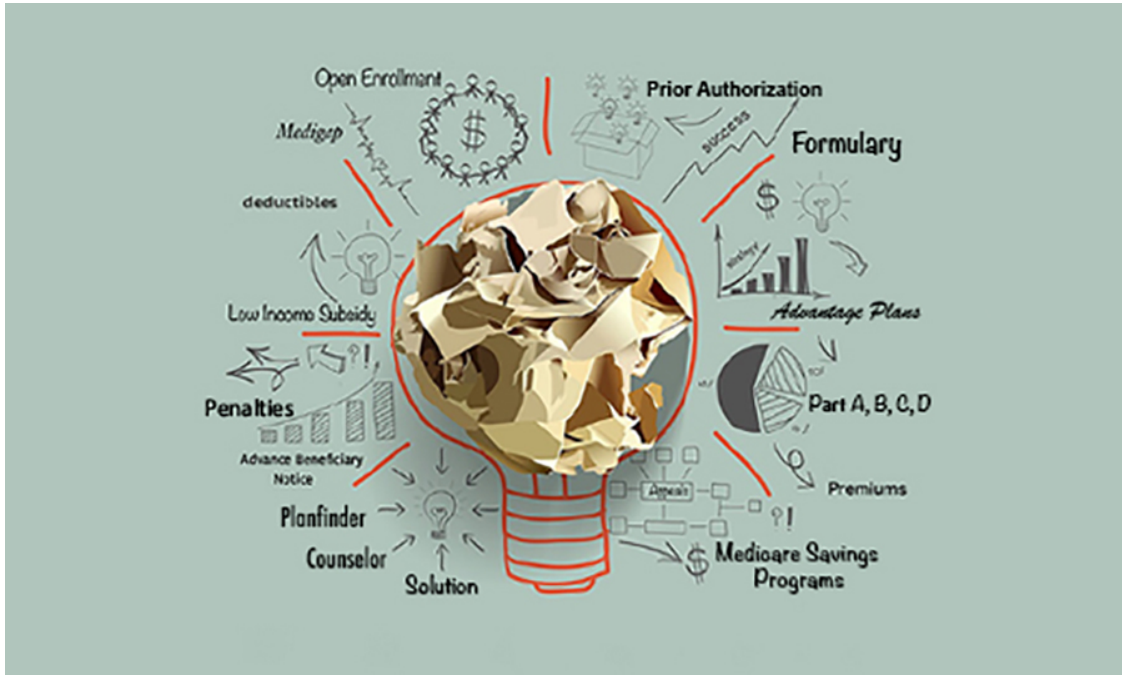


## When I'm 64 Getting Enrolled in Medicare



If you are approaching age 65 you have some significant decisions to make related to health insurance coverage. The average person moving into Medicare coverage age usually is not aware of how complicated the process is or what to do first.

This e-book is offered as a guide to help those approaching age 65 to have the information needed to make informed decisions. We take a step by step approach to help the reader know what to do, when to do it, and where to get impartial free assistance when more information is needed. It is titled ***When I'm 64*** because you need a year prior to turning 65 to investigate, look at your options and know what to do to get your health insurance properly arranged by the time you turn 65.

The State Health Insurance Program (SHIP) can help with impartial advice at no cost through South Central Alabama Development Commission Aging and Disability Resource Center in Bullock, Butler, Crenshaw, Lowndes, Macon or Pike Counties, Alabama. Call 1-800-270-7635.

This booklet was created by Jan Neal, Jan Neal Law Firm, LLC, and is current effective March 17, 2020. Changes may occur in programs and eligibility standards after that date.

## START EARLY: AT AGE 64

### *Understand the Medicare Application Process and Take Timely Action*

#### ***The Medicare A, B & D Initial Enrollment Period***

The critical time to apply for Medicare is a seven-month period that starts 3 months prior to your 65<sup>th</sup> birthday, the month of your 65<sup>th</sup> birthday and 3 months following your 65<sup>th</sup> birthday. This is called the **Medicare Initial Enrollment Period**. If you are drawing Social Security Retirement Benefits, you will automatically be enrolled in Medicare Part A and Part B. You will receive a “Welcome to Medicare” kit in the mail which will include your red, white and blue Medicare card. You will decide whether or not to opt out of Part B. If you opt out, sign the card and return it to Social Security. Opting out of Medicare Part B can have long range financial implications and should be given serious consideration.

