

MEET YOUR PRESENTER

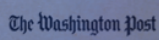
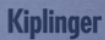
## Diane J. Omdahl, RN, MS



- Founder & President of 65 Incorporated, i65 Medicare Software Suite
- Nationally-recognized Medicare expert and educator
- Previous owner of a multi-million dollar Medicare educational company that she started from the basement of her home

[www.65incorporated.com](http://www.65incorporated.com)

[www.i65.com](http://www.i65.com)



The Medicare Conversation

Help Your Clients

## AVOID MEDICARE MISTAKES!



### Medicare in the Beginning

- The first round of Medicare beneficiaries:
  - At birth, had a life expectancy of 45 years
  - Qualified for full Social Security at age 65
  - However, 56% would not have health insurance
- In 1965, 19M enrolled in Medicare
- Social Security and Medicare provided some financial stability



### Medicare Today

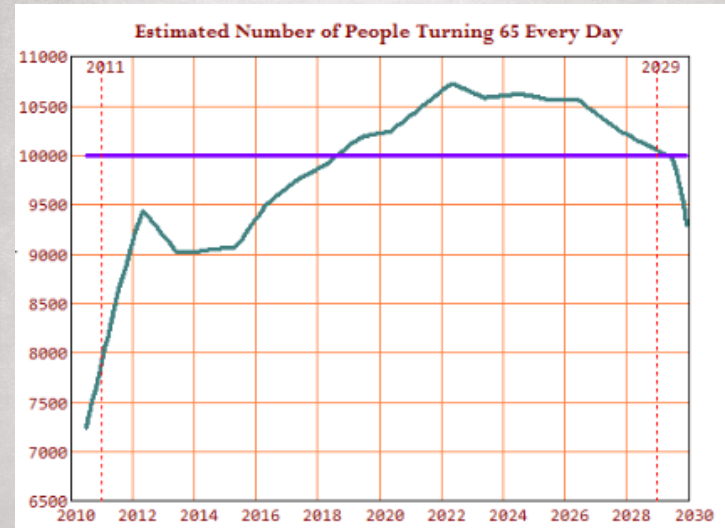
- Life expectancy is almost 80 years:
  - Rise in chronic conditions (8 of every 10 have at least one, one in two have two or more)
  - Estimated lifetime healthcare costs of \$250,000-\$300,000
- Those turning 65:
  - Don't qualify for full Social Security benefits
  - Face greater risk for Medicare mistakes because many are working longer





*Why is Medicare  
so confusing?*

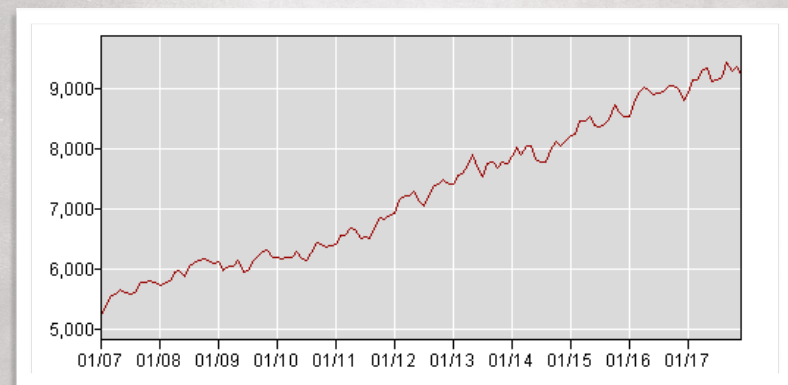
10,000 Boomers Turning 65  
Everyday until the Year 2030



The Mailbox Collection



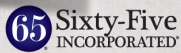
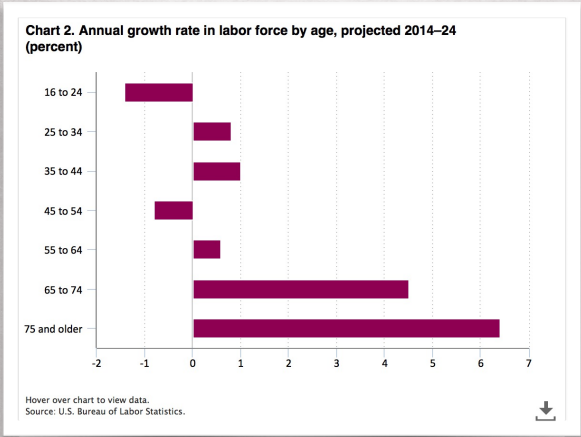
Number of People 65+  
Still Working



Number in thousands, 65 years and over  
Bureau of Labor Statistics, January 2018



And, that number is not going down anytime soon.



