

# The A, B, C and Ds of Medicare

Greer Gibson Bacon, CFP®

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Spokane Estate Planning Council

Dinner Meeting

March 15, 2016

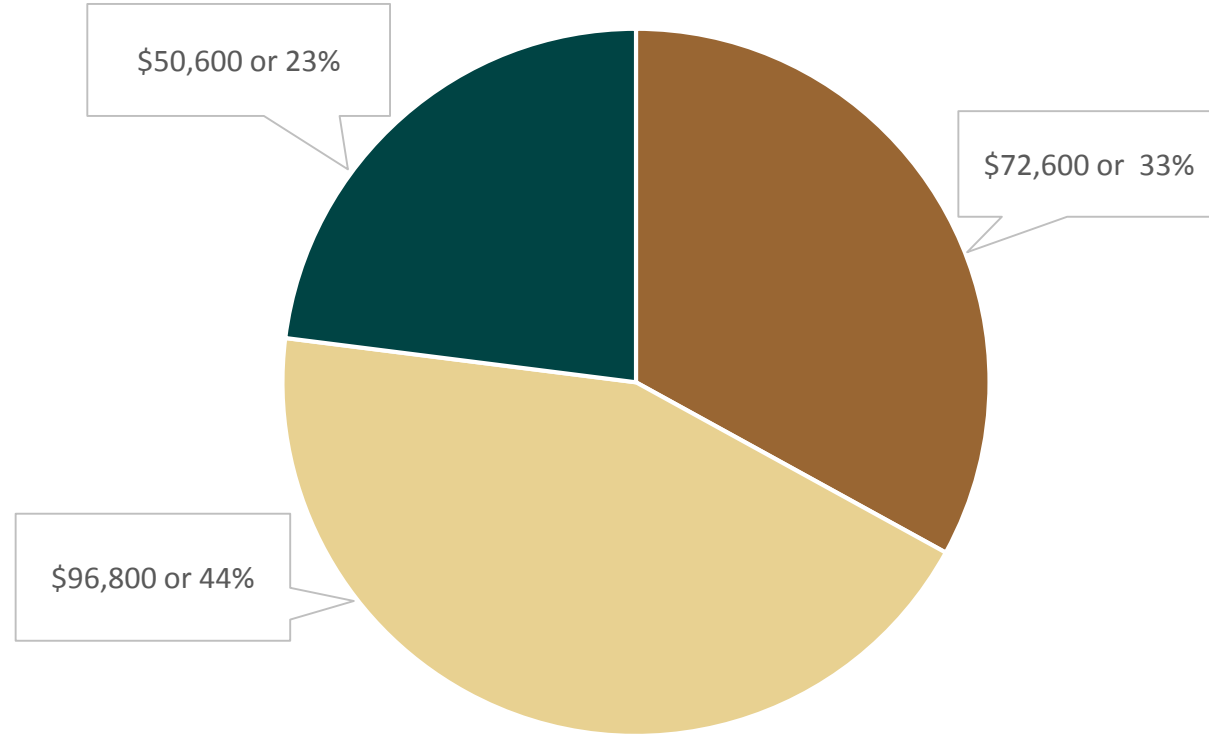


Why should professional advisors have a  
basic understanding of Medicare?

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A 65-year old married couple retiring in 2014 will need \$220,000 to pay medical expenses.

This projection excludes most dental and vision costs, over-the-counter drugs, long-term care costs and so on.



■ Medicare Part B and D premiums

■ Medicare deductibles, copayments and coinsurance

■ Out-of-pocket prescription drug costs

Medicare lays the foundation for  
health care coverage.

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# “Original Medicare”

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- Part A Hospital Insurance
- Part B Medical Insurance

# The A, B, C and Ds of Medicare

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- Part A Hospital Insurance
- Part B Medical Insurance
- Part C Medicare Advantage Plans
- Part D Prescription Drug Coverage