Years ago the full retirement age for Social Security corresponded to the Medicare eligibility date, but now full retirement benefits from Social Security are not payable until later than the Medicare eligibility date. A person born in 1955 will turn 65 in 2020, but he or she will not qualify for full Social Security Retirement benefits until age 66 and 2 months. That puts responsibility on the individual to enroll in Medicare and decide on the coverage options during the Initial Enrollment Period. You will need to begin taking action three months prior to your 65<sup>th</sup> birthday.

#### ***The Parts of Medicare***

You will need to understand the parts of Medicare to make informed decisions about

what your choices are. The parts are as follows:

Part A is hospital coverage, a small amount of skilled nursing facility care, home health care and hospice care for the terminally ill.

Part B pays for doctors’ services, outpatient hospital care, and home health care that Part A does not pay for. It also pays for lab tests, medical equipment, orthotics, prosthetics, mental health services and ambulance services.

Part D pays for prescription drug coverage.

Part C of Medicare, called Medicare Advantage, is a delivery system of managed care through private health care plans. Unless you sign up for a particular plan, you will have Original Medicare which includes Parts A and B. You will need to sign up for Part D separately with a private insurer. When you do sign up for a Medicare Advantage plan you will need to be sure that the plan provides you with the coverage you need in your geographic area and that your physicians will accept the plan for payment.

#### ***Penalties for Late Enrollment***

You will be automatically enrolled in Part A if you are fully insured at age 65 by having earned enough work credits (premium free with 40 work credits representing about ten years of work). Contact Social Security for this coverage. At that time you will be given the option to opt out of Medicare Part B, but if you do opt out there may be penalties down

the road when you do need Part B except in certain circumstances.

If you do not accept Part B when you are first eligible (unless you are working and covered by your employer or have VA coverage) you will be penalized when you do apply for Part B. The late penalty is a 10 percent increase in the premium cost for every 12 months you did not have coverage but were eligible. The monthly premium in 2020 is \$144.60 for most persons (higher for single persons with income over \$87,000 or married and over \$174,000). So, if you were eligible for Part B in 2020 and did not enroll, if you enroll in 2021 your premium will be 10 percent higher than the premium set for that year. As an example, if the premium remained at \$144.60, your 2021 premium would be \$159.06. If you enroll in 2022 your premium will be 20 percent more than the monthly cost of the Part B premium for that year, and so on, for life. In other words, you will carry that higher premium cost for life.

If you do not enroll in Part D when you are first eligible (unless you are working and have prescription drug coverage through your employer or have VA coverage) you will be penalized when you do apply for Part D. The late penalty is 1 percent of the national base beneficiary premium which is \$32.74 in 2020 multiplied by the number of full, uncovered months, you are late in applying for Part D, and the higher premium penalty will remain in effect for life.

When you enroll during the Initial Enrollment Period (IEP), Medicare coverage begins as follows:

For enrollment during the 3 months prior to age 65, coverage begins the month you turn 65;

For enrollment the month you turn 65, coverage begins one month following the month you turn 65;

For enrollment during the first month following your 65<sup>th</sup> birthday, coverage begins the third month following your 65<sup>th</sup> birthday;

For enrollment during the second month following your 65<sup>th</sup> birthday, coverage begins the fifth month following your 65<sup>th</sup> birthday;

For enrollment during the third month following your 65<sup>th</sup> birthday, coverage begins the sixth month following your 65<sup>th</sup> birthday.

### ***Medigap Enrollment Period***

Medigap Policies, which are also known as Medicare Supplemental policies, are sold by private insurance companies. You need this type of coverage because Medicare does not pay 100 percent of charges. The purpose of these policies is to cover the deductibles and copayments that Medicare does not cover.

Medigap policies are standardized policies labeled A, B, C, D, F, G, K, L, M and N. Standardization means that each labeled plan offers a set of benefits that are the same regardless to which company you purchase the plan from.

