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Medicare Basics

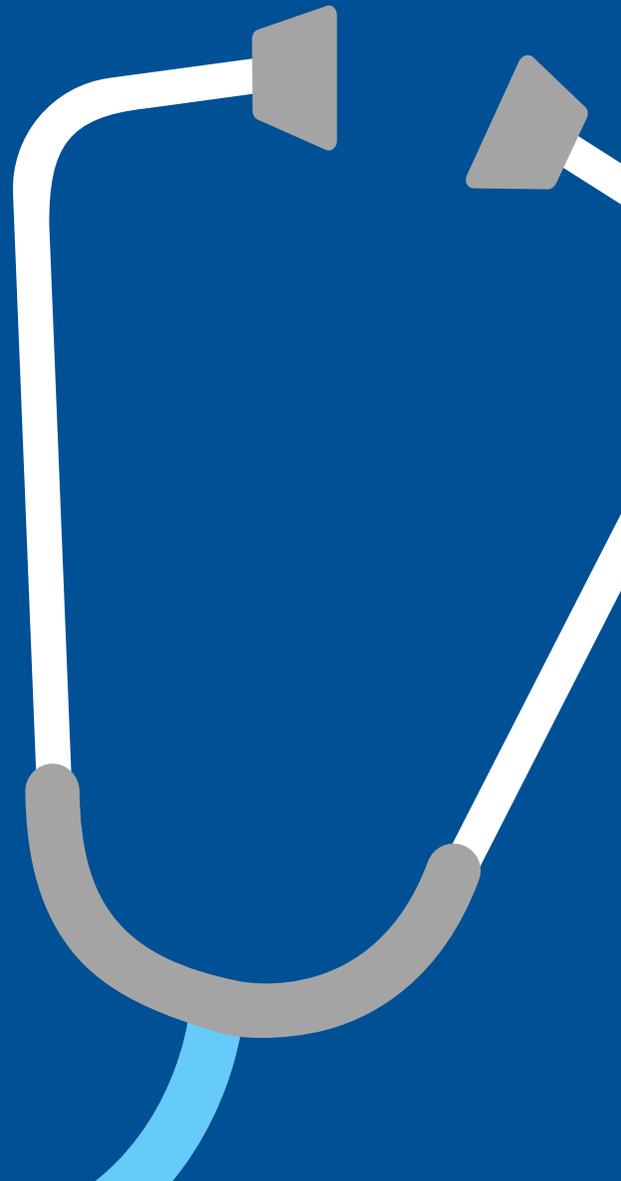
Sample

*Your guide to help you sign up for the BEST
Medicare plans for your personal situation*

**Cindy Easton
Phil Kilcoin**



www.agingenergized.com



Medicare Basics

Sample Chapter

by

Cindy Easton and Phil Kilcoin



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their own advisers in these areas.**

About the Authors

Cindy Easton is a business owner providing communications services in the healthcare and technology sectors. After years of watching her parents navigate the intricacies of growing old and ultimately becoming responsible for their medical care, she is now devoted to helping others navigate the aging process.

Phil Kilcoin is a healthcare and high-tech business executive who is dedicated to using Aging Energized as a platform for reaching others to help them meet the challenge of aging successfully

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Introduction

Welcome to this sample chapter from our book *Medicare Basics*. The chapter we've chosen to share with you is *Chapter 2: When to Sign Up*. It provides information about when your Medicare Initial Enrollment Period is, based on your 65th birthday. It also explains other enrollment periods and the enrollment penalties you can expect to pay if you do not sign up during your Initial Enrollment Period. We hope this chapter gives you some helpful information and that you'll consider purchasing the entire book to get all the rest of the information we've researched and compiled.

Our mission at Aging Energized is simple: we want to help educate people on topics related to aging. Medicare is one of those topics, and is perhaps one of the more important topics. The choices you make related to Medicare can affect you financially for the rest of your life. We want to help people in this area so they can spend their remaining years with the comfort that they've made the best Medicare choices for their situation.

This book is completely unbiased and isn't aimed at selling you any insurance policies. Aging Energized doesn't sell any insurance whatsoever, and that's what makes it possible for us to write this book in a completely unbiased way. Other books and training programs that you'll find online are written or sponsored by insurance brokerages and their goal is to sell you insurance. Keep that in mind as you make your choices on where to get information about Medicare.

Having said all that, let's get on to the book sample. The remaining text in this introduction is from the full *Medicare Basics* book. We're providing it because it shows what's covered in the full book. The introduction is followed by the sample chapter.