## 2016 Highlights: Medicare Part A Hospital Benefits

Services	Benefit	Medicare Pays	You Pay
<b>Hospitalization<sup>1</sup></b> Semiprivate room, meals, general nursing, certain drugs, other hospital services and supplies.	Days 1-60 Days 61-90 Days 91-150 Days 151 and beyond	All except deductible All except daily coinsurance All except daily coinsurance 0%	\$1,288 deductible \$322 daily coinsurance \$644 daily coinsurance 100%
<b>Skilled nursing facility care<sup>2</sup></b> Semiprivate room, meals, skilled nursing and rehabilitative Services, other medically necessary services and supplies.	Days 1-20 Days 21-100 Days 101 and beyond	100% All except daily coinsurance 0%	0% \$161 daily coinsurance 100%
<b>Home health services<sup>3</sup></b> Physician-ordered, medically necessary part-time or intermittent nursing care, physical/speech and occupational therapy, medical social services, home health aide services, durable medical equipment and supplies.	60-days	100% of approved amount for services, 80% for durable medical equipment	0% for services, 20% for durable medical equipment
<b>Hospice care<sup>4</sup></b> Physician-certified pain relief, symptom management and support services for the terminally ill, spiritual and grief counseling, in-patient respite care.	For as long as the doctor certifies need	100%, except a \$5 copay for pain and symptom management drugs, 5% co-insurance for respite care	0%, except \$5 copay for pain and symptom management drugs, 5% co-insurance for respite care
<b>Blood<sup>5</sup></b> When furnished by a hospital or skilled nursing facility for a covered stay.	Unlimited if medically necessary	All except first three pints per calendar year	None except first three pints per calendar year

1. Benefits and payments are provided for each benefit period (Days 1-90). Thereafter, a recipient may use his sixty Lifetime Reserve Days (Days 91-150), but he may use them only once.
2. Benefits and payments are provided for each benefit period. A recipient must be hospitalized for a 3-day minimum before a skilled nursing facility is covered. Long-term or custodial care is not covered.
3. Benefits and payments are provided for each 60-day episode of care. In general, you must be homebound to qualify for this benefit.
4. Terminal illness means your life expectancy is six months or less. After six months, your terminal illness may be recertified.
5. Alternatively, you or someone else may donate three pints of blood.

Medicare Part A is free for  
99% of all retirees.

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# 0.9% Medicare Surtax on Earned Income

Here is the impact of this tax on three different households with earned income of \$300,000.

Medicare tax	Single Taxpayer	Married Taxpayers (One higher earner)	Married Taxpayers (Two equal earners)
1.45% tax up to base wage	\$1,718.25	\$1,718.25	\$3,436.50
0.9% tax up to surtax threshold	733.50	1,183.50	567.00
1.8% tax at and over surtax threshold	1,800.00	900.00	0.00
Total	\$ 4,251.75	\$3,801.75	\$4,003.50



# Your Social Security Statement

Prepared especially for Wanda Worker



January 2, 2007

[www.socialsecurity.gov](http://www.socialsecurity.gov)

See inside for your personal information →

WANDA WORKER  
456 ANYWHERE AVENUE  
MAINTOWN, USA 11111-1111

## What's inside...

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## What Social Security Means To You

This *Social Security Statement* will help you understand what Social Security means to you and your family. This *Statement* can help you better plan for your financial future. It gives you estimates of your Social Security benefits under current law. Each year, we will send you an updated *Statement* including your latest reported earnings.

Be sure to read this *Statement* carefully. If you think there may be a mistake, please let us know. That's important because your benefits will be based on our record of your lifetime earnings. We recommend you keep a copy of this *Statement* with your financial records.

### Social Security is for people of all ages...

It can help you whether you're young or old, male or female, single or with a family. It's there for you when you retire, but it's more than a retirement program. Social Security also can provide benefits if you become disabled and help support your family when you die.

### Work to build a secure future...

Social Security is the largest source of income for most elderly Americans today. It is very important to remember that Social Security was never intended to be your only source of income when you retire. Social Security can't do it all. You also will need other savings, investments, pensions or retirement accounts to make sure you have enough money to live comfortably when you retire.

### About Social Security's future...

Social Security is a compact between generations. For more than 70 years, America has kept the promise of security for its workers and their families. But now, the Social Security system is facing serious future financial problems, and action is needed soon to make sure that the system is sound when today's younger workers are ready for retirement.

Today there are more than 37 million Americans age 65 or older. Their Social Security retirement benefits are funded by today's workers and their employers who jointly pay Social Security taxes — just as the money they paid into Social Security was used to pay benefits to those who retired before them. Unless action is taken soon to strengthen Social Security, in just 10 years we will begin paying more in benefits than we collect in taxes. Without changes, by 2040 the Social Security Trust Fund will be exhausted.\* By then, the number of Americans 65 or older is expected to have doubled. There won't be enough younger people working to pay all of the benefits owed to those who are retiring. At that point, there will be enough money to pay only about 74 cents for each dollar of scheduled benefits. We will need to resolve these issues soon to make sure Social Security continues to provide a foundation of protection for future generations as it has done in the past.

### Social Security on the Net...

Visit [www.socialsecurity.gov](http://www.socialsecurity.gov) on the Internet to learn more about Social Security. You can read our publications, use the *Social Security Benefit Calculators* to calculate future benefits, apply for retirement, spouse's or disability benefits, or subscribe to *eNews* for up-to-date information about Social Security.

