

# Making Medicare Work for You

We know you have questions about moving to Medicare.

We've got answers.

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Michael's



**THIS GUIDEBOOK  
IS BROUGHT  
TO YOU  
BY MEDICARE  
TRANSITION  
SERVICES.**

Our mission is to empower you throughout your Medicare journey with trusted education, meaningful guidance, easy-to-use resources, and memorable customer service.





# Turning 65 is a big deal

It means you're eligible for Medicare. Even if you choose to keep working after your 65th birthday. As you approach this date, it's smart to consider your health care needs and whether it makes sense to switch from group health coverage to a Medicare plan. But—the fact is that many people find Medicare confusing.

*Should I enroll—and when?*

*What are all the Medicare parts about?*

*How much will I pay out of pocket?*

*What's a Medicare Advantage plan, and is it right for me?*

These are just a few of the questions people ask along their Medicare journey.

Breathe easier. We're here to help.

The good news is that **we can save you a lot of research and stress**. This guidebook will explain the Medicare basics, provide answers to many of the questions you may have, and give you confidence to arrive at the best decision for you and your family.

If you have more questions as you go, no worries. Just reach out to our Medicare representatives. They can steer you through all your options and help you decide if changing to a Medicare plan right now is best for you.

So, let's get started!

**CALL TO SPEAK WITH A MEDICARE REPRESENTATIVE:**



**1-888-379-0134 (TTY: 711)**

This number will take you to a licensed agent.

9:00 a.m. to 6:00 p.m. ET, Monday – Friday

Visit us online: [MedicareTransitionServices.com/michaels](https://www.MedicareTransitionServices.com/michaels)

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*"I confess. This whole Medicare thing has thrown us for a loop. We need answers. And a little friendly guidance would help, too."*



**MEDICARE  
TRANSITION  
SERVICES**



# First things first. What is Medicare?

Medicare is the federal health insurance program for:

- People 65 years or older
- Certain individuals under 65 with disabilities
- Someone of any age diagnosed with end-stage renal disease (ESRD)

## Know your Medicare alphabet

Medicare is divided into four different parts, each of which covers specific health services.



**PART A**  
Hospital  
Care



**PART B**  
Medical  
Care



**PART C**  
Medicare  
Advantage



**PART D**  
Prescription  
Drugs

↑  
ORIGINAL  
MEDICARE →

↑  
OFFERED  
BY PRIVATE  
INSURANCE  
COMPANIES →

Now let's look at how each of these parts is designed to work for you →

# How Medicare's A-B-C-Ds work for you

## ORIGINAL MEDICARE

Together, Parts A and B make up Original Medicare, which is provided by the federal government. Coverage for these parts begins automatically if you take Social Security benefits when you turn 65.



### **PART A** Hospital Insurance

#### **WHAT IT COVERS:**

Inpatient hospital services  
Skilled nursing facilities  
Hospice care  
Some home health care

#### **WHAT YOU PAY:**

\$0 premium if you have paid 40 quarters (10 years) worth of Medicare taxes.  
If fewer, premiums are determined by Social Security.



### **PART B** Medical Insurance

#### **WHAT IT COVERS:**

Doctor visits  
Outpatient care  
Medical supplies  
Chemotherapy  
Preventive services

#### **WHAT YOU PAY:**

Standard premium for 2020 is \$144.60 (may be higher based on income), which is usually deducted from your Social Security check. If your modified adjusted gross income is above a certain amount, you may pay an Income Related Monthly Adjustment Amount (IRMAA).<sup>1</sup> If you aren't taking Social Security Benefits, you will be responsible to pay Medicare premiums independently.<sup>2</sup>

## WHAT ORIGINAL MEDICARE DOESN'T COVER

Most prescriptions

Long-term care (also called custodial care)

Most dental care and dentures

Eye exams

Cosmetic surgery

Acupuncture

Hearing aids and exams

Routine foot care

*Even if a service is covered, you'll generally still have to pay deductibles, coinsurance, or copayments—with no annual limit on those costs.*

<sup>1</sup> For more information on premiums and the Income Related Monthly Adjustment Amount (IRMAA) please visit our website: [www.MedicareTransitionServices.com](http://www.MedicareTransitionServices.com).