You have 6 months from turning 65 to enroll in a Medigap policy without the insurance company reviewing your health. Anyone can get coverage during this period. It is called the Medigap Open Enrollment. You need to find a Medicare Supplement during this time period.

It is important to note that Medigap policies only work with original Medicare. You cannot be sold a Medigap Policy if you are enrolled in a Medicare Advantage Plan.

Beginning January 2020, Medicare beneficiaries whose Part A eligibility date falls after January 1, 2020, will not be allowed to purchase Medigap plans which offers payment of the Part B premium (C and F). These beneficiaries may only purchase Plans A, B, D, G, K, L, M and N. However, beneficiaries eligible for Part A prior to January 1, 2020, due to age, disability or end stage renal disease, are allowed to purchase Plans C or F that pay for the Part B deductible, as well as all other available plans.

***See the chart on the next page for a list of the standardized plans.***

## 2020 Medigap Plan Chart

Medigap Benefits	A	B	C	D	F	G	K	L	M	N
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or 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%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance	0%	0%	100%	100%	100%	100%	50%	75%	100%	100%
Medicare Part A deductible	0%	100%	100%	100%	100%	100%	50%	75%	50%	100%
Medicare Part B deductible	0%	0%	100%	0%	100%	0%	0%	0%	0%	0%
Medicare Part B excess charges	0%	0%	0%	0%	100%	100%	0%	0%	0%	0%
Foreign travel emergency (up to plan limits)	0%	0%	80%	80%	80%	80%	0%	0%	80%	80%

Out of  
pocket limit  
in 2020

\$5,880

\$2,940

### ***If you are still working when you turn 65.***

If you are still working when you turn 65 you will need to examine your health insurance coverage and see how to integrate coverage with Medicare. If you are still working when you approach age 65, and if you have health insurance coverage provided by your employer, it is time to determine whether or not to at least apply for Medicare Part A.

Chances are that if you work for a company with 20 or more full-time employees and you or your spouse have health insurance through the company for current work, you may not need to apply for Medicare Part A. That will depend on the type of coverage you have with the company. Generally, your company's group plan will serve as the primary insurance.

It is important to talk with the health insurance administrator to determine whether or not you need to apply for Medicare Part A. Some companies continue to provide benefits to currently working persons at 65, but many companies change the type of coverage with the group coverage supplementing Medicare. Only your company can provide you with this information.

If you work for a company with less than 20 employees you will need to apply for Medicare, as Medicare will be the insurance that provides primary coverage. Again, talk with your health insurance administrator to determine the correct choice.

While most current workers for companies with fewer than 20 employees will need to apply for Medicare Part A, some companies provide Health Savings Accounts (HSA) through which the company pays contributions. Workers in those arrangements are an exception to the rule, and they may not

want to be covered by Medicare Part A so that the employer will not stop making contributions to the HSA. It is important to realize that **IF** you enroll in Medicare neither you or your employer can contribute to your HSA without incurring potential tax penalties.

Individual decisions will be made based on available employer health coverage, so this is a situation where each person will need to study his own individual options. And since different companies provide different health benefits it is critical to coordinate with the company when you become Medicare eligible at age 65.

### ***Medicare B & D Special Enrollment Period***

If you were working when you turned 65 and did not enroll in Medicare Parts B and D because you had employer provided coverage, you need to enroll during the 8 month period which starts the first month after you stop working to avoid being penalized for missing the Initial Enrollment Period. You will also have the right to enroll in Medigap coverage during this time without your health record being reviewed.

If you missed your Initial Enrollment Period (IEP) because you were working and covered by a group health plan, then you can use your Special Enrollment Period.

There are circumstances other than continuing to work and being covered by a group health plan that will permit a person to use a Special Enrollment Period (SEP).

Other circumstances that will permit you to enroll when you missed the Initial Enrollment Period include:

- Moving out of the area where the plan in which you are currently enrolled will pay, or
- Entering, leaving or living in a nursing home, or
- Your plan changes and no longer serves your area, or
- You become eligible for Extra Help; a program discussed later in this booklet.