Jo Anne B. Barnhart  
Commissioner

\* These estimates of the future financial status of the Social Security program were produced by the actuaries at the Social Security Administration based on the intermediate assumptions from the Social Security Trustees' Annual Report to the Congress.



## Your Estimated Benefits

<b>*Retirement</b>	You have earned enough credits to qualify for benefits. At your current earnings rate, if you stop working and start receiving benefits... At age 62, your payment would be about..... \$ 975 a month If you continue working until... your full retirement age (67 years), your payment would be about..... \$ 1,412 a month age 70, your payment would be about..... \$ 1,761 a month
<b>*Disability</b>	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about..... \$ 1,293 a month
<b>*Family</b>	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.
<b>*Survivors</b>	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits: Your child..... \$ 1,008 a month Your spouse who is caring for your child..... \$ 1,008 a month Your spouse, if benefits start at full retirement age..... \$ 1,344 a month Total family benefits cannot be more than..... \$ 2,473 a month Your spouse or minor child may be eligible for a special one-time death benefit of \$255.
<b>Medicare</b>	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.

\* Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2040, the payroll taxes collected will be enough to pay only about 74 percent of scheduled benefits.

### We based your benefit estimates on these facts:

Your date of birth .....April 5, 1966  
Your estimated taxable earnings per year after 2006 .....\$38,626  
Your Social Security number (only the last four digits are shown to help prevent identity theft).....XXX-XX-1234

## How Your Benefits Are Estimated

To qualify for benefits, you earn “credits” through your work — up to four each year. This year, for example, you earn one credit for each \$1,000 of wages or self-employment income. When you’ve earned \$4,000, you’ve earned your four credits for the year. Most people need 40 credits, earned over their working lifetime, to receive retirement benefits. For disability and survivors benefits, young people need fewer credits to be eligible.

We checked your records to see whether you have earned enough credits to qualify for benefits. If you haven’t earned enough yet to qualify for any type of benefit, we can’t give you a benefit estimate now. If you continue to work, we’ll give you an estimate when you do qualify.

**What we assumed** — If you have enough work credits, we estimated your benefit amounts using your average earnings over your working lifetime. For 2007 and later (up to retirement age), we assumed you’ll continue to work and make about the same as you did in 2005 or 2006. We also included credits we assumed you earned last year and this year.

Generally, estimates for older workers are more accurate than those for younger workers because they’re based on a longer earnings history with fewer uncertainties such as earnings fluctuations and future law changes.

These estimates are in today’s dollars. After you start receiving benefits, they will be adjusted for cost-of-living increases.

We can’t provide your actual benefit amount until you apply for benefits. **And that amount may differ from the estimates stated above because:**

- (1) Your earnings may increase or decrease in the future.
- (2) Your estimated benefits are based on current law.

**The law governing benefit amounts may change.**

- (3) Your benefit amount may be affected by **military service, railroad employment or pensions earned through work on which you did not pay Social Security tax.** Following are two specific instances. You can also visit [www.socialsecurity.gov/mystatement](http://www.socialsecurity.gov/mystatement) to see whether your Social Security benefit amount will be affected.

**Windfall Elimination Provision (WEP)** — In the future, if you receive a pension from employment in which you do not pay Social Security taxes, such as some federal, state or local government work, some nonprofit organizations or foreign employment, and you also qualify for your own Social Security retirement or disability benefit, your Social Security benefit may be reduced, but not eliminated, by WEP. The amount of the reduction, if any, depends on your earnings and number of years in jobs in which you paid Social Security taxes, and the year you are age 62 or become disabled. For more information, please see *Windfall Elimination Provision* (Publication No. 05-10045) at [www.socialsecurity.gov/WEP](http://www.socialsecurity.gov/WEP).

**Government Pension Offset (GPO)** — If you receive a pension based on federal, state or local government work in which you did not pay Social Security taxes and you qualify, now or in the future, for Social Security benefits as a current or former spouse, widow or widower, you are likely to be affected by GPO. If GPO applies, your Social Security benefit will be reduced by an amount equal to two-thirds of your government pension, and could be reduced to zero. Even if your benefit is reduced to zero, you will be eligible for Medicare at age 65 on your spouse’s record. To learn more, please see *Government Pension Offset* (Publication No. 05-10007) at [www.socialsecurity.gov/GPO](http://www.socialsecurity.gov/GPO).



## Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1982	550	550
1983	1,299	1,299
1984	2,254	2,254
1985	3,704	3,704
1986	4,962	4,962
1987	6,282	6,282
1988	7,827	7,827
1989	10,041	10,041
1990	12,297	12,297
1991	14,278	14,278
1992	16,399	16,399
1993	17,772	17,772
1994	19,346	19,346
1995	21,057	21,057
1996	22,946	22,946
1997	25,031	25,031
1998	26,991	26,991
1999	29,072	29,072
2000	31,251	31,251
2001	32,542	32,542
2002	33,380	33,380
2003	34,720	34,720
2004	36,756	36,756
2005	38,626	38,626
2006	Not yet recorded	Not yet recorded

**Did you know... Social Security is more than just a retirement program? It's here to help you when you need it most.**

You and your family may be eligible for valuable benefits:

*When you die, your family may be eligible to receive survivors benefits.*

*Social Security may help you if you become disabled—even at a young age.*

*It is possible for a young person who has worked and paid Social Security taxes in as few as two years to become eligible for disability benefits.*

Social Security credits you earn move with you from job to job throughout your career.

### Total Social Security and Medicare taxes paid over your working career through the last year reported on the chart above:

Estimated taxes paid for Social Security:

You paid: \$27,730  
Your employers paid: \$27,730

Estimated taxes paid for Medicare:

You paid: \$6,506  
Your employers paid: \$6,506

**Note: You currently pay 6.2 percent of your salary, up to \$97,500, in Social Security taxes and 1.45 percent in Medicare taxes on your entire salary. Your employer also pays 6.2 percent in Social Security taxes and 1.45 percent in Medicare taxes for you. If you are self-employed, you pay the combined employee and employer amount of 12.4 percent in Social Security taxes and 2.9 percent in Medicare taxes on your net earnings.**

## Help Us Keep Your Earnings Record Accurate

You, your employer and Social Security share responsibility for the accuracy of your earnings record. Since you began working, we recorded your reported earnings under your name and Social Security number. We have updated your record each time your employer (or you, if you're self-employed) reported your earnings.

Remember, it's your earnings, not the amount of taxes you paid or the number of credits you've earned, that determine your benefit amount. When we figure that amount, we base it on your average earnings over your lifetime. If our records are wrong, you may not receive all the benefits to which you're entitled.

**Review this chart carefully** using your own records to make sure our information is correct and that we've recorded each year you worked. You're the only person who can look at the earnings chart and know whether it is complete and correct.

Some or all of your earnings from **last year** may not be shown on your *Statement*. It could be that we still

were processing last year's earnings reports when your *Statement* was prepared. Your complete earnings for last year will be shown on next year's *Statement*. **Note:** If you worked for more than one employer during any year, or if you had both earnings and self-employment income, we combined your earnings for the year.

**There's a limit on the amount of earnings on which you pay Social Security taxes each year.** The limit increases yearly. Earnings above the limit will not appear on your earnings chart as Social Security earnings. (For Medicare taxes, the maximum earnings amount began rising in 1991. Since 1994, all of your earnings are taxed for Medicare.)

**Call us right away at 1-800-772-1213** (7 a.m.–7 p.m. your local time) if any earnings for years **before last year** are shown incorrectly. If possible, have your W-2 or tax return for those years available. (If you live outside the U.S., follow the directions at the bottom of page 4.)



# How do you enroll in free Medicare Part A?

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- Automatic enrollment
- Applying for enrollment

# How do you enroll in paid Medicare Part A?

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- Initial enrollment period
- General enrollment period
- Special enrollment period
- Special enrollment period for international volunteers



# 2016 Premiums: Medicare Part A Hospital Insurance

If you have "x" quarters of coverage:	Your Medicare Part A premium will be:
40 or more	Free
30 – 39	\$226.00 per month
29 or less	\$ 411.00 per month

If your client enrolls in paid Medicare Part A, you must enroll in Medicare Part B, too!

# A word of warning...

If your client needs to enroll in paid Medicare Part A and fails to do so during his initial enrollment period, he will pay a late enrollment penalty *unless he qualifies for a special enrollment period.*