<sup>2</sup> If you make more than \$87,000 filing individually, or \$174,000 filing jointly, your premium will be higher than the \$144.60 base rate.



## ADDITIONAL COVERAGE

Medicare Parts C and D are additional coverage offered by private insurers to help people pay for a portion of health care costs not covered by Original Medicare—even deductibles and coinsurance payments.



### PART C

#### Medicare Advantage Plan

##### WHAT IT COVERS:

All Original Medicare services, plus sometimes extra benefits like:

**GYM MEMBERSHIPS**

**DENTAL COVERAGE**

**VISION COVERAGE**

**RX PLANS**

##### WHAT YOU PAY:

You may pay a monthly premium to a private plan while continuing to pay a premium to the federal government for Part B.

Part C caps your out-of-pocket spending on covered medical costs.

##### Important note:

You are required to have Parts A and B before you can enroll in a Medicare Advantage plan.



### PART D

#### Medicare Prescription Drug Plan

##### WHAT IT COVERS:

Often included in a Medicare Advantage plan, Part D covers Medicare-approved prescription drugs.

##### WHAT YOU PAY:

You may pay a monthly premium to a private plan. A Part D plan can be purchased separately to go with Original Medicare.

##### Important note:

You can only enroll in Medicare Part D if you have Part A and/or Part B coverage.

# When can you enroll in Medicare? And should you?

It depends. You're eligible to enroll in Original Medicare at age 65—earlier if you're disabled or have end-stage renal disease.

You'll automatically be enrolled in Parts A and B if you're receiving Social Security benefits or railroad retirement checks. If not, you may need to enroll yourself.

You have an opportunity to enroll in Medicare Part B during your Initial Enrollment Period (IEP). If you don't enroll in it then, you may

have to pay a late enrollment penalty for as long as you have Part B coverage. 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. But, if you have medical coverage through an employer based on current employment, you may not need to sign up for Medicare Part B at age 65. You may qualify for a Special Enrollment Period (SEP) that will let you sign up for Part B later. Contact us to find out how your coverage works with Medicare.

## ASK YOURSELF:

*Is it my best option to stay on my employer's health plan?*

*Could I get more comprehensive coverage through Medicare?*

*Which approach will keep my premiums and out-of-pocket expenses the lowest?*

*Do I need dependent coverage?*





# Medicare Enrollment Periods

**IEP**

## INITIAL ENROLLMENT PERIOD

IEP is a 7-month enrollment window that starts 3 months prior to your 65th birth month and ends 3 months after. In case you're not enrolled automatically, contact Social Security about three months before your 65th birthday if you choose to sign up.

**3**  
MONTHS  
BEFORE

**65<sup>th</sup>**  
Birthday  
Month

**3**  
MONTHS  
AFTER

**AEP**

## ANNUAL ELECTION PERIOD

Running from October 15 to December 7 each year, AEP allows anyone with Medicare to change their health plans and prescription drug coverage for the following year to better meet their needs.

**GEP**

## GENERAL ENROLLMENT PERIOD

For those who missed their IEP, GEP begins January 1 and ends March 31 each year with a Medicare effective date of July 1. That could leave you without medical coverage for two months.



**STAY OUT OF THE "RED ZONE"  
BY ENROLLING DURING IEP.**



# Medicare Enrollment Periods

**SEP**

## SPECIAL ENROLLMENT PERIOD

Switching to Medicare from employer coverage? You may be able to delay enrolling in Medicare Part B and Part D without penalty by providing confirmation of “creditable coverage” from your employer. The length of time before depends on your current Part A and Part B enrollment status:



### **PART B** Grace Period

If you did not sign up for Part A and/or Part B when you were first eligible, you have up to 8 months after the month your large group health plan coverage ends or your employment ends, whichever comes first.

#### **LATE ENROLLMENT PENALTY:**

If you don't enroll during IEP, you may have to pay a penalty for as long as you have Part B coverage. Your monthly premium will go up 10% for each 12-month period you were eligible and didn't sign up.



