



POWERED BY



BKS PARTNERS

# MEDICARE BASICS

PRESENTED TO: Chambliss, Bahner, & Stophel

# Common Myths About Medicare

- You must enroll in Medicare when turning age 65 and face lifetime penalties if you don't. (Will you work past age 65?)
- You automatically get Medicare when turning 65.
- Medicare is not as good as employer-based health insurance.
- My doctor doesn't take Medicare.

WORK

RETIRE



# Nearing Age 65 – Decisions that Affect Medicare

- Will I continue working past age 65 for Chambliss Law? (Special Open Enrollment when you retire)
- Do I want to continue making HSA contributions because I plan to work past age 65?
- Should I select Chambliss' plan or consider Medicare and a supplement?
- Will I elect Social Security Retirement benefits? (Automatically enrolls you in Medicare Part A)
- Don't wait until the last minute to enroll in Medicare if you plan to retire, stop working or determine if Medicare vs. Chambliss' plan is best for you.

# Medicare Options Vs. Chambliss, Bahner & Stophel's Health Plan

	<u>Health Plan 1</u> \$3200 Deductible	<u>Medicare</u> Potential 100% coverage with Medicare Supplement
Your Cost Single Coverage	\$0.00	\$175.00 (Part B)
Part D Coverage		\$35.00
Medicare Supplement Cost		\$125.00
Medicare Advantage Plan		\$0 to \$50/month
Monthly Cost	\$0.00/month	\$210.00 to \$335.00/month

# Traditional Medicare – Parts A, B & D

- Part A:
  - Generally, zero cost to you.
- Part B:
  - \$175 to \$500 per month premiums based on household income. (IRMAA – Increase begins when income exceeds \$100,000 if you are single and \$200,000 if you are married)
- Part D:
  - Prescription drug coverage.
  - Premiums range from \$35 to \$100 per month.
  - Premiums increase for high income earners (IRMAA).

# Income-Related Monthly Adjustment Amount

## IRMAA

Medicare imposes surcharges on higher-income beneficiaries. The theory is that higher-income beneficiaries can afford to pay more for their healthcare. Instead of doing a 25:75 split with the government, they must pay a higher share of the program costs. The surcharge is called **IRMAA**, which stands for **Income-Related Monthly Adjustment Amount**.

The income used to determine IRMAA is your adjusted gross income plus municipal bond interest from **two years ago**. Your 2022 income determines your IRMAA in 2024. Below is the 2024 breakdown. If you have an IRMMA penalty for Part B you will also have one for Part D.