### ***Medicare A and B General Enrollment Period (GEP)***

If you missed the Initial Enrollment Period, and the Special Enrollment Period does not apply to you, you will have to wait until the General Enrollment Period (GEP) which occurs for Medicare A and B every January 1 – March 31. Coverage will begin in July.

### ***Medicare Advantage Open Enrollment (MA OEP)***

Medicare Advantage (MA) enrollees are allowed to change their current MA plan to a different plan or elect to return to Original Medicare between January 1 - March 31 of each year. Beneficiaries who select to return to Original Medicare during the MA OEP may also select a Prescription Drug Plan (PDP) at this time. In effect this means that people on Medicare Advantage have a much longer open enrollment period than persons on Original Medicare.

### ***Medicare D Open Enrollment Period (OEP)***

October 15 – December 7 of each year Medicare eligible persons can sign up for a prescription drug plan to work with their

Original Medicare A and B or initially enroll in or change coverage from one Medicare Advantage plan to another.

### ***Health Insurance for Spouses***

Medicare does not provide dependent coverage, so determining when to retire can be strongly influenced by the insurance needs of one's spouse. It is not uncommon to see people delay retirement in order to retain health insurance coverage for dependents.

There are some companies who offer retiree medical benefits that cover spouses, but it is rare. It is critical to be sure of the coverage available to you and your spouse prior to leaving employment.

Many companies, especially those with more than 20 employees, are required to offer COBRA continued coverage to a spouse for 18 to 36 months following loss of coverage due to the worker retiring. Check with your employer. But COBRA is expensive, and you will have to pay the full price of the monthly premium (your share and the share your employer may have previously paid) plus an administrative fee of up to 2% in 2020.

If you decide not to take COBRA coverage, you may elect to enroll in a Marketplace Plan. If you are losing employer-based coverage, you will qualify for a Special Enrollment Period. This SEP allows for 60 days to enroll in a health plan even if you are outside the Marketplace Open Enrollment Period which runs from November 1 – December 15 of each year with coverage beginning the following January. For more information visit [www.healthcare.gov](http://www.healthcare.gov) or call SHIP at 1-800-270-7635.

## **ADDITIONAL RESOURCES: AT and AFTER AGE 65**

### **Extra Help through Medicare Savings Program (MSP)**

#### **Help Paying for Medicare's Uncovered Expenses If you think you may qualify, contact your SHIP Program**

There are many expenses that are not covered by Medicare. These include deductibles and copayments. To be adequately insured you either need to join a Medicare Advantage plan or obtain Medigap insurance to supplement Medicare, and that can be expensive. These are highly personal choices and must be weighed with your personal health care needs in mind. There are programs that can help lower-income Medicare beneficiaries reduce the cost of their health care coverage.

#### ***Medicare Savings Programs (MSP)***

There are programs available through The Alabama Medicaid Agency that help Medicare beneficiaries pay for their health care expenses. To be eligible for the MSP programs you must have or be eligible for Medicare Part A, and be a U.S. citizen or be in satisfactory immigration status, and have income low enough to be within the income limits. These programs are income based, and while most states also have a resource limit, Alabama does not. So, no matter how much you have in savings, investments or property, you can qualify for a MSP if your income is low enough. Medicare Savings Programs in Alabama are **not** subject to Medicaid Estate Recovery.

There are several tiers to the Medicare Savings Programs, all based on income.

These include QMB, SLMB and QI-1 explained below.

#### ***Qualified Medicare Beneficiary (QMB)***

If your income is less than \$1084.00 for a single person or married person **not** living together or \$1457.00 for a married couple living together, you may qualify for QMB. This program will pay your Medicare Part B premium (\$144.60 for most persons in 2020); the Part A deductible of \$1408.00 in 2020; the Part B deductible of \$198.00 in 2020; and the cost of doctor and medical visits when the provider accepts Medicaid.

In other words, QMB acts like a Medigap preventing those eligible from having to purchase Medigap coverage. If approved for QMB, it will begin the month after your approval. QMB recipients receive a green and white Medicaid card which they will need to show their medical providers.

