. If you delay choosing and enrolling in a Medipap plan, the insurance company can require medical underwriting. Further, they can deny coverage, charge you more, or make you wait six months before pre-existing conditions get covered.

AVOID GAPS IN COVERAGE

- The puzzle pieces that make up the parts of Medicare are complex. And, **making mistakes can cost you.**

- In most cases, the key is to sign up for **Medicare A and B + Medigap + Part D (or A and B + Medicare Advantage)** so they all start the day immediately following the end of your employer group health coverage.

  FOR EXAMPLE: If you retire on **June 30th** and your employer coverage ends, you'll want all parts of Medicare to start on **July 1st**.



Learning about Medicare and your choices takes time and patience. After all, you are learning a whole new way to get health insurance. Take it one puzzle piece at a time!

01

Start exploring Medicare's website Medicare.gov. Read about the various parts of Medicare.

02

Try the Medicare **Find Plans** tool for your prescriptions drugs. Click the button on the home page for "Find Health and Drugs Plans", enter the requested information and see which insurance companies cover your drugs and how much they might cost.

03

Set up a comparison chart to track the various parts and costs of Medicare. This helps you see how much your health insurance package in retirement might cost.

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1. Medicare is a complex health insurance system. The information here is strictly educational and may not represent your exact situation. Refer to Medicare.gov for the most current information, costs, and your personal options.

2. You can also enroll in Part B the month containing your 65th birthday, and in the following 3 months. Beginning 2023, there can no longer by a long gap between enrolling and your plan starting. That was welcome good news.