## Enrollment/Election Periods

**MEDICARE ADVANTAGE DISENROLLMENT**  
**MEDICARE ADVANTAGE TRIAL PERIOD**  
**MEDIGAP OPEN ENROLLMENT PERIOD**  
**NO-FAULT LOSS CREDITABLE PLAN**  
**SIGNIFICANT NETWORK CHANGES**  
**MA-PD, PART D NON-RENEWAL**  
**PLAN MARKETING VIOLATIONS**  
**EXCEPTIONAL CIRCUMSTANCES**  
**GENERAL ENROLLMENT PERIOD**  
**INITIAL ENROLLMENT PERIOD**  
**RETROACTIVE ENTITLEMENT**  
**OPEN ENROLLMENT PERIOD**  
**ERRONEOUS ENROLLMENT**  
**LOW-PERFORMING PLAN**  
**PART D DUAL-ELIGIBLE**  
**DISABLED TURNING 65**  
**LOW-INCOME SUBSIDY**  
**OUT OF INSTITUTION**  
**NOT LEGALLY VALID**

**INSTITUTIONALIZED**  
**LOSING MEDICAID**  
**CMS SANCTIONS**  
**FEDERAL ERROR**  
**DUAL-ELIGIBLE**  
**MADP PART D**  
**PART D DUAL**  
**5-STAR PLAN**  
**RELOCATION**  
**PART D GEP**  
**EXPATRIATE**  
**DISABLED**  
**COBRA**  
**PART B**  
**EGHP**  
**SEP65**  
**SPAP**



## Social Security Administration

- In charge of Medicare enrollment, premiums, penalties, and more
- Social Security has over **2,700** rules and thousands of codicils
- But, only **one phone number** — (800) 772-1213




*I am afraid  
I'll make Medicare  
mistakes.*







*What does each part of Medicare cover?*



**FACT**  
**CONFUSION!**  
 Medicare has three parts  
 Ask about the path for four parts.



**Hospital Insurance**

- Inpatient care in hospitals, skilled nursing facilities (SNF)
- Home health care, hospice
- Premium-free







## Medical Insurance

- Medically necessary services to diagnose or treat a medical condition
- Preventive services
- Optional coverage
- Standard monthly premium



## Drug Coverage

- Administered by private insurance companies
- About 20-28+ stand-alone plans available
- Optional coverage



## Drug Coverage

- Helps cover prescription medications in a plan's formulary, no OTC drugs
- Each plan determines the medications it will cover, the premiums and copayments



*Can I just do  
Part A and Part B  
with a drug plan?*





## Medicare Part A and Part B

**\$1,364 HOSPITAL DEDUCTIBLE (BENEFIT PERIOD)**

**\$341 COPAYMENT FOR HOSPITAL DAYS 61-90**

**\$170.50 SNF DAYS 21-100**

**FIRST THREE PINTS OF BLOOD**

**\$185 PART B DEDUCTIBLE**

**20% COINSURANCE FOR OUTPATIENT SERVICES**

**15% SURCHARGE ON SOME PART B SERVICES**

**No Maximum Limit!**



## Mistake: Part A and Part B Only

Russ did fine with Part A, Part B until he was 76. Then, he hurt his leg, which led to a blood infection and an amputation. He needs IV antibiotics for 40 days and rehabilitation in a skilled nursing facility.