## 2016 Highlights: Medicare Part B Medical Benefits

Services	Benefit	Medicare Pays	You Pay
<b>Medical expenses</b> Doctor's services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment and other services.	Unlimited <u>if</u> medically-necessary	80% of approved amount after \$166 deductible. 50% for most outpatient mental health services	20% of approved and limited charges above the approved amount <sup>1</sup> after \$166 deductible <sup>2</sup>
<b>Laboratory services</b> Blood tests, urinalyses, more.	Unlimited <u>if</u> medically-necessary	100% for approved services	0% for approved services
<b>Home health care</b> Part-time or intermittent skilled care, home health aide services, durable medical equipment and supplies, and other services.	Unlimited but covers only home health care not covered by Part A	100% for services, 80% of approved amount for durable medical equipment	0% for services, 20% of approved amount for durable medical equipment
<b>Outpatient hospital services</b> Services for the diagnosis or treatment of illness or injury.	Unlimited <u>if</u> medically-necessary	Payment to hospital based on hospital cost.	20% of hospital charges after \$166 deductible
<b>Blood</b>	Unlimited <u>if</u> medically-necessary	80% of approved amount after \$166 deductible and starting with the 4 <sup>th</sup> pint	For first 3 pints plus 20% of approved amount for additional pints after \$166 deductible <sup>3</sup>

1. A person pays for charges higher than the Medicare-approved amount unless the doctor or supplier agrees to accept assignment.
2. The annual deductible only needs to be paid once during a calendar year.
3. Blood paid for or replaced under Part A does not have to be paid for or replaced under Part B.

# How do you enroll in Medicare Part B?

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- Automatic enrollment
- Applying for enrollment
  - Initial enrollment period
  - General enrollment period
  - Special enrollment period
  - Special enrollment period for interantional volunteers



# Another word of warning...

If your client fails to enroll in Medicare Part B during his initial enrollment period, he will pay a late enrollment penalty *unless he qualifies for a special enrollment period.*

# Why delay Medicare?

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- Employer coverage is low cost
- Health Savings Account (HSA) contributions



# 2016 Premiums: Medicare Part B Medical Insurance

If your 2014 modified adjusted gross income was:		IRMAA	You Pay:
Single taxpayers	Married taxpayers		
\$85,000.00 or less	\$170,000 or less	\$0.00	\$121.80
\$85,001 to \$107,000	\$170,001 to \$ 214,000	\$48.70	\$170.50
\$107,001 to \$160,000	\$214,001 to \$320,000	\$121.80	\$243.60
\$160,001 to \$214,000	\$320,001 to \$428,000	\$194.90	\$316.70
\$214,001 or more	\$428,001 or more	\$268.00	\$389.80

The base premium remains \$104.90 per month for individuals who began Social Security benefits before January 1, 2016. This is due to a “hold harmless” provision in the law that prevents their net Social Security benefit from decreasing because of increased Medicare Part B premiums.

# 2017 vs. 2018 Cliff Brackets: Medicare Part B Medical Insurance

MAGI Tier	Single taxpayers		Married taxpayers	
	2017 Cliff Brackets (2015 MAGI)	2018 Cliff Brackets (2016 MAGI)	2017 Cliff Brackets (2015 MAGI)	2018 Cliff Brackets (2016 MAGI)
1	\$85,000 or less	\$85,000 or less	\$170,000 or less	\$170,000 or less
2	\$85,001 - \$107,000	\$85,001 - \$107,000	\$170,001 - \$214,000	\$170,001 - \$214,000
3	\$107,001 - \$160,000	\$107,001 - \$133,500	\$214,001 - \$320,000	\$214,001 - \$267,000
4	\$160,001 - \$ 214,000	\$133,501 - 160,000	\$320,001 - \$428,000	\$267,001 - \$320,000
5	\$214,001 or more	\$160,001 or more	\$428,001 or more	\$320,001 or more



# IRMAA & Life-Changing Events

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- Marriage, divorce or annulment, death of a spouse
- Work reduction or stoppage
- Loss of income-producing property or pension income
- Employer settlement payment from bankruptcy or reorganization

# IRMAA & Retirement Income Planning

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## Asset location

- Tax loss harvesting
- Step-up in cost basis
- Keeps a lid on retirement account values

## Required minimum distributions

- Pre-70½ distributions
- Roth conversions
- Rollover of after-tax contributions
- Qualified charitable distributions



# 3.8% Medicare Surtax on Net Investment Income

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# Medicare Part C: Medicare Advantage Plans

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- Medicare Part A and B benefits
- Approved and funded by Medicare
- Private health care companies



# Medicare Advantage Plans: The Pros

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- Low or no monthly premiums
- Added benefits

# Medicare Advantage Plans: The Cons

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- Annual contracts
- No standardization
- Out-of-pocket expenses
- Providers network



# How do you join, switch or drop a Medicare Advantage Plan?

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- Initial enrollment period
- General enrollment period
- Open enrollment period
- Special enrollment period
- 5-star special enrollment period

## 2016 Medicare Advantage plans in Spokane County, Washington state

Data as of October 8, 2015.

Includes 2016 approved contracts/plans with PACE and Special Needs Plans. Plans under sanction are not shown.