### **PART D** Grace Period

If you're already enrolled in Part A and/or Part B, you have up to 2 months following the month your employer or union coverage ends.

#### **LATE ENROLLMENT PENALTY:**

If your employer does not offer “creditable coverage,” you have 63 days from your 65th birthday to enroll in a Part D plan to avoid a penalty.

**Now that you know when you can enroll, the question is should you enroll?**

# Working beyond 65

Medicare encourages you to enroll right away, and you can do so even if you don't plan to retire at age 65. If you want to keep working and are currently covered under your employer's health plan, you have options, but you need to consider the size of your employer to make the appropriate decisions to decide your next steps.

## OPTION

# 1

### Enroll During IEP

Sign up for Medicare Part A and/or B and drop your employer coverage and consider additional Medicare products.

**OR**

## OPTION

# 2

### Defer Your Enrollment

Because you have coverage as an active employee, you may hold off on enrolling in Medicare.

## SMALL GROUP EMPLOYER (<20 employees)

Medicare is your primary health coverage if you're an active employee and 65+

Things to think about:

- You will need to enroll in Medicare Parts A and B
- Your employer coverage is secondary to Medicare
- You may want to consider dropping your employer coverage for a Medicare Advantage plan

## LARGE GROUP EMPLOYER (20+ employees)

Your employer plan is your primary health coverage if you're an active employee and 65+

Things to think about:

- You may defer Medicare enrollment until you're no longer an active employee or covered by your employer plan
- You may want to explore Medicare options in place of your group plan
- This also applies if you are covered as a spouse under a large employer group plan



## Do you have creditable Prescription Drug Coverage?

Your employer is required to provide you a “Part D Creditable Coverage Notification” once each year. This notice will inform you whether or not your employer-provided Prescription Drug coverage is, on average, at least as good as standard Medicare Prescription Drug coverage. If your plan meets this requirement, you can keep your employer-provided Prescription Drug coverage and not pay a penalty if you decide later to enroll in Medicare Prescription Drug Coverage. If your plan does not meet this requirement, you could be subject to a penalty for not having a Medicare Part D plan.

## Do you need dependent coverage?

COBRA (Consolidated Omnibus Budget Reconciliation Act) coverage could bridge a time gap for your dependents, such as when a spouse will be Medicare-eligible or a child will age out at 26. Talk to your employer.





# A WORD ON HSAs

Health Savings Accounts (HSAs) can be a smart way to set aside tax-advantaged money to pay for medical expenses. But if you have one of these accounts and are thinking about enrolling in Medicare, here are some things you should keep in mind.

- To avoid a tax penalty, all HSA contributions must be discontinued before Medicare Part A and/or Part B enrollment.
- HSA contributions are allowable up to your birth month if enrolling at age 65.
- Discontinue HSA contributions 6 months prior to Medicare enrollment if you are over 65.
- You should NOT apply for Social Security or Railroad Retirement Board Benefits (RRB) while contributing to an HSA.

In any case, please consult a qualified tax expert for advice on HSAs.



# Ways to protect your health—and your finances

People often find that their health care needs, and expenses, increase as they get older. What's more, they're surprised to learn that Original Medicare simply doesn't cover everything.

For these reasons, many consider additional coverage to limit out-of-pocket expenses.



## PART C

Medicare  
Advantage Plans

### MAY BE RIGHT FOR YOU IF:

It's a better option than your employer-based plan

You want a cap on your annual out-of-pocket spending

You want to include medical, hospital, and prescription drug coverage under one plan

You want an alternative to supplementing Original Medicare coverage with more insurance



## PART D

Prescription  
Drug Plans

### STRONGLY CONSIDER IF:

You take specific brand name drugs—or a lot of generic drugs

You need extra protection from high prescription drug costs

You want to balance your prescription drug costs throughout the year

You want to avoid penalties



## MED-SUPP

### MAY BE RIGHT FOR YOU IF:

You have Original Medicare Parts A and B

You want help paying for a portion of costs not covered by Original Medicare—even deductibles and coinsurance