**HE FACES UNLIMITED  
OUT-OF-POCKET COSTS.  
HIS CHOICE OF SNFS IS LIMITED  
BECAUSE HE HAS NO OTHER  
COVERAGE.**



*Which way should I go  
– Original Medicare or  
Medicare Advantage?*

*Psst... Diane says this  
is the most important  
Medicare decision  
you'll make.*



## The Two Paths of Medicare





## ORIGINAL MEDICARE



- Administered by the U.S. Government
- See any provider who accepts Medicare assignment
- Starts with Part A and Part B; however, no limit on out-of-pocket costs

## ORIGINAL MEDICARE



- For comprehensive coverage and cost control, add:
  - Part D prescription drug plan
  - Medigap policy

## Medigap Policy

- Medicare supplement insurance
- Medicare coverage administered by private insurance companies:
  - Helps pay costs that Part A and Part B do not cover
  - Does not work with Medicare Advantage plans
- A “pay-now” approach



### 2019 Original Medicare Costs and Medigap Benefits

Original Medicare Costs	Benefits	Medicare Supplement Insurance (Medigap) Plans									
		A	B	C	D	F*	G	K	L	M	N
Days 61-90: \$341 per day Days 91-150: \$682 per day	Medicare Part A copayment and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
20% after deductible	Medicare Part B copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100% ***
	Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Inpatient respite stay 5%	Part A hospice care coinsurance	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Days 21-100: \$170.50 per day	Part A skilled nursing facility copayment			100%	100%	100%	100%	50%	75%	100%	100%
\$1,364 per benefit period	Part A hospital deductible		100%	100%	100%	100%	100%	50%	75%	50%	100%
\$185 per year	Medicare Part B deductible			100%		100%					
Physicians who do not accept assignment can charge up to 15% more than Medicare covers.	Medicare Part B excess charges						100%				
Up to 80% for certain medically necessary emergency care outside the U.S. during first 60 days of a trip. Deductible of up to \$250 and lifetime limit \$50,000.	Foreign travel emergency (up to plan limits)			100%	100%	100%	100%			100%	100%

Out-of-pocket limit in 2019\*\*  
\$5,560 \$2,780

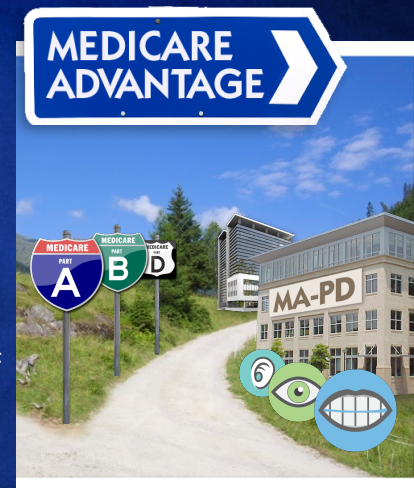
\* Plan F also offers a high-deductible plan in some states. If you choose this option, this means you must pay for Medicare-covered costs (coinsurance, copayments, deductibles) up to the deductible amount of \$2,300 in 2019 before your policy pays anything.  
\*\* For Plans K and L, after you meet your out-of-pocket yearly limit and your yearly Part B deductible (\$185 in 2019), the Medigap plan pays 100% of covered services for the rest of the calendar year.  
\*\*\* Plan N pays 100% of the Part B coinsurance, except for a copayment of up to \$20 for some office visits and up to a \$50 copayment for emergency room visits that don't result in an inpatient admission.



- Medicare administered by a private insurance company:
  - Functions like an employer plan
  - Insurer is in charge
- Plans utilize networks
- Referrals, prior authorization may be necessary



- Plans must provide Part A and Part B:
  - Can include Part D
  - Often provide extra benefits
  - Becomes a MA-PD plan
- Labeled as Part C but really a repackaging of Parts A, B, and D
- Medicare Advantage becomes the person's Medicare



- Lower premiums
- Pay out-of-pocket costs for most healthcare services
- Pay no more than the maximum out-of-pocket limit:
  - \$6,700 in-network
  - \$10,000 in- and out-of-network combined
- Some plans offer lower limits



**SO, THE WAY TO GO IS ...**

Start with a low premium, extra benefit  
**Medicare Advantage plan.**



Then, switch to **Original Medicare with a Medigap policy** when my health changes.

**RIGHT?**



## NOT NECESSARILY!

You may no longer have a **Guaranteed Issue Right** to get a Medigap policy.



Know all the facts and make an informed decision.