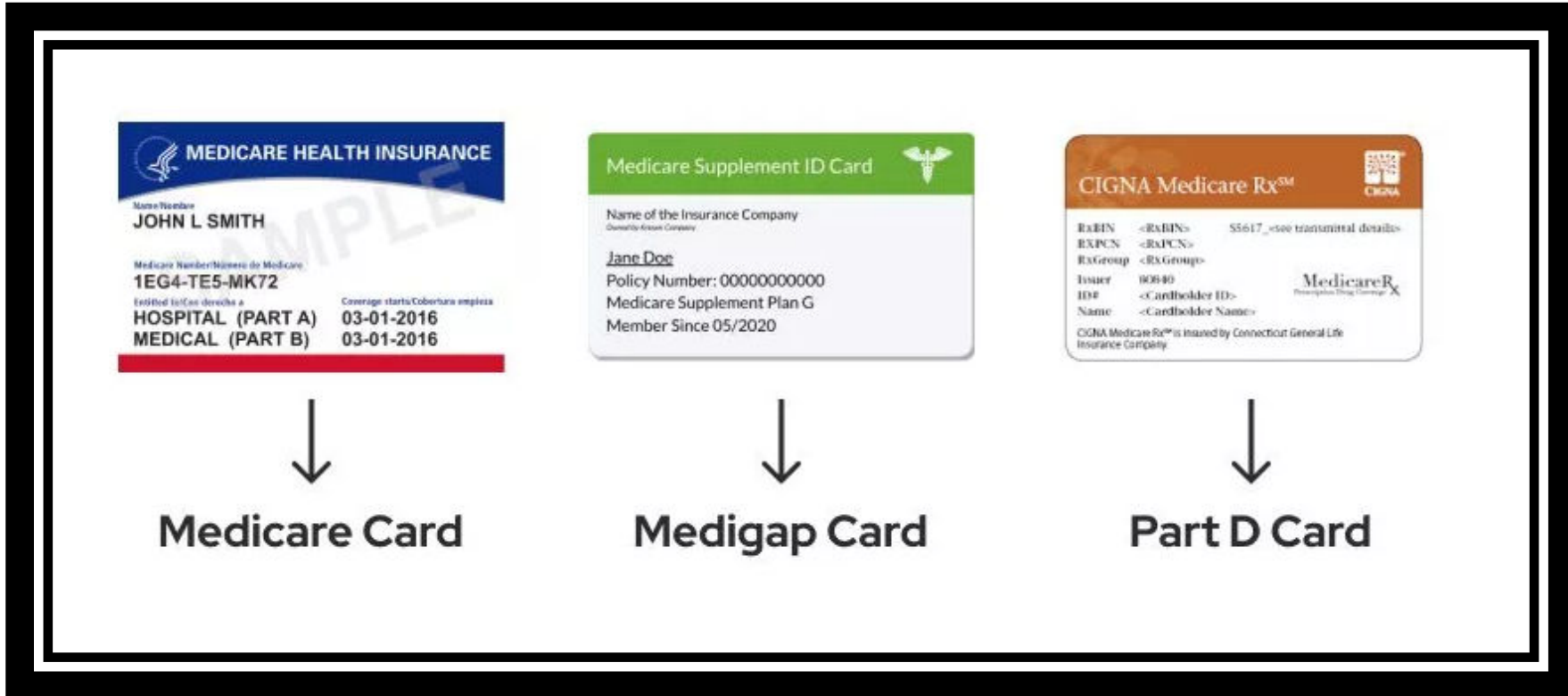
**Part D for Drug - Total Monthly Premium Amount:** The total monthly amounts will depend on the Part D – Drug plan you have elected coverage. You would take your monthly Part D premium and add the IRMMA penalty for final payment.

Full Part B Coverage 2024				
Beneficiaries who file individual tax returns with modified adjusted gross income:	Beneficiaries who file joint tax returns with modified adjusted gross income:	Income-Related Monthly Adjustment Amount	Total Monthly Premium Amount	Income – Related Monthly Adjustment for Part D
Less than or equal to \$103,000	Less than or equal to \$206,000	\$0.00	\$174.70	\$0.00
Greater than \$103,001 to \$129,000	Greater than \$206,001 to \$258,000	\$69.90	\$244.60	\$12.90 + Plan Premium
Greater than \$129,001 to \$161,000	Greater than \$258,001 to \$322,000	\$174.70	\$349.40	\$33.30 + Plan Premium
Greater than \$161,001 to \$193,000	Greater than \$322,001 to \$386,000	\$279.50	\$454.20	\$53.80 + Plan Premium
Greater than \$193,001 and less than \$500,000	Greater than \$386,001 and less than \$750,000	\$384.30	\$559.00	\$74.20 + Plan Premium
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$419.30	\$594.00	\$81.00 + Plan Premium

# Medicare Supplement Plans

WILL ALWAYS HAVE THREE (3) CARDS

1. Medicare Card – Give to Providers office (Primary insurance)
2. Medicare Supplement Card – Give to Providers office (Secondary insurance)
3. Part D, Drug Card – Give to Pharmacy





# Medicare Advantage Plans

OPTION 3

**A Medicare Advantage Plan**

**IS NOT**

**A Medicare Supplement Plan**

**Members may choose one  
OR the other**



# Medicare Part C – Medicare Advantage Plan

- Cost ranges from \$0 to \$50 per month.
- Still must elect Medicare Part B.
- Some Advantage plans include Part D coverage for prescriptions.
- Cost less than Medicare supplements but you have a PPO network which your doctor may or may not participate in.
- Some plans include dental and vision coverage.

