

## Turning Age 65.....A Review of Medicare and Your Health Care Options

### Medicare Basics

The four main parts of Medicare are Part A, Part B, Part C and Part D.

Part A covers hospital and inpatient services

Part B covers out patient and other services

Part C is also known as Medicare Advantage plans

Part D is prescription drug coverage

Enrollment into Medicare Part A is automatic upon turning age 65. Likewise for Medicare Part B if you are already receiving Social Security benefits. However, if you are not yet receiving your Social Security you will need to contact the Social Security Administration to apply for Part B. Approximately 6 weeks prior to starting Medicare (generally the 1st day of the month in which you turn age 65) you will receive a red, white and blue "Health Insurance" card. This shows your name, Medicare number and the effective dates for Part A & B.

Medicare Part A has no premiums associated with it providing either you or your spouse have worked for 40 quarters and contributed through either payroll deduction or self employment taxes. The cost for this benefit otherwise is around \$423 per month per person in 2009.

Medicare Part B has a premium, which is generally deducted from your Social Security Benefit. The premium in 2009 will be \$ 96.40 per month with an additional charge for higher income persons. The additional premiums are based upon income and start at \$ 80,000 for an individual and \$ 160,000 for a married couple.

Due to the fact that there will be no Social Security cost of living increase for 2010, it has been announced that Medicare Part B premiums will not increase for people already on Social Security. However, if you are ageing into Medicare in 2010 your Medicare Part B premiums will be in the region of \$104. per month, with a correspondingly higher amount for those with higher incomes.

Because Medicare Part B has a monthly premium a person can choose to disenroll from Part B. They do so by returning their Medicare card prior to the effective date and requesting Part A coverage only.

If person declines to purchase Part B when they are eligible they may face a 10% per year lifetime penalty if they choose to enroll at a later date. The exception to avoid the penalty is if they were still covered under a group insurance plan while they or their spouse were working beyond age 65.

Medicare Part C plans were originally introduced in the mid 1980's with little notice by the general public and were called Medicare + choice but are now known as Medicare Advantage or Private Medicare Plans.

Medicare Part D is the Prescription Drug Plan (PDP).

This is offered by numerous private insurance companies with differing benefits, premiums and formularies (lists of covered drugs).

Enrollment is voluntary, however like Part B, lifetime penalties may be incurred if enrolling after a given time frame.

## Turning age 65

For a large percentage of the US population, turning age 65 and becoming Medicare eligible is a very minor transition from their current situation.

These are persons covered under various group contracts which include but are not limited to:

Government Retiree's ~ Federal, State, Local.

Military Retirees ~ Tri-Care For Life

Employer Groups

Labor Unions

These plans generally act as a supplement to Medicare and frequently also cover prescription drugs.

Every plan must inform members annually during the month of October as to whether their coverage for prescription drugs meets the Federal guidelines to be considered "creditable coverage".

If their plan has "creditable coverage" that person need not be concerned about Medicare Part D, and if they ever choose to enroll in a PDP plan they can do so without penalty at the annual enrollment period. (AEP)

At this stage most employer and labor union plans are offering coverage this is considered "creditable coverage" and so their members only need to review their annual letter in October to ensure that remains the same for the upcoming year.

## Individual Insurance Options

This section will cover Medicare Supplement (Medigap), Medicare Part D and also Medicare Advantage Plans.

Individual *Medicare Supplement (Medigap)* plans were standardized by the Federal Government in 1993 whereby each insurer's plan had to be identical to guidelines set by the Federal Government. Originally 10 plans (Plans A through J) were made available with the two highest plans I & J offering some limited prescription drug coverage. In 2006 the drug benefits were removed from plans I & J and two additional plans (K & L) were added.

Starting in mid 2010 an additional two plans will be available called Plan M and Plan N. Both these are similar to a comprehensive plan but will have some small copays that will either be of a fixed dollar amount (ie: \$10 co-pay) or a percentage co-pay ( ie 20%). The details and pricings of these plans are not available at this time.

These plans cover some or all of the various deductibles and co-pays not covered by Medicare and some even include foreign emergency coverage and home health care.

For consumers it simplified the process of shopping for coverage. Plans F, G or J with one company are 100% identical to Plan F, G or J from any other insurance company. This allows the comparison to be based upon premium, service and other factors.

