

**MEDICARE PLANNING – UNDERSTANDING &
OPTIMIZING YOUR OPTIONS**

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About The Presenter

- **Many years of experience** in both the health services and insurance industries
- Have served as Administrator of a 150 bed Senior Living Community offering 3 levels of care
- **Independent** broker -- Offer multiple products (Medicare, Life, Long term Care, Annuities) from a range of **well-rated** insurers
- Certified to sell All Advantage products, including AARP/UHC; as well as highly-rated Medicare Supplement and Prescription Drug Plans
- **Provide a 6-hour Program on “Healthcare Expenses In Retirement”** both through the Montgomery College and Osher Lifelong Learning Institutes – always welcome opportunities to educate

MEDICARE OVERVIEW

- **Part A** = Hospital, Short Term Home Care, Short Term SNF and Rehab, Hospice – typically \$0 premium for anyone or spouse who has paid into Social Security for 40 quarters; available for purchase if do not meet those qualifications
- **Part B** = Outpatient, Ambulatory, Observation in Hospital setting, OP Diagnostics, Therapies (monthly or quarterly premiums) – can be deducted from Social Security check - \$174.70 for enrollees at **base** level, then IRMAA adjustment
- **Part C = Medicare Advantage (MA)** – optional; offered as MA only (standalone) for Veterans or those with Union Drug Plans; or in combination with Part D known as MAPD/Medicare Advantage + Prescription Drug.
- **D = Prescription Drug Plans** (standalone, or with MA = MAPD) – must purchase within 63 days of joining Medicare or losing creditable coverage, or face price/premium penalties (1%/month x No. of months)

NOTE: If you have a Retiree or Tricare Plan, you may not have to be concerned with anything but A and perhaps B (depending on the Plan)

A NUMBER OF ENROLLMENT PERIODS – “Alphabet Soup”

- **IEP – Initial Enrollment Period** – typically when turning age 65 – can sign up 3 months prior to age 65; month turning age 65; 3 months past 65th birthday. Sign up for Part A, wait on Part B if have “creditable coverage” – as good as
- **AEP – Annual Enrollment Period** – October 15th – December 7th – make changes in Medicare Advantage and/or Prescription Drug Plan coverage – “shop around” – bombarded with mailings and TV Ads; mailed literature
- **OEP – Open Enrollment Period** – January 1st-March 31st – designed to allow people who are enrolled in an MA Plan to change to a **different** MA plan or to switch back to “Original Medicare” + Prescription Drug Plan; the issue is if a person does **NOT qualify for Medicare Supplement**, then cannot switch back to Original Medicare (since lose 20% coverage)
- **SEP – Special Enrollment Period** – loss of employer coverage, loss of existing coverage through spouse; because of change of address (at county or State level); if change in residence and on MA, can obtain a Guaranteed Issue Medicare Supplement. A person can join a 5-STAR PLAN **anytime (Kaiser)**
- **GEP- General Enrollment Period** – missed other deadlines for signing up for Part B; must then sign-up Jan-March for next month’s coverage

Select Information RE: A and B

- **Part A - \$0 premium** for most people; **deductible of \$1676 per benefit period**— covered by Medicare supplement insurance, but **hospital copays for days of care if enrolled in MAPD plan (unless Dual)**
- **Medicare Part A** pays fully for **the first 20 days of care in an inpatient rehab unit or SNF**, assuming a person meets the **3-day hospital inpatient requirement**; **the next 80 days cost the person \$204/day in 2024** – that is why many people buy a Medicare Supplement policy (for MA, a copay schedule up to OOP max))
- **Part B Premiums will start at \$185.00** in 2025; **then increase based on household income (IRMAA) up to \$612**. **Part B covers 80%** of outpatient costs, which is main reason people seek Supplement coverage; extended MH coverage in 2024 for OP and Addictions Treatment. Part B also covers select infusion drugs
- **Part B Deductible will be \$257 in 2025** (unless covered by Medicare Supplement Plan F, which is only offered to those who were enrolled in Medicare prior to Jan 2020); **deductible amount changes yearly**
- **ER billed under Part B**, and patient thus responsible for 20% (covered by Supplement) **Observation stay is still Part B rather than Part A even though you are physically confined in the hospital building**

PENALTIES and ENROLLMENT GUIDELINES

- **Medicare Part A** – enroll when turning 65 (3 mos. Before birthday, birthday month, 3 mos. after); if enroll in Social Security at age 65, you are automatically enrolled in both A and B, but if still employed, request delay of Part B.