# Medicare Supplement or Medigap Policies

- Ten plans to choose from.
- Premiums range from \$80.00 to \$165.00 per month at age 65.
- 100% coverage for most medical expenses with a good Medical supplement (Medgap).
- Must be enrolled in Medicare Part A &B before you can apply for a Medigap Plan.
- Must add Part D prescription drug coverage – 20 to 25 plans to choose from.

# Benefits offered by each Medigap plan

✓ = Plan covers 100%

✗ = Plan doesn't cover

% = Amount the plan covers

## Medigap plans

Benefits	A	B	C	D	F	G	K	L	M	N
Part A coinsurance & hospital costs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B copays/coinsurance	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Blood (first 3 pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A hospice	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled nursing facility	✗	✗	✓	✓	✓	✓	50%	75%	✓	✓
Part A deductible	✗	✓	✓	✓	✓	✓	50%	75%	50%	✓
Part B deductible	✗	✗	✓	✗	✓	✗	✗	✗	✗	✗
Part B excess charges	✗	✗	✗	✗	✓	✓	✗	✗	✗	✗
Foreign travel emergency	✗	✗	80%	80%	80%	80%	✗	✗	80%	80%

\$6,940    \$3,470

Out-of-pocket limit in 2023

# Sample Rates

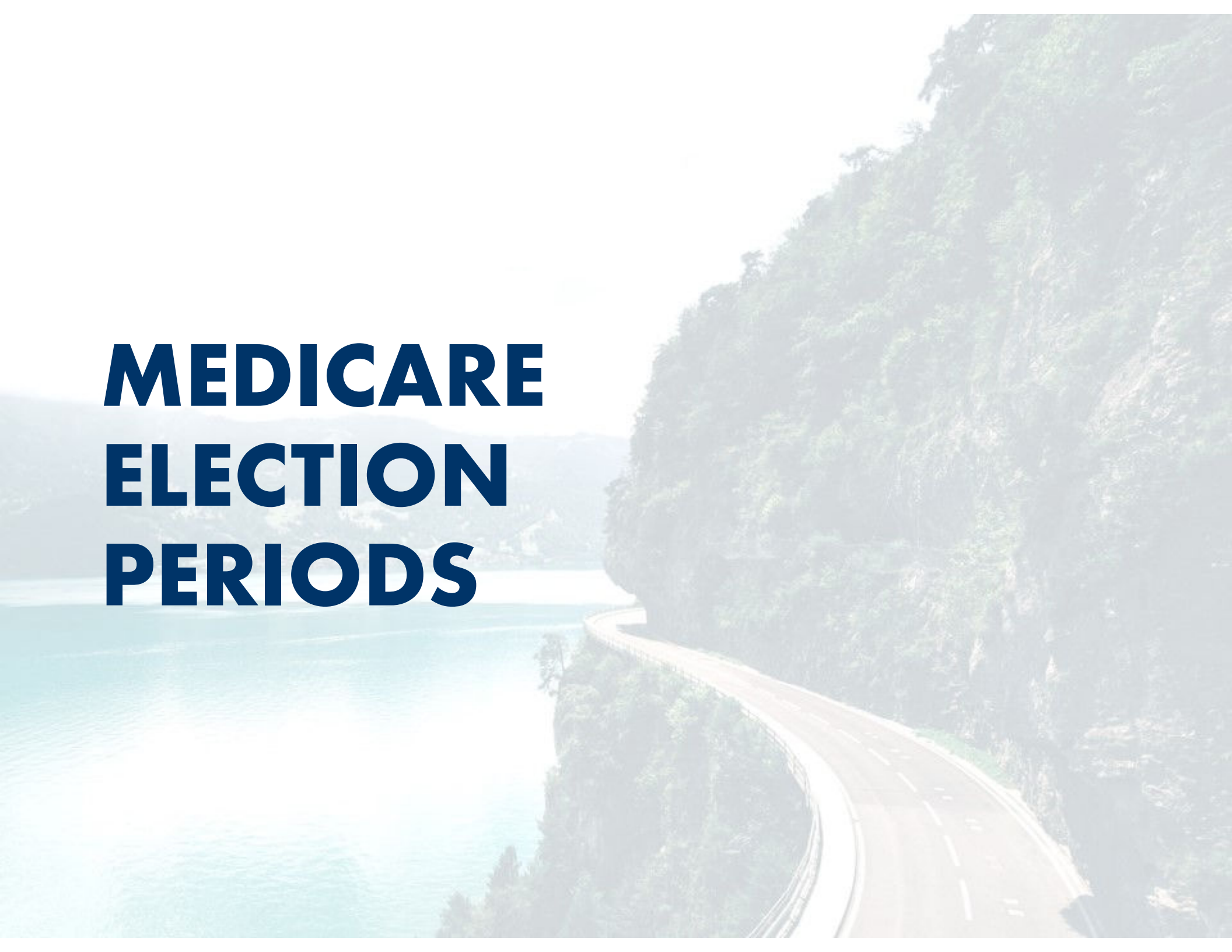
ATTAINED AGE	PLAN A	PLAN C	PLAN D	PLAN F	PLAN G	PLAN N
65	\$76.65	\$156.36	\$129.39	\$163.92	\$123.62	\$116.45
66	\$81.75	\$166.80	\$138.01	\$174.84	\$123.62	\$124.22
67	\$87.20	\$177.90	\$147.20	\$186.48	\$123.62	\$132.48
68	\$92.67	\$189.09	\$156.46	\$198.21	\$123.62	\$140.82
69	\$98.17	\$200.24	\$165.68	\$209.92	\$130.95	\$149.11
70	\$103.65	\$211.46	\$175.02	\$221.68	\$138.26	\$157.51
71	\$109.10	\$222.64	\$184.25	\$233.40	\$145.58	\$165.81
72	\$114.61	\$233.79	\$193.46	\$245.09	\$152.86	\$174.13
73	\$120.03	\$244.89	\$202.71	\$256.73	\$160.12	\$182.44
74	\$125.54	\$256.16	\$211.96	\$268.54	\$167.49	\$190.77