## Guaranteed Issue Right and a Medigap Policy

- Insurer cannot deny or delay coverage or raise premiums because of a pre-existing condition
- Most common times for guaranteed issue right:
  - Initially eligible for Medicare (*turning 65 and enrolling in Part B*)
  - Medicare Advantage trial period (*electing a plan at age 65*)
  - Giving up employer group coverage (*over 65 and enrolling in Part B for first time*)
- A few states have more generous policies



## Changing Paths Down the Road

- Two annual opportunities:
  - Open Enrollment (*October 15-December 7*)
  - Medicare Advantage Open Enrollment Period (*January 1-March 31*)
- Switching to a Medicare Advantage plan: No medical underwriting
- Changing to a Medigap policy: Medical underwriting likely (*may not have a guaranteed issue right*)





## Mistake: Guaranteed Issue Right

Joan has a rare cancer. Her Advantage plan network hospital had never performed the surgery. She would like to get a Medigap policy but, with her condition, can she pass underwriting?

- OPTIONS: 1) PAY FOR THE SURGERY (\$\$\$)**
- 2) DELAY IT UNTIL SHE CAN SWITCH PLANS DURING OEP**
- 3) RETURN TO PART A AND PART B (\$\$)**



**65** Sixty-Five  
INCORPORATED

*Is it true – I must enroll in Medicare at age 65?*

**65** Sixty-Five  
INCORPORATED

## Turning 65, Receiving Social Security

- Enrolled in Medicare automatically
- **Must keep Part A**, hospital insurance: Condition of receiving benefits
- **Part B**, medical insurance:
  - Must one keep it?
  - If not, take action to suspend Part B



**65** Sixty-Five  
INCORPORATED

## Turning 65, Giving up Existing Coverage or No Coverage

- Must enroll in Part A and Part B during Initial Enrollment Period
- Seven-month period beginning three months before, and ending three months after, birth month:
  - *Enroll in the first three months and coverage becomes effective on the first day of the birth month*
  - *Enroll in last four months and coverage will be delayed one to three months*
  - *Except for birthday on first of the month*

**65** Sixty-Five  
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## Medicare Eligibility Calculator

When can I sign up for Medicare?

09/02/1954

Show me when I'm eligible

This tool is a free service of 65 Incorporated – an independent source of Medicare guidance. 65 Incorporated is not affiliated with any insurance company or the sale of insurance products. View our [About Us](#) page to learn more.

[www.65incorporated.com/when\\_can\\_i\\_sign\\_up\\_for\\_medicare](http://www.65incorporated.com/when_can_i_sign_up_for_medicare)



## Medicare Eligibility Calculator

You won't be eligible to sign up for Medicare until

**June 1, 2019**

Click Here

to download your free personalized Initial Enrollment Calendar for details.

### YOUR UNIQUE INTIAL ENROLLMENT PERIOD (IEP)



[www.65incorporated.com](http://www.65incorporated.com)



[medicare@65incorporated.com](mailto:medicare@65incorporated.com)

BIRTH MONTH

*August*

ENROLL THIS MONTH & COVERAGE BEGINS *September 1st*

To delay Medicare coverage yet avoid penalties, enroll during this period.

*September*

ENROLL THIS MONTH & COVERAGE BEGINS *November 1st*

*October*

ENROLL THIS MONTH & COVERAGE BEGINS *January 1st*

*November*

ENROLL THIS MONTH & COVERAGE BEGINS *February 1st*

Enroll during the last four months of the Initial Enrollment Period and coverage will be delayed one to three months.



*I am still working.  
Do I have to enroll?*





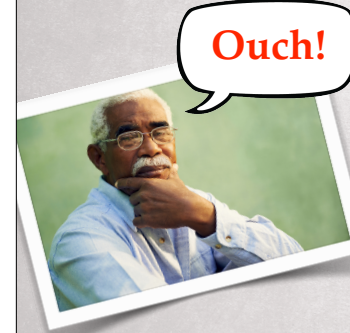
## Group Health Plan (company with fewer than 20 employees)

- Company can exclude those who are turning 65 from the group plan; Medicare would be the only payer
- If Medicare-eligible individuals can continue with the coverage, the plan becomes secondary to Medicare
- Either way, **enrollment in Part A and Part B is necessary**



## Mistake: Group Plan (company with fewer than 20 employees)

When John turned 65, his employer said he could stay on the plan so he put off Medicare. The next year, the company learned that it could exclude those 65 and over and dropped John from the plan.