Introduction from the Full *Medicare Basics* Book

As you approach the magic age of 65, you're probably starting to think about becoming eligible for Medicare. And you most likely have lots of questions:

- Is it free, or does it cost me money?
- What does it cover?
- When do I need to sign up?

This book helps answer those questions and provides much more information about other Medicare topics. Spending the time now to understand how Medicare works will save you time and money in the long run. This book covers:

- Each of the parts of Medicare: Part A—Hospital insurance, Part B—Medical insurance, Part C—Medicare Advantage plans, Part D—Prescription drug coverage, and Medigap (also known as Medicare Supplement Insurance).
- When you become eligible and information about the timing of when you sign up.
- Estimated costs of some of the Medicare parts.
- Information about penalties you'll pay if you miss signing up for certain Medicare parts during your Initial Enrollment Period.
- Lots of other information to help you understand your Medicare plans.

This information is covered in these chapters:

- **Chapter 1: The Parts of Medicare** briefly describes each of Medicare's parts.
- **Chapter 2: When to Sign Up** explains when your Medicare Initial Enrollment Period is, based on your 65th birthday. It also explains other enrollment periods and the enrollment penalties you can expect to pay if you do not sign up during your Initial Enrollment Period.
- **Chapter 3: Medicare Part A—Hospital Insurance** explains Medicare Part A in detail, including what it covers and the amounts it pays.
- **Chapter 4: Medicare Part B—Medical or Outpatient Insurance** looks at the costs and coverage provided by Part B, your medical or outpatient insurance.
- **Chapter 5: Medicare Part C—Medicare Advantage Plans.** We'll look at Medicare Advantage plans and explain why you may want to choose this type of plan over the other parts of Medicare.
- **Chapter 6: Medicare Part D—Prescription Drug Coverage** explains the details of prescription drug coverage plans. These plans can be confusing. It's important to choose a plan that covers all *your* prescriptions so you have the most favorable out-of-pocket expenses.
- **Chapter 7: Medigap or Medicare Supplement Insurance** covers Medigap plans, which are also called Medicare Supplement Insurance, and how they can save you money on copayments, coinsurance, and deductibles.

- **Chapter 8: Costs and Caveats** provides all kinds of helpful information about premiums, which path to choose (Medicare parts A and B plus either Part C Medicare Advantage or Medigap + Part D prescription coverage), along with cost examples for each path, using an independent broker, and other details that will help you understand how to best use your Medicare plans.
- **Chapter 9: Bonus Material** covers a few more things to be aware of. It includes a summary of the cost of penalties, traveling abroad, when doctors won't take Medicare, Medicare and HSA plans, and information about additional training.

If you have any comments or questions, please email:

support@agingenergized.com

We love hearing from you.

Aging Energized does not provide specific legal, financial or tax advice. Readers are encouraged to seek out their own advisers in these areas.

Chapter 2

When to Sign Up

In this chapter, we're going to talk about when and where you sign up for Medicare.

The most important thing to remember is that it's very important to sign up for Medicare during your Initial Enrollment Period. This is a specified period of time based on the month you turn 65. *If you don't sign up for Part A and Part B during your Initial Enrollment Period, you may have to pay a late enrollment penalty, which may include a higher premium.* We're going to say this over and over again throughout this book.

Medicare Registration is Separate from Signing up for Social Security Benefits

One important detail related to the timing of when you sign up is that even though you sign up for Medicare at the Social Security Administration, your Medicare registration is completely separate from signing up to begin receiving Social Security payments. For some people, this is one of the most confusing details about signing up for Medicare.

You initiate signing up for Part A and Part B through the Social Security Administration at age 65 even though you may not start receiving Social Security benefits until age 66 or later.

Sign-up Period for Social Security vs. Medicare

Medicare sign up is the seven-month period based on the month you turned 65. We'll talk about that later in this chapter. When you sign up for Social Security varies based on your age. People born before 1960 have a full retirement age of 66 or older, and everyone born in 1960 or later has a full retirement age of 67. You can begin collecting Social Security prior to your full retirement age, but at a reduced amount.

Just remember that signing up for Medicare is separate from signing up for Social Security, even though both are done at the Social Security Administration.

What is the Initial Enrollment Period?

Your initial enrollment period is a seven-month period that includes:

- The three months *before* the month you turn 65.
- The month you turn 65.
- The three months *after* the month you turn 65.

Helpful Tip

Keep in mind that if you sign up during the three months after the month you turn 65, your insurance coverage is delayed. See *When Does Coverage Start* on the next page for more information.