# **Past Age 65 – Retiring From Chambliss, Bahner, & Stophel and Never Enrolled in Medicare Parts A or B**

- Start researching your options nine to twelve months before you retire.
- Must enroll in Medicare Part A & B before applying for Medigap coverage.
- Add Part D coverage (Medicare.gov).
- Stop contributing to your HSA six months before retiring.

# Steps to Contributing to Your HSA After Turning 65

- At age 65, do not enroll in any part of Medicare including Part A which is generally no cost.
- Do not enroll in Social Security income benefits. (Triggers Part A automatically).
- Contribute as much as you can afford to build your medical nest egg.
- Plan ahead when choosing your retirement date.
- Stop all HSA contributions at least 6 months prior to that date. (Part A is retroactive for six months)

A scenic view of a winding road along a lake and a forested hillside. The road curves along the edge of a large, clear blue lake. To the right, a steep, forested hillside rises. The sky is bright and clear. The overall scene is peaceful and natural.

# **MEDICARE ELECTION PERIODS**



# Initial Enrollment Period (IEP)

Your initial Enrollment Period (or IEP) is a seven-month period. It begins three months before the month of your **65<sup>th</sup> birthday**. It then includes the month of your birthday and extends for three months after your birthday.

*For example, if you turn 65 on May 20<sup>th</sup>, your Medicare IEP would run from February 1<sup>st</sup> to August 31<sup>st</sup>.*

During the IEP, you can enroll in Original Medicare (Part A and Part B) or a Medicare Advantage plan (Medicare Part C). To avoid penalties, you should enroll in Original Medicare during your IEP unless you have other creditable coverage, such as large group employer health coverage.