**Ouch!**

**JOHN ENROLLED IN MEDICARE. HOWEVER, HE WILL LIKELY HAVE TO PAY FOR ALL MEDICAL CARE SINCE AGE 65. THERE WAS NO PRIMARY PAYER.**



## Group Health Plan (company with 20 or more employees)

- Must offer same benefits to all employees:
  - Cannot change premiums, costs, or coverage for Medicare-eligible individuals or dependents
  - Cannot offer incentives to enroll in Medicare
- **Part A enrollment** is recommended, **not required**
- **Part B enrollment:** Optional and **not recommended**



## Mistake: Group Plan (company with 20 or more employees)

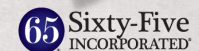
Paul was CEO of a financial planning firm. When his wife turned 65, they did research. To avoid penalties, she enrolled in Part B and kept his group health plan. However, because she was covered by his plan, she did not have to enroll.

**Ouch!**



**BETWEEN PREMIUMS AND IRMAA, THEY'VE OVERPAID \$5,200 (AND GROWING).**

**AND, SHE MAY HAVE JEOPARDIZED HER FUTURE MEDICARE OPTIONS.**





*If I work past 65,  
can I have an HSA?*



## Health Savings Account (HSA)

- Once enrolled in Medicare, an individual is no longer eligible to contribute to an HSA
- Those who keep a high-deductible health plan with an HSA should put off Social Security
- Anyone enrolling in Medicare at age 65 must pro-rate contributions
- Once enrolled, funds can be used for Medicare expenses, except Medigap premiums



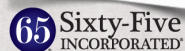
## Mistake: Part A and a Health Savings Account

Maria, age 66, is still working and has a high-deductible health plan (HDHP) and HSA. She enrolled in Part A (thought she had to) but did not stop HSA contributions.

**Ouch!**



**EXCESS CONTRIBUTIONS ARE SUBJECT TO A 6% EXCISE TAX, NOT DEDUCTIBLE. SHE CANNOT USE THESE FUNDS ON HEALTHCARE EXPENSES AND LIKELY WILL NEED TO REPAY EMPLOYER.**



*When I retire, how do  
I enroll in Medicare?  
Will there be a  
penalty?*





## Retiring after Age 65: Part B Special Enrollment Period

- Enroll in Part B without penalty or delay
- Eight-month period, beginning with last day of employment or coverage, whichever comes first
- **Best advice:** Start the enrollment process two to three months before employment or coverage will end



## Mistake: Losing a Job after Age 65

A company was eliminating a department and laying off several employees. The plan was to delay Medicare and continue the group coverage for one year after termination.

**THIS PLAN WOULD PUT EVERY  
OVER-65 EMPLOYEE INTO LATE  
ENROLLMENT WITH A PENALTY.  
THEY WOULD NOT QUALIFY  
FOR A PART B SEP.**



## Coverage not Related to Current Employment

- COBRA, retiree (employer or union), severance package:
  - May be same coverage as individual had when employed
  - However, this coverage is secondary to Medicare
- **Part A and Part B enrollment is a must**
- Without Medicare, there is no primary payer



## Mistake: COBRA Continuation Coverage

Jane lost her job at age 67 and went on COBRA. She did not enroll in Medicare because this was the same coverage she had. *Then, she got cancer.*

**SHE MUST PAY FOR TREATMENTS  
BECAUSE THERE IS NO PRIMARY  
PAYER. SHE CANNOT ENROLL IN  
MEDICARE UNTIL JANUARY;  
COVERAGE WILL NOT BEGIN  
UNTIL JULY.**

**PLUS, SHE WILL PAY A PENALTY FOR LIFE.**





*Will I pay more for Medicare?  
How much?  
For how long?*



## Income-related Monthly Adjustment Amount (IRMAA)

- Additional Part B and Part D premiums for higher-income beneficiaries
- Social Security generally uses income from two years prior to identify higher-income beneficiaries



## MAGI for IRMAA Determination

Form **1040** Department of the Treasury - Internal Revenue Service (99)  
U.S. Individual Income Tax Return