Here are some examples:

If you turn 65 on July 31st 2020, your Initial Enrollment Period is from April 1st 2020 to October 31st 2020.



If you turn 65 on February 15th 2021, your Initial Enrollment Period is from November 1st 2020 to May 31st 2021. This example illustrates that if you're 65th birthday is on February 15th 2021 you can sign up for Medicare benefits before the end of 2020.



TIP: We recommend that you sign up in the three months **BEFORE** turning age 65. As you'll see in the next section, by waiting until the month you turn 65 or the three-month period after you turn 65, your coverage will be delayed by one to three months.

When Does Coverage Start?

If you sign up during the first three months of your initial enrollment period, your coverage starts on the first day of your birthday month. However, if your birthday is on the first day of the month, your coverage starts the first day of the *previous* month.

If you sign up the month you turned 65 or during the last three months of your initial enrollment period, the start date for your Medicare coverage will be delayed. As you can see from this chart, you can end up waiting from one to three months for your coverage to start. Therefore, it's best to sign up during the first three months before you turn 65.

If you sign up for Part A and Part B in this month:	Your coverage starts:
The month you turn 65	1 month after you sign up
1 month after you turn 65	2 months after you sign up
2 months after you turn 65	3 months after you sign up
3 months after you turn 65	3 months after you sign up
During the January 1 – March 31 General Enrollment Period	July 1

Notice that the last row of the above chart shows the General Enrollment Period that happens between January 1st and March 31st each year. This is when you sign up if you missed your Initial Enrollment Period or Special Enrollment Period, which we cover later.

Employer Provided Insurance

Here's a question we get asked a lot: "I'm still employed and my employer provides health insurance or I get it through my spouse's employer. Do I still have to sign up for Medicare Part A and Part B and pay for Part B?"

The answer is that typically you don't have to, but there are some caveats. These conditions *must* be met:

- Your employer *must* have 20 or more employees.
- The group health plan coverage *must* meet the requirements of the IRS to be considered as qualifying.

TIP: Talk to your employer's benefits manager to make sure their plan meets these requirements.

If You Have Creditable Group Insurance

Let's go into this a little deeper. If you have employer-provided creditable group insurance and you don't sign up for Part B, it's up to you whether you sign up for Part A. Remember, Part A is free for most people.

If you do sign up for Part A only and delay Part B until you no longer have your group policy, these conditions apply:

- Part A provides secondary coverage to your group policy. This is a good thing and a strong motivator to sign up for Part A during your initial enrollment period.
- When you no longer have your group policy, your employer needs to fill out form CMS-L654 to document that you had creditable group insurance. This form is available on <https://www.medicare.gov> in the Forms section.
- You must sign up for Part B during your Special Enrollment Period, which we'll talk about later. Because you already signed up for Part A, you can't sign up for Part B online. *You must go into a Social Security office to do it.* You can only sign up for part B online if you do it at the same time that you sign up for part A

To decide whether to enroll in Part A while you have creditable group insurance, ask yourself this question: "Is it worth it to be required to go into the Social Security Office *later* in order to have Part A now as secondary coverage?"

You may not need this secondary coverage because it's hospital insurance and not outpatient insurance, and you may prefer to wait for both Part A and Part B so you can sign up online and avoid a trip to the Social Security Office. To ensure you're taking the right action, we recommend that you call 1-800-MEDICARE and speak to one of Medicare's agents.

If You Don't Have Creditable Group Insurance

If your employer's group health insurance doesn't meet the conditions on the previous page (having 20 or more employees and meets the requirements of the IRS to be considered as qualifying), you need to sign up for both Part A and Part B in the three months prior to turning age 65. Medicare will be your primary insurance and will pay first. Your employer's insurance becomes secondary.

Other Enrollment Periods

If you don't sign up during your Initial Enrollment Period, there are other enrollment periods.

Special Enrollment Period

One enrollment period is the Special Enrollment Period. If you don't sign up for Part A or Part B during your Initial Enrollment period because you're covered under a group health plan based on your current employment or your spouse's current employment, you can enroll in Medicare during these periods:

- Any time you're still covered by the group health plan.
- During the eight-month period that begins the month after the employment ends or the coverage ends, whichever happens first.

You usually don't pay a late enrollment penalty if you sign up during a Special Enrollment period. However, as we mentioned earlier, there are special rules that apply, such as your employer must have more than 20 employees. Also, you need to ask your benefits manager whether your group health plan coverage is creditable as defined by the IRS.

TIP: You need to ask your benefits manager whether you have group health plan coverage through your employer as defined by the IRS.