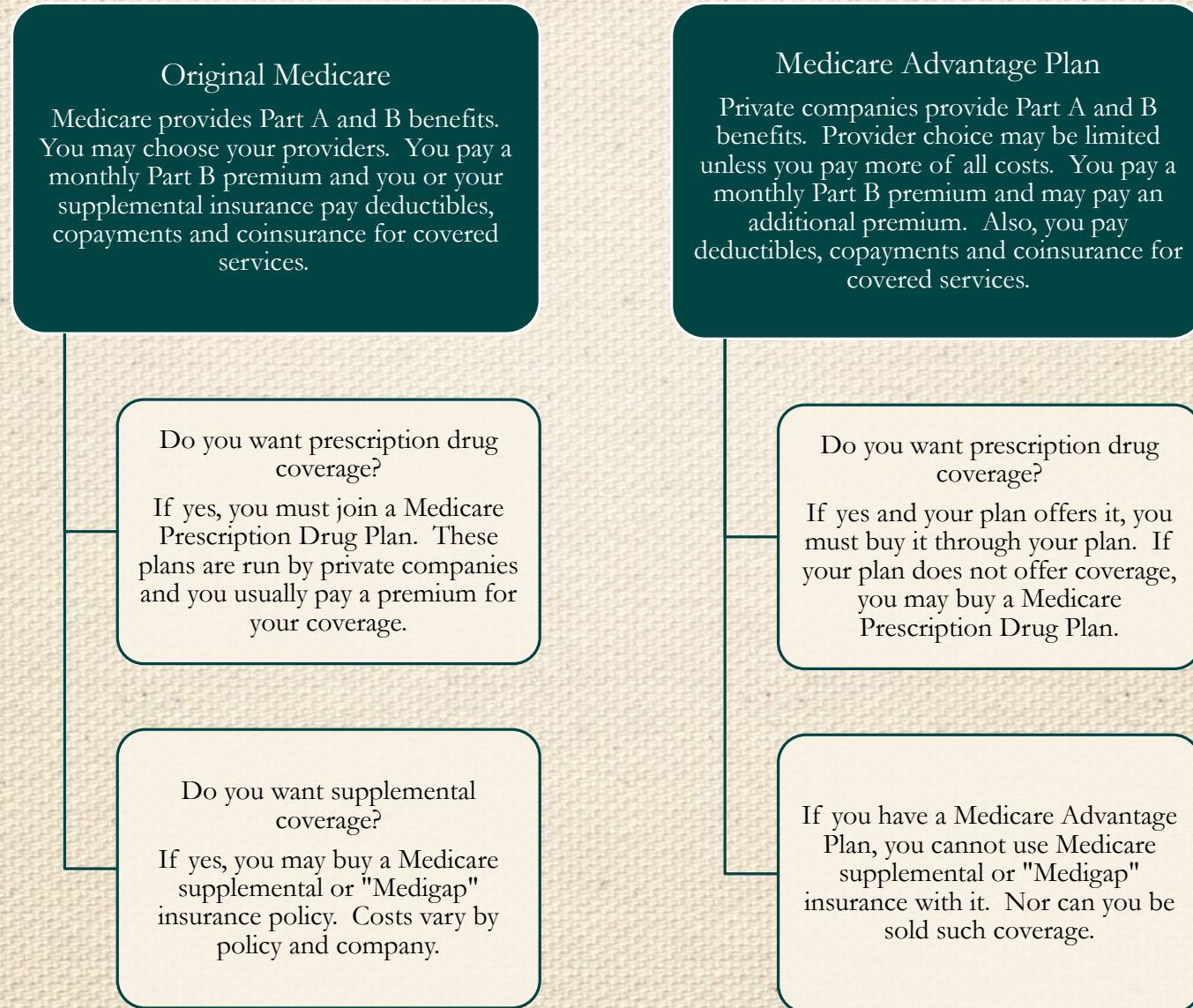
Notes: Data subject to change as contracts are finalized. For the most current information, go to: [www.medicare.gov](http://www.medicare.gov) and click on "Find Health and Drug Plans."

\* Indicates plan does not offer Part D drug coverage.