# Enrollment Period

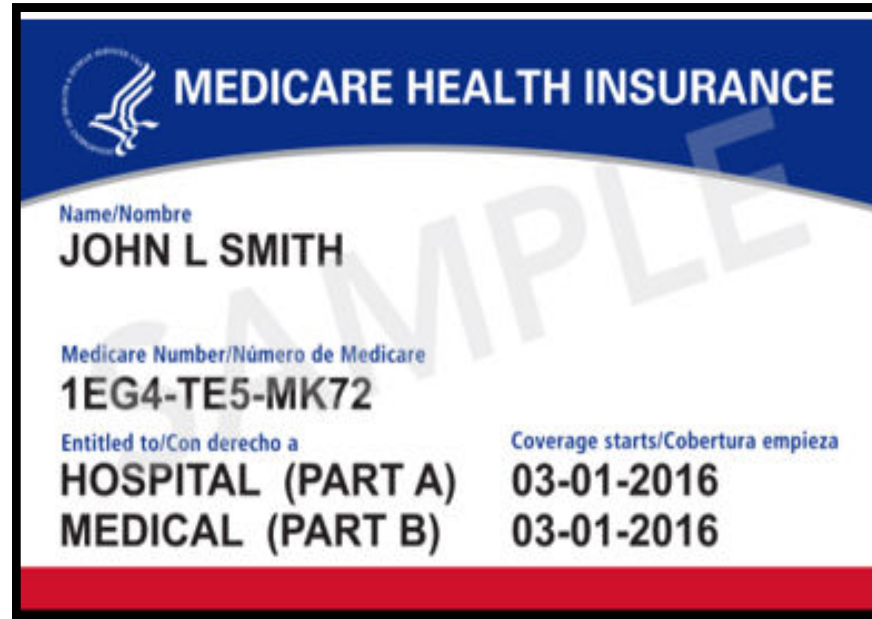
Enrollment Period											
Jan	Feb	Mar	Apr 1	May 2	June 3	July Birthday	Aug 5	Sept 6	Oct 7	Nov	Dec
If you join during			Three Months Before			Month Of	Three Months After			Missed Enrollment Period	

When enrolling in Part B you have an initial 7-month window, 3 months before you are eligible for Part B, the month of, and 3 months after. If you do not enroll in Part B when you are eligible and want to enroll later, you will be penalized 10% each year you could have been on B but did not enroll.

3-year wait=3x10% or 30% each month forever...

# Medicare

Parts A  
Parts B



Parts C  
Parts D

“MEDICARE IS HEALTH INSURANCE FOR PEOPLE AGE 65 OR OLDER, OR UNDER AGE 65 WITH CERTAIN DISABILITES”.

# Annual Enrollment Period (or AEP)

The Annual Enrollment Period (AEP), occurs between October 15<sup>th</sup> and December 7 each year that is specifically for Medicare Part C Advantage Plans and Medicare Part D, the prescription drug plans. You can use the next Annual Enrollment Period to join a plan or leave a plan.

During the Annual Enrollment Period you can:

- ❖ Switch to Medicare Advantage from Original Medicare.
- ❖ Change from one Medicare Advantage plan to another.
- ❖ Dis-enroll from a Medicare Advantage plan and return to Original Medicare.
- ❖ Enroll in, change, or dis-enroll from a Part D drug plan.

# Special Enrollment Periods (SEP)

If you continued working past age 65 and were covered by a large employer group health plan insurance plan, you may have delayed your enrollment into Parts B and D until later when you retire. Once you have completed your last day or active work, you will have an 8-month Special Enrollment Period to add Medicare Part B.

You will also have a 63-day window to enroll in Part D if you wish to do so.

# Medigap Open Enrollment Period

Once you are enrolled in Medicare Parts A and B, you will also qualify for a 6-month open enrollment window for Medigap plans. This starts with your Part B effective date and is a one-time election period.