General Enrollment Period

The other enrollment period is the General Enrollment Period. If you didn't sign up for Part A or Part B during your Initial Enrollment Period and you don't qualify for a Special Enrollment Period, you can sign up between January 1 and March 31 each year. Your coverage won't start until July 1 of that year, and you may have to pay a higher premium for late enrollment.

Where to Enroll in Medicare Part A and Part B

You can enroll in Medicare in the following ways:

- Online at <https://www.socialsecurity.gov>.
- Call Social Security at 1-807-772-1213 (TTY users 1-800-325-0778), Monday through Friday, 7 a.m. To 7 p.m.
- In person at your local Social Security office.

Other Important Details About Part A and Part B Enrollment

Because you have to pay a premium for Part B, you can turn it down. However, if you decide you want it later, your monthly premium will go up 10% for each 12-month period you were eligible for Part B but didn't sign up for it. This doesn't apply if you qualify for a Special Enrollment Period, which we talked about earlier.

If you are already receiving Social Security, you will automatically be signed up for both Part A and part B, and your premium for part B will be deducted from your Social Security payments.

Enrolling in Medicare Part C, Part D, and Medigap (Medicare Supplement Insurance)

Now let's talk about enrolling in Part C, Part D, and Medigap. Before you enroll in any of these plans, *you must first* enroll in Medicare Part A and Part B.

Part C, Part D, and Medigap plans are provided by private insurance companies. You can find them using a health care exchange or private independent broker. You can enroll in these plans during your Initial Enrollment Period after you first get Part B.

If you are enrolling in a Part C Advantage plan, you still need to enroll in part A and Part B. Your Advantage plan will replace your Part A and Part B coverage, *but you must still pay for Part B along with your private Part C Advantage plan*. This is important to know.

You can also change coverage for Part C and Part D, but not Medigap, during the Annual Election Period each fall, which runs from October 15 through December 7. Your benefits will begin on January 1. This Annual Election Period exists because your plan's benefits formulary, pharmacy, network provider, network premium and/or copayments and coinsurance may change each year. Medicare wants you to be able to change your plan if you don't like the changes coming for the next year. There are special considerations for selecting a Medicare Part C Advantage plan. These considerations are discussed in a later chapter.

Later in this book, in *Chapter 6: Medicare Part D—Prescription Drug Coverage*, we provide a case study of an individual whose Part D premiums went up substantially over the years, while the coverage of his particular prescriptions went down—resulting in a significant increase in the amount he was paying for insurance and prescriptions. He was able to save a great deal of money by taking the time to compare Part D plans and make a switch during the annual election period. It actually ended up saving him over \$1,000 during the next year.

Prescription Coverage

We strongly recommend that you enroll in one of the following during your Initial Enrollment Period:

- Enroll in Original Medicare (Part A and Part B) with Part D (prescription drug coverage) and a Medigap plan

or

- Enroll in Part C Medicare Advantage that includes prescription drug coverage.

Pulling it All Together

This table summarizes where and when to sign up for Medicare.

Medicare Part	Where to Enroll	When to Enroll	If You Miss the Initial Enrollment Period
A and B	<p>www.socialsecurity.gov Call Social Security at 1-800-722-1213, Monday – Friday, 7am to 7pm In person at your local Social Security office.</p>	<p>During your Initial Enrollment Period, which is:</p> <ul style="list-style-type: none"> • The 3 months before your birthday month • Your birthday month • The 3 months after your birthday month 	<p>During the General Enrollment Period from January 1 to March 31 each year. <i>Or</i> During a Special Enrollment Period, any time you're covered by a group health plan, or during the 8-month period that begins the month after the group coverage ends.</p>
C and D and Medigap (Supplement Insurance)	<p>Provided by private insurance companies. You can find them using a health exchange or private broker.</p>	<p>During your Initial Enrollment Period, <i>after</i> you have enrolled in Part A and Part B.</p>	<p>During the annual Election Period from October 15 to December 7 each year.</p>

Penalties if You Don't Sign Up During Your Initial Enrollment Period

Once again, we're going to mention this very important point. It's very important to note that if you don't sign up for Part A and Part B when you're first eligible, you may have to pay a late penalty when you sign up later during a General Enrollment Period. And this penalty increases your premium price *for the rest of your life*.

Like Parts A and B, If you don't join a Medicare Part D plan when you're first eligible, you'll likely pay a late penalty if you join a plan later. The amount of the additional premium's increase is based on the amount of time you wait to sign up. *The longer you wait, the higher the lifetime premium increases.*

Summary

As you can see from this chapter, knowing when to sign up for Medicare is very important. In the next chapters, we'll dive deep into each of Medicare's parts—A, B, C, D and Medicare supplement insurance, which is also known as Medigap.