Organization Name	Plan Name	Type of Medicare Health Plan	Contract ID/ Plan ID	Monthly Premium	Monthly Premium with Full Low Income Subsidy (LIS)	Annual Drug Deductible	In-Network Office Visit/ Specialist Visit	Inpatient Hospital	Dental, Vision, Hearing	In-network MOOP Amount **
Asuris Northwest Health 1-888-369-3172 <a href="http://www.asuris.com/medicare">www.asuris.com/medicare</a>	Asuris TruAdvantage + Rx Classic (PPO)	Local PPO	H5010/002	\$102.00	\$68.20	\$360.00	\$15/\$40	\$360/day (Days 1 - 4)	D, V	\$ 6,700
	Asuris TruAdvantage + Rx Enhanced (PPO)	Local PPO	H5010/004	\$273.00	\$239.20	\$0.00	\$10/\$30	\$310/day (Days 1 - 5)	D, V, H	\$ 5,000
	Asuris TruAdvantage Basic (PPO)	Local PPO * (No Drug Coverage)	H5010/001	\$79.00			\$15/\$40	\$360/day (Days 1 - 4)	D, V	\$ 6,700
Community HealthFirst Medicare Advantage Plan 1-800-944-1247 <a href="http://www.healthfirst.chpw.org">www.healthfirst.chpw.org</a>	Community HealthFirst MA Extra Plan (HMO)	Local HMO	H5826/010	\$33.80	\$8.10	\$0.00	\$10/\$45	\$440/day (Days 1 - 4)	D, V	\$ 6,700
	Community HealthFirst MA Pharmacy Plan (HMO)	Local HMO	H5826/008	\$61.00	\$27.20	\$0.00	\$0/\$40	\$425/day (Days 1 - 4)	D, V	\$ 6,700
	Community HealthFirst MA Plan (HMO)	Local HMO * (No Drug Coverage)	H5826/006	\$15.00			\$0/\$40	\$425/day (Days 1-4)	D, V	\$ 6,700
	Special Needs Plan (HMO SNP)	Local HMO (SNP - Dual-eligible)	H5826/014	\$33.80	\$0.00	\$360.00	\$0.00	\$0 (Days 1-90)	D, V	N/A
Group Health Cooperative 1-800-446-8882 <a href="http://www.ghc.org/medicare">www.ghc.org/medicare</a>	Group Health Cooperative Basic (HMO)	Local HMO * (No Drug Coverage)	H5050/001	\$79.00			\$10/\$35	\$250/day (Days 1 - 4)	D, V, H	\$ 3,000
	Group Health Cooperative Centennial (HMO)	Local HMO	H5050/021	\$59.00	\$42.60	\$350.00	\$15/\$45	\$390/day (Days 1 - 4)	D, V, H	\$ 6,700
	Group Health Cooperative Columbia (HMO)	Local HMO	H5050/019	\$139.00	\$135.00	\$0.00	\$10/\$35	\$275/day (Days 1-4)	D, V, H	\$ 4,500
Humana Health Plan, Inc. 1-800-833-2364 <a href="http://www.humana-medicare.com">www.humana-medicare.com</a>	Humana Community HMO (HMO)	Local HMO	H2012/039	\$0.00	\$0.00	\$320.00	\$5/\$45	\$325/day (Days 1 - 5)	D, V, H	\$ 5,900
	Humana Gold Plus H2012-093 (HMO)	Local HMO	H2012/093	\$79.00	\$58.00	\$320.00	\$10/\$40	\$315/day (Days 1 - 5)	D, V, H	\$ 6,700
	Humana Gold Plus SNP-DE H2012-095 (HMO SNP)	Local HMO (SNP - Dual-eligible)	H2012/095	\$31.50	\$0.00	\$360.00	\$0/\$0	\$0.00	D, V, H	N/A
Humana Insurance Company 1-800-833-2364 <a href="http://www.humana-medicare.com">www.humana-medicare.com</a>	HumanaChoice H6609-012 (PPO)	Local PPO * (No Drug Coverage)	H6609/012	\$0.00			\$10/\$25	\$275/day (days 1 - 5)	D, V	\$ 3,600



# The Medicare Decision Tree





# Medicare Part D: Prescription Drug Plans

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# 2016 Standard Benefits: Medicare Prescription Drug Plans

Total Prescription Drug Costs	Medicare Pays	You Pay
The first \$360.00 or "annual deductible"	0%	100%
The next \$2,950.00	75%	25%
Coverage gap or "donut hole"	55% brand name drugs 42% generic drugs	45% brand name drugs 58% generic drugs
Catastrophic coverage	95% or more	5% or less

All plans must provide *at least* this coverage, but many provide greater coverage.

# How do you enroll in Medicare Part D?

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- Initial enrollment period
- General enrollment period
- Open enrollment period
- Special enrollment period
- 5-star Special enrollment period



# Another word of caution...

If your client has a Medicare Advantage Plan that includes prescription coverage and he signs up for Medicare Part D, *he will be disenrolled from the Medicare Advantage Plan and returned to Original Medicare.*

# And yet another word of caution...

If your client fails to enroll in Medicare Part D during his initial enrollment period and he goes for 63 days or more with no Part D coverage or “creditable coverage”, *he will pay a penalty for as long as he has Medicare Part D coverage.*



What is “creditable coverage”?