#### ***Specified Low Income Beneficiary (SLMB)***

If your income is less than \$1296.00 for a single person or married person **not** living together or \$1744.00 for a married couple living together, you may qualify for SLMB. This program will pay your Medicare Part B



monthly premium (\$144.60 for most persons).

### ***Qualified Individual-1 (QI-1)***

If your income is less than \$1456.00 for a single person or married person **not** living together or \$1960.00 for a married couple living together, you may qualify for QI-1. This program will pay your Medicare Part B monthly premium (144.60 for most persons).

In determining eligibility for each of the Medicare Savings Programs, note that if one spouse is Medicare eligible and the other spouse is not, first making sure the applying spouse meets the single income standard, and then determine that the couple meets the couple standard.

Additionally, if you have earned income do not assume you will not qualify for one of the MSP categories. There is a mathematical calculation which can help reduce your gross monthly income. Please call SHIP at 1-800-270-7635 and we will assist you with determining your income if you are still working.

At a minimum you can expect to save \$1,735.20 annually by qualifying for an MSP. You should also know additional funds can be saved if you qualify for MSP as you are automatically deemed eligible for Low-Income Subsidy (LIS) through Social Security. See chart below for cost savings.

## **Extra Help through Low-Income Subsidies (LIS)**

### ***Help paying for Prescription Drugs***

If you are Medicare eligible with lower income and assets, you may qualify for Extra Help in paying for prescription drugs through a program known as Low-Income Subsidies (LIS). As a general rule, it means that most people who qualify will have either no premiums and deductibles or reduced premiums and deductibles, and they will pay limited copayments for each prescription drug. Persons who qualify for LIS and MSP also receive the benefits of changing their health care coverage on a quarterly basis should the need arise. This benefit is very useful in the event your medications change and you find a needed medication is no longer on your plan's drug formulary.

For Low-Income Subsidy (LIS) there is an income limit and, unlike MSP, there **is** a resource limit.

The chart below can be used to determine if you have income (for MSP and LIS) and resources (for LIS) that fall into the allowable limits. Locate the number of persons in your household and check the allowable income to determine if you are eligible.

You may also use the LIS Beneficiary Cost-Sharing Table below to determine the percent of your cost savings if you are determined to be eligible for LIS.

Call the SHIP program at 1-800-270-7635 for help with any of the Extra Help Programs. If you think you may qualify, you will be screened and assisted in completing an application.

## 2020 MEDICARE SAVINGS PROGRAM (MSP)

ALLOWABLE INCOME		
BENEFIT	SINGLE MONTHLY INCOME (OR MARRIED LIVING APART)	MARRIED MONTHLY INCOME
QMB	1084.00	1457.00
SLMB	1296.00	1744.00
QI-1	1456.00	1960.00
ALLOWABLE RESOURCES: THERE IS <b>NO RESOURCE LIMIT IN ALABAMA</b>		

## 2020 LOW INCOME SUBSIDY (EXTRA HELP)

ALLOWABLE RESOURCES			
FULL SUBSIDY (100 - 135%)		PARTIAL SUBSIDY (140 - 150%)	
Single	\$ 9,360	Single	\$14,610
Married	\$14,800	Married	\$29,160

ALLOWABLE INCOME					
FAMILY SIZE	PERCENTAGE OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	1083.33	1455.50	1508.66	1561.83	1615.00
2	1456.66	1959.49	2031.32	2103.15	2174.99
3	1829.99	2463.48	2553.98	2644.47	2734.98
4	2203.32	2967.47	3076.64	3185.79	3294.97
5	2576.65	3471.46	3599.30	3727.11	3854.96
6	2949.98	3975.45	4121.96	4268.43	4414.95
7	3323.31	4479.44	4644.62	4809.75	4974.94
8	3696.64	4983.43	5167.28	5351.07	5534.93

Each Additional Person	+373.33	+503.99	+522.66	+541.32	+559.99
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## 2020 Maximum LIS Beneficiary Cost-Sharing Table