You CAN defer signing up for Part A if contributing to a Health Savings Account

(Those needing to buy into Part A: \$513/month)

- **Medicare Part B** –

1. Have 8 months from time of loss of “creditable” employer coverage to sign up for Part B without penalty
2. 10% penalty for each 12-month period without coverage
3. Providers who do not accept Medicare Fee Schedule in full are NOT “fully-participating”, and may charge up to 15% more (some Medicare Supplement Plans cover these “excess charges”)

- **Medicare Part D** – 63 days from time that a person signs up for Part A, unless have creditable coverage.

Some people **think** they do not need Part D, but you will need it when you need it

- **Employer Coverage after 65** –

Employer with 20+ employees - sign up for Part A; do not need Part B until you lose creditable coverage. Employer primary, Medicare secondary (if still contributing to an HAS, do not sign up for A)

Employer with < 20 employees – sign up for Part A, usually Part B. Medicare primary, employer secondary

Retiree Plans– need Part B? It depends - governmental and private employer plans

MEDICARE SAVINGS PROGRAM AND LOW-INCOME SUBSIDY PROGRAM(LIS)

- **Medicare Savings Program (MSP)** – can help people to pay Part A and/or Part B expenses if they fall into one of several categories (QMB; SLMB; QI) or receiving SSI, if their income exceeds the amount which qualifies a person to enroll in Medicaid. – LIS program information at: [Social security.gov/prescriptionhelp/](https://www.socialsecurity.gov/prescriptionhelp/)

Monthly income limits of approximately \$15,000-\$21,000; which qualifies a person to enroll in the MSP (along with asset limits); **May pay for Part B premiums, deductibles copays, and/or coinsurances (depending on level)**

- **If a person qualifies for the MSP**, then they **automatically** qualify for the **Extra Help/Low Income Subsidy Program** through which their Part D costs are reduced
- **LIS/Extra Help** – gov't program which **reduces enrollee copays for drugs significantly**. Based on person's income level (150% of FPL) = (individual income under \$22,590/assets less than \$17,220); 4 levels from 1.95 up to \$4.50 generic and \$9.85 for brand (rather than "Tier" pricing for regular PDP's))
- **Those who are either receiving Medicaid, SSI, or enrolled in a Medicare Savings Program are automatically enrolled in the LIS Program**
- **State Pharmaceutical Assistance Program (SPDAP) in MD** which pays up to \$60/month for Part D premiums if an individual's income is under \$45,000 (or \$59,000 for a 2-person household)

PART D – BASIC INFORMATION

- **Provided by private insurance companies or managed care (part C) organizations, which subcontract for prescription drugs with multiple pharmacy chains – CVS, Rite Aid, Walgreens, Costco, Walmart, Giant, etc.**
- **Preferred/in-network pharmacies vs. non-preferred; generic vs. “brand” (issue of patents)**
- **3 Phases in 2024 – Catastrophic phase costs for policyholders were eliminated as of January 1, 2024; as of 2025; elimination of the “donut hole/coverage gap; OOP costs capped at \$2000).**
- **6 “tiers” for drug costs- 2 generic, 2 brand, specialty tier; Tier 6 = insulin now \$35/month from all companies; insulin pump covered under Part B/Durable Medical Equipment**
- **Formularies – approved list of drugs; if not on formulary, not covered by Part D plan (beware)**

NOTE: Vaccines for shingles, RSV, Flu, COVID 19, pneumonia, Hep A; rabies, tetanus fully covered

MOST IMPORTANT FACTORS WHEN PURCHASING A PART D PLAN

- Best choices for most cost-friendly plans = **Premium + Copays**. Be sure that all of your drugs are **in the formulary and thus included in the cost calculation**
- **Use of Medicare Plan Finder** – shows least **total (premium + copay) = total OOP costs**; shows tiers and formularies
- There is a new **Medicare Prescription Payment Plan** starting in 2025 through which an enrollee can spread their total estimated drug cost over a 12-month period, thereby avoiding having to pay the first \$590 deductible all upfront

NOTE: Use of Discount Cards – some drugs may cost less, but these expenses will **NOT** go toward fulfilling your out-of-pocket maximum.