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# 2016 Premium and Surcharges: Medicare Part D Prescription Drug Plans

If your 2014 modified adjusted gross income was:		IRMAA	You Pay:
Single taxpayers	Married taxpayers		
\$85,000.00 or less	\$170,000 or less	\$0.00	\$34.10
\$85,001 to \$107,000	\$170,001 to \$ 214,000	\$12.70	\$46.80
\$107,001 to \$160,000	\$214,001 to \$320,000	\$32.80	\$66.90
\$160,001 to \$214,000	\$320,001 to \$428,000	\$52.80	\$86.90
\$214,001 or more	\$428,001 or more	\$72.90	\$107.00

This chart assumes your client's premium equals the 2016 national base beneficiary premium. But, his actual premium may be more or less depending on the company and benefits offered, and whether or not a penalty applies.



# 2017 vs. 2018 Cliff Brackets: Medicare Part D Medical Insurance

MAGI Tier	Single taxpayers		Married taxpayers	
	2017 Cliff Brackets (2015 MAGI)	2018 Cliff Brackets (2016 MAGI)	2017 Cliff Brackets (2015 MAGI)	2018 Cliff Brackets (2016 MAGI)
1	\$85,000 or less	\$85,000 or less	\$170,000 or less	\$170,000 or less
2	\$85,001 - \$107,000	\$85,001 - \$107,000	\$170,001 - \$214,000	\$170,001 - \$214,000
3	\$107,001 - \$160,000	\$107,001 - \$133,500	\$214,001 - \$320,000	\$214,001 - \$267,000
4	\$160,001 - \$ 214,000	\$133,501 - 160,000	\$320,001 - \$428,000	\$267,001 - \$320,000
5	\$214,001 or more	\$160,001 or more	\$428,001 or more	\$320,001 or more

# The Annual Review

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- Medicare Part C: Medicare Advantage Plans
- Medicare Part D: Medicare Prescription Drug Plans



[medicare.gov/find-a-plan](https://www.medicare.gov/find-a-plan)

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# Medicare Supplemental Insurance

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What is a Medigap policy?

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# 2016 Medicare Supplemental Insurance Plans

Benefits	A	B	C	D	F <sup>(1)</sup>	G	K <sup>(2)</sup>	L <sup>(2)</sup>	M	N <sup>(3)</sup>
Part A coinsurance and hospital costs for 365 days after Medicare is used up	X	X	X	X	X	X	X	X	X	X
Part B coinsurance or copayments	X	X	X	X	X	X	50%	75%	X	X
Blood (first 3 pints)	X	X	X	X	X	X	50%	75%	X	X
Part A hospice care coinsurance or copayment	X	X	X	X	X	X	50%	75%	X	X
Skilled nursing facility coinsurance			X	X	X	X	50%	75%	X	X
Part A deductible		X	X	X	X	X	50%	75%	X	X
Part B deductible			X		X					
Part B excess charges					X	X				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%

- (1) Plan F may be offered as a high-deductible plan by some companies in some states, and Plan J was offered as a high-deductible plan before June 1, 2010. In 2016, your client must pay an annual deductible of \$2,180 before the policy pays any benefits.
- (2) In 2016, if your client buys a Plan K or L policy, his maximum out-of-pocket expense will be \$4,960 or \$2,480, respectively. These amounts are adjusted annually for inflation. The Part B deductible does not count toward the maximum out-of-pocket expense.
- (3) Plan N pays 100% of the Part B coinsurance. However, your client will pay a \$20 copayment for some office visits and \$50 copayment for emergency room visits unless your client is admitted for inpatient care.



# Medigap policies do not cover:

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- Vision or dental care
- Hearing aids or eyeglasses
- Private duty nursing
- Long-term or custodial care

# Medigap Open Enrollment Period

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# Pre-existing Condition Waiting Period

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- Look-back period
- Creditable coverage
- Guaranteed issue right

How much does Medigap  
coverage cost?

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# Buying a Medigap Policy

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- Determine the desired benefits
- Screen companies for matching benefits
- Check out the companies
- Buy the best policy

# Call SHIBA for Help!

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In Idaho:

Senior Health Insurance Benefits Advisors  
(800) 247-4422 [shiba.idaho.gov](http://shiba.idaho.gov)

In Washington:

Statewide Health Insurance Benefits Advisors  
(800) 562-6900 [insurance.wa.gov/shiba](http://insurance.wa.gov/shiba)

This is a free service!