Low-income Subsidy Category	Deductible	Copayment up to Out-of-Pocket Threshold*	Copayment above Out-of-pocket Threshold*
institutionalized Full-Benefit Dual Eligible; or Beneficiaries Receiving Home and Community-Based Services	\$0	\$0	\$0
Full-Benefit Dual Eligible at or below 100% FPL	\$0	\$1.30 generic, \$3.90 brand	\$0
Full-Benefit Dual Eligible > 100% FPL; or Medicare Saving Program Participant (QMB-only, SLMB-only, or QI); or Supplemental Security Income (but not Medicaid) Recipient; or Applicant < 135% FPL with resources at or below \$9,360 (\$14,800 if married)**	\$0	\$3.60 generic, \$8.95 brand	\$0
Applicant < 150% FPL with resources between \$9,360 - \$14,610 (\$14,800 - \$29,160 if married)**	\$89	15%	\$3.60 generic, \$8.95 brand
*Out-of-Pocket Threshold is \$6,350 for 2020. **Resource limits displayed include \$1,500 per person for burial expenses.			

## Coordinating Medicare with Other Insurance

When you have health insurance other than Medicare, it is important to know which insurance pays first, making it the primary payer, and which pays second, making it the secondary payer.

Coordination of benefits is too large a subject to be covered in detail here, but some rules of thumb for large coverage categories will be provided. Understand that the complexity of coordination of benefits requires a careful reading of all insurance documentation for detailed answers to coverage.

### ***Medicare and PEEHIP (Alabama Public Education Retirees)***

For those eligible for PEEHIP, Medicare becomes the primary payer, and PEEHIP secondary on the day of retirement. It is critical that the person with PEEHIP have both Medicare A and B to assure adequate coverage with PEEHIP. Your Part A and B must be effective the first day of the month of your 65<sup>th</sup> birthday, unless your date of birth *is* the first day of the month in which case your Part A and B must be effective the first day of the previous month of your birthday. As of January 1, 2020, PEEHIP Medicare eligible retirees will be covered by Humana Group Medicare Advantage plan. This plan, like other Part C plans combines Medicare Part A, B and D. PEEHIP members who have TRICARE or other forms of creditable prescription coverage may elect to keep their current prescription coverage. You may go to [www.rsa-al.gov/peehip/retirees/](http://www.rsa-al.gov/peehip/retirees/) for additional information.

### ***Medicare and SEIB (Alabama State Employee Retirees)***

For those eligible for SEIB, Medicare becomes the primary payer, so the retiree and/or dependent must be entitled to Medicare Part A and enrolled in Medicare Part B. Effective January 1, 2020, United Health Care Group Medicare Advantage Plan (PPO) is the health insurance provider for SEIB Medicare eligible retirees. This plan also provides Medicare Part D prescription drug coverage. For additional information on SEIB go to [www.uhcretiree.com/seib/home.html](http://www.uhcretiree.com/seib/home.html).

### ***Medicare and TRICARE***

TRICARE for Life (TFL) is Medicare wrap around coverage which is available when a TRICARE eligible individual is also *eligible* for Medicare Part A and Part B. To remain eligible for TRICARE you must be enrolled in Medicare Part B and paying the Part B premiums.

Other persons who can have Medicare and TRICARE include persons who are dependents of active-duty service members who have Medicare for any reason, including people under 65 with Medicare Part A because of disability or End Stage Renal Disease and with Medicare Part B.

As a rule of thumb, Medicare pays first for Medicare-covered services, and TRICARE will pay the Medicare deductible and coinsurance as well as for any service not covered by Medicare but that is covered by

TRICARE. If services are provided in a military hospital or provided by other federal health care providers, TRICARE will pay for those services. For more information on TRICARE visit <https://tricare.mil>

### ***Medicare and Veterans Benefits***

You may qualify for both Medicare and Veterans health care benefits. Veterans health care is for persons who have served in the U.S. military. If you get treatment outside of the VA system, you either need coverage through Medicare or you need to get VA

approval. For more information on health care coverage through the VA visit [www.va.gov](http://www.va.gov).

If you have questions about any of the topics listed in this booklet please contact your SHIP counselor at 1-800-270-7635.

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