**You can enroll in any Medigap plan that you like, with no health questions asked.**

# Closing Thoughts

- Compare Chambliss' plan vs. Medicare once you turn 64.
- Determine whether Chambliss' plan or Medicare is best for you.
- Will you work past age 65?
- Do you want to continue making contributions to your HSA?
- If you plan to work past age 65, begin researching your options nine to twelve months before you retire.
- Contact Rhonda Paseur if you would like to talk to an expert on Medicare.

# For more information on Medicare

Contact:

Rhonda Paseur

[rahste@aol.com](mailto:rahste@aol.com)

(423) 667-1014



# Medicare Q & A

- 1. I am turning 65 soon. What do I need to do if I want to continue making HSA contributions once I turn 65?** ( Do not enroll in Medicare Part A even though the cost is generally ZERO. Do not enroll in Medicare Parts B & D. As long as you continue to work at Chambliss, Bahner & Stophel past the age of 65 you will have a special enrollment period (SEP) that allows you to enroll in Medicare and purchase Medigap coverage or enroll in a Medicare Advantage plan. You are not considered a late enrollee as long as you continue to work no matter what the mail you receive says!!)
- 2. How long can I make HSA contributions after age 65 if I remain on Chambliss' plan?** ( You can continue to make HSA contributions as long as you do not elect Social Security retirement benefits. Once you elect Social Security, you are automatically enrolled in Medicare Parts A & B. At age 70, retirement benefits begin unless you postpone them).
- 3. What if I cover a spouse who is not 65 yet?** ( If you cover your spouse or any dependents who are under the age of 65 that entitles you to contribute the family maximum to your HSA which is \$8300 in 2024.)
- 4. Is it better to elect Medicare and a Supplement (Gap) plan vs remaining on Chambliss' plan?** ( Determine the cost of Medicare Part B plus Part D and a Medigap plan. Compare those premiums to what you pay for Chambliss' coverage. If you rarely meet your deductible, then remaining on Chambliss' plan is worth considering especially if you want to continue contributing to your HSA. If you normally meet the deductible, then moving to Medicare and a Medigap plan may be your best choice.)

# Medicare Q & A

5. **What is the high-income earner tax for Medicare Parts B and D?** ( If your 2021 taxable income exceeded \$97,000 or \$194,000 if you are married then you are subject to a surcharge on Medicare B and D premiums. Generally, it is total household income and based on your adjusted gross income two years prior to the effective date you enroll in Part B and D.)
6. **When should I stop HSA contributions if I will be retiring soon?** ( If you are over the age of 65 and elect Medicare, your effective date is backdated six months so you must stop contributing to your HSA six months before you retire.)
7. **Do I get Medicare automatically when I turn 65?** ( No unless you elect to receive Social Security retirement benefits or perhaps you are already receiving Social Security. Otherwise, you have to enroll in Medicare Part A and/or Part B to be eligible for Medicare coverage.)
8. **Who should I contact for Medicare information?**  
Rhonda Paseur .....rahste@aol.com.....(423) 667-1014
9. **What are Medicare Advantage plans?** ( Medicare Advantage plans generally combine Medicare supplement coverage and prescription drug coverage and are offered by private insurance companies. These plans typically cost less than a Medigap plan but cost you more when you need medical care. You must use a PPO network to have full coverage. While most providers in our area accept BCBST Medicare Advantage plans, they do have the right to drop out of any Medicare Advantage plan so you would have to choose another doctor or perhaps use another hospital that is in the Medicare Advantage PPO network.)
10. **Should I delay enrollment in Medicare A&B?** ( Only if you continue to work at Chambliss Law and want to maximize HSA contributions while you are working. Once you retire, you must enroll in Medicare Part A and B plus select Part D prescription drug coverage.)
11. **Medicare and COBRA.** ( Do not enroll in Cobra after the age of 65 since Cobra is not considered qualifying coverage. Medicare penalizes you for each month you were eligible for Part B and D but did not enroll. The reason most individuals elect Cobra is to get them through the remainder of the year and begin Medicare on January 1<sup>st</sup>.)



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