You want to keep out-of-pocket costs to an absolute minimum

You want fewer restrictions on networks or seeing specialists

You don't need prescription drug coverage included in the plan

Your spouse does not need to be on your plan

### COMPARE YOUR OPTIONS

*Note: you cannot have a Medicare Advantage Plan and a Medicare Supplement Plan at the same time.*

MEDICARE  
ADVANTAGE  
PLAN

OR

MEDICARE  
SUPPLEMENT PLAN  
+  
PRESCRIPTION  
DRUG PLAN



# Why Medicare Advantage plans make sense

**YOU MUST HAVE MEDICARE PARTS A AND B BEFORE ENROLLING IN MEDICARE ADVANTAGE COVERAGE.**

## **BECAUSE**

there are many services Original Medicare doesn't cover, and since there's no cap on out-of-pocket spending, your share of health care costs under Medicare Parts A and B is unlimited.

## **YOU MAY WANT TO CONSIDER**

that a Medicare Advantage plan (Part C) can suit your budget and lifestyle in ways Original Medicare doesn't.

## **MEDICARE ADVANTAGE PLANS**

are called that for a reason. They can offer major advantages for people who want to control their health care spending and enjoy greater peace of mind. They provide all the health care benefits of Original Medicare, and much more, together with greater financial protection.



*"Our Medicare Advantage plan capped out-of-pocket expenses and put our medical, hospital, and prescription drug coverage all under one plan. We're thrilled!"*



# WE'LL HELP YOU PLAN FOR THE BEST

If you think a Medicare Advantage plan could be a good way to safeguard your health and finances, Medicare Transition Services can help you easily find one.

## AVAILABLE MEDICARE ADVANTAGE PLAN BENEFITS

- Medical, hospital (Parts A & B), and prescription drug coverage (Part D)—in one plan
- Monthly premiums as low as \$0
- Routine vision and dental care
- A fitness club membership at no extra cost
- Transportation services
- Meal deliveries
- Home safety devices
- Special discounts—and more



Together, as we explore Medicare Advantage options in your area, you'll see that benefit details are unique to each plan.

Rest assured, we'll help you choose one that best suits your individual health situation, lifestyle, and budget.

Is a Medicare Advantage Plan right for you?  
We can help you decide.

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# Move confidently ahead

## Medicare Transition Services is always here for you

Learning about Medicare takes time. But your health and peace of mind are essential—which makes the journey well worth it.

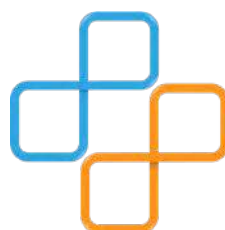
Be sure to reach out to us with any questions or concerns. Our Medicare Transition Services representatives are available to help you to understand your options, talk about specific benefits, and quickly find the best coverage for your needs and budget.

Whether you choose Original Medicare or a Medicare Advantage plan, we're here to guide you every step of the way.

Give us a call today.







**MEDICARE  
TRANSITION  
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**Want to talk? Need more answers?**

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The plans are PDP, HMO, PPO plans with a Medicare contract. Their SNPs also have contracts with State Medicaid programs. Enrollment in any plan depends on contract renewal.

Medicare Supplement insurance plans are not connected with or endorsed by the U.S. Government or the Federal Medicare Program. The Medicare Supplement Insurance Plans are guaranteed renewable as long as the required premium is paid by the end of each grace period. The policies have exclusions, limitations, terms under which the policy may be continued in force or discontinued. Plans do not pay benefits for any service and supply of a type not covered by Medicare, including but not limited to dental care or treatment, eyeglasses and hearing aids. See Plan documents for a complete description of benefits, exclusions, limitations and conditions of coverage. AN OUTLINE OF COVERAGE IS AVAILABLE UPON REQUEST. In some states, Medicare Supplement Insurance Plans are available to under age 65 individuals that are eligible for Medicare due to disability or ESRD (end stage renal disease). Plans not available in all States.

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