NOTE: Starting 2026, first 10 highest cost drugs will be repriced based on new Federal negotiations: Eliquis; Jardiance; Xarelto; Januvia; Farxiga; Entresto; Embrel; Imbruvica; Stelara; Novolog

COVERAGE OPTIONS

- **If you have a retiree health plan:**
 - understand what is and is not covered (Outline of Coverage); deductibles, copays, OOP maximums?
 - do you need Part B?
 - premiums compared to Medicare (Part B, Supp or MA, PDP)?
- **Speak with your Benefits Administrator if private company plan**
- **Details of all gov't plans on OPM.gov – Mail Handlers; FEHBP; GEHA, etc.**

MEDICARE — “GAPS” IN COVERAGE

- **Part A and B Deductibles** -- \$1632 Part A/\$240 Part B (2024)– change each year
- **20% of Part B expenses** – Dr., Outpatient Centers, Diagnostics, Therapy, Observation Stay, etc
- **\$204/day copay for days 21-100 in rehab/SNF (2024)**
- **Other Features- Excess Charges (15% add-on for non-fully participating providers); 1st 3 pints of blood**

Other:

- Dental and Dentures (to be discussed in Med Advantage slides)
- Vision & Hearing (to be discussed in Med Advantage slides)
- Acupuncture (now approved for a few select conditions)
- Over the Counter Medications & Supplies

After 100 Days in SNF = Long Term Care – a great but often unrecognized/unplanned for event

MEDICARE SUPPLEMENT PLANS/"MEDIGAP"

- **Sold by private insurance companies;** supplements the 20% not covered by Part B, as well as other select costs
- Typically purchased when sign up for Part B – **guaranteed issue (no underwriting) if purchased within first 6 months after signing up for Part B, otherwise UNDERWRITTEN, unless: 1) if losing coverage involuntarily – e.g. losing an MA plan located elsewhere; or in association with the new "Birthday" Rule if you already own a Medicare Supplement**
- **Multiple** companies offer Med/Supp (also known as Medigap) competing based on prices assigned to each category of coverage (**by "Letter"**). **Plans A through N**, differ in the level of services/products covered, which is reflected in their pricing (Plan N offers lower pricing in exchange for \$20 copays per visit and \$50 ER charge)
- **"Med Supp"** coverage allows you to go to **any** Medicare-certified practitioner throughout the US – freedom of choice, no networks, no referrals (major distinguishing point from Medicare Advantage Plans) – some will offer coverage for physicians and other providers considered to not be "fully" participating providers, thereby avoiding "excess charges"
- Several **"high deductible"** plans which allow you to obtain a much lesser monthly premium in exchange for paying \$2800 out of pocket/deductible – especially useful if you are over 80 and do NOT want an MA plan

MEDICARE ADVANTAGE PLANS

Provided by large insurance companies e.g. Aetna, CIGNA, AARP/United HealthCare, & CareFirst MD only); and by large Medical Care Delivery Systems e.g. Kaiser Health Plan, Johns Hopkins in MD

Sign over your Part A and B coverage to the Plan (but you must still pay your Part B premiums) in exchange for a low premium and add-on benefits

NOTE: You cannot go to your previous physician who says he/she will just bill Part B for 80%

Different types of MA Plans:

- **Regular** – as if in an insurance plan prior to age 65 – deductibles, copays, coinsurance, OOP max, now accept those who have ESRD
- **Dual Eligible (DSNP)**– those on both Medicare & Medicaid FBDE or QMB; some plans now offer **partial DE plans with** Extra Benefits if at other Federal Poverty Limits above FBDE or QMB
- **Veterans Plans-** MA Only/Medical only, with Drug Coverage through VA