<b>Income</b>	<b>7</b> Wages, salaries, tips, etc. Attach Form(s) W-2	<b>7</b>	
	<b>8a</b> Taxable interest. Attach Schedule B if required	<b>8a</b>	
	<b>b</b> Tax-exempt interest. Do not include on line 8a	<b>8b</b>	
<b>Adjusted Gross Income</b>			
	<b>36</b> Add lines 23 through 31a and 32 through 35	<b>36</b>	
	<b>37</b> Subtract line 36 from line 22. This is your <b>adjusted gross income</b>	<b>37</b>	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2010)



LINE 8B + LINE 37		2019 IRMAA	
Single Filers	Individuals Filing Jointly	PART B	PART D
≤\$85,000	≤\$170,000	\$0.00	\$0.00
>\$85,000 to ≤\$107,000	>\$170,000 to ≤\$214,000	\$54.10	\$12.40
>\$107,000 to ≤\$133,500	>\$214,000 to ≤\$267,000	\$135.40	\$31.90
>\$133,500 to ≤\$160,000	>\$267,000 to ≤\$320,000	\$217.00	\$51.40
>\$160,000 to <\$500,000	>\$320,000 to <\$750,000	\$297.90	\$70.90
≥\$500,000	≥\$750,000	\$325.00	\$77.40
Married Individuals Filing Separately			
≤\$85,000		\$0.00	\$0.00
>\$85,000 to <\$415,000		\$297.90	\$70.90
≥\$415,000		\$325.00	\$77.40





## IRMAA and a Change in Circumstances

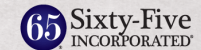
- Social Security recognizes that income can drop, justifying a premium adjustment
- Notify Social Security of a life-changing event in a timely manner:
  - Eight events
  - Work reduction or work stoppage
- Social Security will base premiums on estimated current year's income, verify accuracy after taxes are filed



## Mistake: A Life-changing Event

Wei went on Medicare when he retired three years ago. His income dropped. When he got his premium bills, he paid them, even though they were really high.

**WEI DIDN'T KNOW ABOUT IRMAA AND LIFE-CHANGING EVENTS SO HE DID NOT NOTIFY SOCIAL SECURITY. HE PAID OVER \$8,000 IN IRMAA.**



## One-time Income and IRMAA

- One-time income that can activate IRMAA:
  - Lottery and casino winnings
  - Capital gains
  - Sale of property
  - IRA withdrawals
  - Roth conversions
  - Required minimum distributions
- There is likely nothing that can be done to mitigate IRMAA liability in these situations
- Income will affect premiums for one year only



*If I'm happy with my plan, do I have to do anything?*





## Open Enrollment Period

- October 15-December 7, new plan takes effect January 1
- Check out changes in drug or Medicare Advantage plan:
  - Premium, deductible, limits, out-of-pocket costs
  - Pharmacy and provider networks
  - Drug formulary, tiers, other benefits or requirements



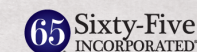
## (Almost) Mistake: Open Enrollment Period

Tracey took a specialized medication for Crohn's. She wasn't going to pay attention but she did. She discovered her drug plan was dropping her drug from its formulary.

**HER MONTHLY DRUG  
COSTS WOULD HAVE BEEN**

**\$21,961.**

**SHE CHANGED PLANS  
AND PAYS \$970.**



*If I have Medicare, do  
I need to worry about  
long-term care?*



## FACTS

A 50-year old has a 53-59% chance of entering a nursing home.

66% of retirees estimate healthcare retirement costs to be \$100,000 or less.

25% of older Americans believe Medicare will pay for long-term care.





## Retirement and Long-term Care

- Healthcare costs \$285,000
- 55% - 70% will need long-term care during life
- Annual costs:
  - Nursing home \$91,615
  - Assisted living facility (ALF) \$47,064



## Advice for Advisors

- Encourage clients to:
  - Pay attention to Medicare and Open Enrollment
  - Go beyond agents or friends when making decisions
  - Document date, time, individual, and message for any Medicare-related issue
- Consider impact of IRMAA
- Address long-term care needs
- Help establish budget for Medicare, healthcare costs



**THANK YOU.**

Diane J. Omdahl, RN, MS

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