In Washington State persons turning age 65 have a guaranteed enrollment period where they may apply for coverage with any company with no health questions.

In addition any person with a "standardized" policy can change to a different carrier for a similar (and frequently better) policy at any time on a guaranteed issue basis, with no health questions.

If a person has a Medigap policy they generally should also have a PDP plan to cover some of their drug expenses.

In 2010 organizations will be offering 44 different Medicare Part D (PDP) plans to residents of Washington State. This is a decrease in both the number of providers as well as products offered over 2006.

Coverage offered by many plans for 2010 have changed significantly over the plans offered in 2009. So it appears as if consumers will have to review their options very closely each and every year to ensure they are in an appropriate plan.

However, each plan must meet minimum standards set by CMS (Centers for Medicare & Medicaid Services) and include drug options for each of the various categories of illness's.

Below is a questionnaire that can be completed and returned to us for a no cost, no obligation review of your prescription drug usage. Or, complete the form online for our review Castell Insurance. \_\_\_\_\_

## **Medicare Advantage Plans**

Medicare Advantage Plans have become extremely popular in the past few years as seniors and their medical providers have become aware of how they work. This is an area that has seen the most changes for 2010, with even more drastic changes planned for 2011. Many plans are withdrawing and a few new plans will be available. Please check out the links we've provided on our "Blog and links" page for the most current information.

All Medicare Advantage (MA) Plans require a person to be enrolled in both Medicare Part & Part B and continue paying Part B premiums. The three main types of MA plans are HMO, PPO and PFFS.

In a Health Maintenance Organization (HMO) members must receive their care through the HMO's providers and facilities. An example of an HMO is Group Health Co-operative (GHC). These plans pay little if any for care (except emergency) provided by other providers. No HMO's will be offering coverage in Clallam County in 2009.

A Preferred Provider Organization (PPO) will have a list of providers and facilities which will accept the reimbursement levels offered by the plan. An example of this is Med-Advantage offered by Regence Blue Shield. Benefits (except emergency) will be severely limited if obtained outside of network. In 2010 Group Health will be offering an PPO plan in parts of Clallam and Jefferson County. They will be serving the main areas around, Sequim, Port Angeles and also Port Townsend.

Generally Private Fee For Services (PFFS) plans allow a person to see any doctor or provider at any time as long as that provider agrees to accept the Medicare reimbursement for services provided. There is no list of doctors or facilities a person must use to receive benefits. In 2011 these plans must provide a list of providers who accept the program and for this reason it is anticipated that these plans will either disappear or morph into a type of PPO plan for 2011.

Premiums for Medicare Advantage plans can vary greatly with many companies offering plans with very low premiums. Some include limited benefit for dental and vision of which traditional Medicare and Medigap plans do not offer.

**Important warning.** Some Medicare Advantage plans also offer a Drug Plan and may insist you can only purchase their drug plan. In fact if you purchase their plan with drug coverage and then change your mind and change your drug coverage to another company, they will cancel your Medicare Advantage coverage and you will have no coverage for doctors and hospitals. The Med-Advantage plans offered by Regence Blue Shield and Group Health have this restriction.

The following form may be printed off and either delivered or mailed to Castell Insurance and we will be glad to assist you in reviewing the Medicare Part D plans with you.

Medicare Part D Questionnaire

Name: \_\_\_\_\_

Phone \_\_\_\_\_

Medicare: Part-A) Yes \_\_\_\_\_ No \_\_\_\_\_ (check one)

Part-B) Yes \_\_\_\_\_ No \_\_\_\_\_ (check one)

Current Drug plan is with:

\_\_\_\_\_

Current Medicare supplement plan is with:

\_\_\_\_\_

Monthly premium for Medicare Insurance:

\_\_\_\_\_

Medications Taken:	Drug Name	Dose & frequency
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
Spouse Medications:	_____	_____
	_____	_____
	_____	_____

All information is strictly confidential and we comply with all HIPPA rules.

When completed please print and return to the address below for a free, no obligation review.

**Castell Insurance**

426 E. Washington St., P.O. Box 1929, Sequim, WA 98382  
360-683-9284 or 1-800-279-2937

[questions@castellinsurance.com](mailto:questions@castellinsurance.com)