Features of MA Plans

- **Prices are consistent regardless of age (as opposed to Medigap);** Typical premiums are \$30-\$150/month, although a few \$0 priced MAPD plans in NVA; \$0 for **Dual-Eligibles** (Medicare & Medicaid)
- **Medicare Advantage Plans – no underwriting** (unlike Med-Supp after 1st 6 months (including **ESRD** as of January 2021); can switch to a different MA during AEP, or switch to a Supplement without underwriting within first year.
- **For HMO Plans, must use providers IN-NETWORK** (like an HMO Plan for under-65 insurance plans). **Those in PPO's may use use of Out of Network providers but at increased out-of- pocket (OOP) costs by approx. 30-50%.**
- **“Added Value” Services** For Regular Plans – preventative dental (some have dental Add-on for a fee), vision, hearing, nurse hotlines, fitness club memberships; **most offer discounts on dentures and hearing aids.**
- **“Add-Ons” for DE Plans:** Transportation; meals after hospitalization; \$ for OTC supplies, utilities, and healthy foods; dental of \$1000-\$2000, may include dentures; \$ toward hearing aids; personal emergency response devices

BEWARE: A person CANNOT drop an MA Plan and switch to “Original” Medicare (A+B) plus a Part D **unless** they can either medically qualify for approval for a Medicare Supplement Plan, OR can obtain **“Guarantee Issue” Medicare Supplement** due to an MA plan being discontinued or due to geographic loss of an MA Plan

MAJOR FEATURES TO CONSIDER WHEN SELECTING AN MA PLAN

- Premiums
- In 2025, some may require deductibles, especially on \$0 premium plans; some may now have drug deductibles
- Networks – Hospitals, Providers (of all types)
- HMO vs. PPO
- Copay Schedules – e.g. Specialists; ER; MRI; first 5 or 6 days of hospital care; days in rehab or SNF
- Out of Pocket Maximum
- Value-Added Features – dental, vision, fitness, etc.

MA-ONLY PLANS FOR VETERANS

- \$0 Premium
- Access to Emergency Care At Local Facilities
- Access to Community-Based Specialists
- **Part B “Buybacks”** – reduction in Part B premiums
- Dental/Vision/Hearing Benefits
- Membership in Fitness Facilities
- Transportation to Dr. Appointments
- Vouchers for “over the counter” supplies

MEDICARE ADVANTAGE PLANS FOR 2025

Montgomery & Prince George's:

- AARP/UHC – 2 PPO's
- Alterwood - 3 HMO's
- CareFirst 2 PPO's
- Humana-2 PPO's
- Johns Hopkins (Montgomery Co. Only) – HMO; 2 PPO's
- Kaiser Health Plans-3 HMO's

Also: Dual Eligible and Veterans' Plans from multiple carriers

District of Columbia:

- AARP/UHC – 2 PPO's
- Aetna HMO-POS and PPO
- CareFirst PPO
- CIGNA - HMO and PPO
- Humana – 2 PPO's
- Kaiser – 3 HMO's

NOTE: Plans differ by premiums; copays; and out of pocket maximums (in, out of network)

COMPONENTS OF “DUAL CHOICE” PLANS

- Dental, including dentures
- Hearing, including hearing aids (price share amount; frequency)
- \$ for Over-The-Counter Drugs and Supplies; Utilities; and/or To Purchase Healthy Foods
- Personal Emergency Response Systems (PERS)
- Bathroom Safety Items

MY VALUE PROPOSITION

- Extensive Advice and Information
- **No Fees; No obligation**
- I can do your shopping for you – Supplements; Drug Plans; Advantage Plans
- **Premiums are the same** whether you submit your applications through me or go directly to the insurance company

SHOULD I JOIN AN MA PLAN?

A. Join

- Low price – but beware of additional cost responsibilities (unless Dual Eligible.)
- Negate the need to spend for a Medigap plan plus a Part D Prescription plan
- Add-Ons – best if Dual Eligible plan, but general plans offer eye exam and glasses, preventative dental, fitness memberships, 24- hour nurse call hotlines
- Provide out-of-pocket maximum protection without which you face much greater liability
- Discounts on products such as dentures & hearing aids

B. Don't Join

- **Network restrictions** – how many and which doctors, hospitals, and other providers are in the network
- If **HMO**, need for referrals (PPO's do allow for out of network selections, but at a cost)
- **Out of pocket copays (most up to \$7500 or more** e.g. hospital IP stay \$300-350 for days 1-6; \$300 for MRI; \$250 - \$300 for ambulatory surgery

For Further Information and Assistance

- Medicare & You Handbook
- Medicare.Gov
- Social Security/SSA.Gov
- OPM.Gov for federal employees

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NO FEES; NO OBLIGATION; All major products, including AARP

NO COST to a person applying for coverage – premiums are the same.