Key Terms in This Chapter

General Enrollment Period—If you didn't sign up for Part A or Part B during your Initial Enrollment Period and you don't qualify for a Special Enrollment Period, you can sign up between January 1 and March 31 each year. Your coverage won't start until July 1 of that year, and you may have to pay a higher premium for late enrollment.

Initial Enrollment Period – The seven-month period around your 65th birthday. It includes the three months before your birthday month, your birthday month, and the three months after your birthday month. If you don't enroll in Medicare during this period, you will likely pay penalties later when you do enroll. These penalties are in the form of higher premiums for the rest of your life.

Special Enrollment Period—This is an enrollment period where you can enroll without penalties anytime you're still covered by a group health plan *or* during the eight-month period that begins the month after employment ends or coverage ends, whichever happens first.

Conclusion of this Sample

We hope you enjoyed this sample chapter from our *Medicare Basics* book. The full book provides more information about each of Medicare's parts, plus other information on topics such as:

- An overview of the parts of Medicare.
- A full chapter and deep-dive on each of Medicare's parts, including:
 - Part A: Hospital Insurance
 - Part B: Outpatient Insurance
 - Part C: Medicare Advantage
 - Part D: Prescription Insurance
 - Medicare Supplement Plans (also known as "Medigap" plans)
- Understanding the difference between Medicare Advantage plans and Medicare Supplement plans.
- A real-life case study on a man who saved a significant amount on his prescriptions by choosing the best Part D plan for his situation.
- A comparison of the two possible choices when it comes to picking your Medicare plans. Path A includes Medicare Part A and Part B, a Medigap plan, and Part D prescription insurance. Path B includes a Medicare Advantage plan. Examples of each path are given based on choosing different plans for Medigap and Medicare Advantage. This is a complex topic, and we break it down in a way you can understand so you can narrow in on which path is best for your situation. This is probably the most helpful information in the book.
- Bonus material covers the cost of penalties for signing up late, traveling abroad, an explanation of why you need to sign up for Parts A and B in order to get a Medicare Advantage plan or Part D or a Supplement (Medigap) plan, information about not all doctors accepting Medicare's payment for services, and HSA accounts while enrolled in Medicare.

You can purchase the full book on our website: <https://www.agingenergized.com/store>. We also have other books available, as well as on-line training.

Online Training

If you'd like to learn about Medicare in an online format, Aging Energized offers an online course called *Medicare Basics*. You can easily complete it in under two hours.

What Each Lesson Includes

The course includes eight video lessons with downloadable handouts.

The screenshot displays the 'Lesson 1: The Parts of Medicare' page. At the top, there is a video player with the Aging Energized logo and a play button. Below the video player, the lesson title 'Lesson 1: The Parts of Medicare' is shown, followed by a brief description: 'The best place to start understanding Medicare is to understand Medicare's "parts": Part A, Part B, Part C, Part D, and Medigap (which is also called *supplement* insurance). This lesson provides an overview of each part. Other lessons in the course go into much more detail about each part.' A blue 'Complete' button is visible below the text. To the right, there is a 'Downloads' section with a link to 'AE_Medicare_Tips_Lesson_1_Parts_of_Medicare.pdf'. Below the downloads, the instructor's name 'Cindy Easton' and title 'Aging Energized Co-Founder' are listed, along with a short bio. At the bottom, there is a 'Next Lesson' button and a 'Great Job! Keep Going!' message.

A video

A file you can download

For information about this course, visit <https://www.agingenergized.com/Medicare-Basics-Course-Overview>. You'll find information and a sign-up page for this course. For information about other courses offered by Aging Energized, visit <https://www.agingenergized.com/store>.

This book starts at the beginning and works through the basic information you need to know about Medicare. After a short overview of Medicare's parts, you learn the details of when you need to sign up. This information alone is worth the price of the book, because it can save you from the late penalties that can become part of your Medicare premium for the rest of your life if you sign up for Medicare late. The book then goes on to explain each of Medicare's parts in detail. This empowers you to choose the best Medicare plans for your personal situation.

Throughout the book, recommendations and guidance are provided to help you understand how information pertains to *you*. Examples and a case study are used to communicate key points. The closing chapters go into detail about different scenarios for what plans a person might choose and the potential financial impact.

By the time you finish this book, you'll be prepared to choose and sign up for your Medicare plans.

