

Understanding Healthcare in Retirement: **Medicare 101**

September 14, 2022



Housekeeping

- Any questions asked during registration will be answered at the end of the presentation if time permits.
- We will not be able to provide a copy of the slides nor a copy of the recording at this time.
- More information about our offered services is available for you in the Handouts section.

About

Mueller Financial Services, Inc.

- Mueller Financial Services is a financial advisory firm that has served clients for over 30 years, expanding its guidance from the regional to the national level through growth and acquisitions. We offer a broad range of services for corporations, business owners, executives, independent professionals, and high-net-worth individuals.
- Through ongoing education, sound investment strategies, and a strong sense of teamwork, we enter into a dynamic partnership with every client to best guide their financial investment and insurance planning needs.

About (Cont'd)

Rick Roberts, Producer's XL

- Rick is Producers XL's resident Medicare Supplement, Medicare Advantage, and Part D expert. He can assist with any product questions, open enrollment, and help you expand your Medicare knowledge.

Medicare 101



2022-IL

What is Medicare?

- ▶ Medicare is a federal health insurance program for individuals 65 years of age or older and those entitled to Medicare due to disability.
- ▶ Managed by the Centers for Medicare & Medicaid Services (CMS).

Did you know...the first person enrolled into Medicare was former President Harry S Truman in 1965.

Medicare Basics

What is Medicare?

Health Insurance for people:

- ▶ 65 and older
- ▶ Under 65 with certain disabilities
- ▶ Any age with End-Stage Renal Disease

Medicare Basics

What Government Agencies are responsible for helping you with Medicare?

- ▶ Social Security Administration (SSA)
 - ▶ SSA enrolls most people into Medicare
 - ▶ SSA collects premiums for Part B (and Part A if you have to pay for it)
- ▶ Center for Medicare & Medicaid Services (CMS)
 - ▶ www.Medicare.gov
 - ▶ Administers the Medicare Program

Medicare Basics

4 Parts of Medicare

Part A

Hospital
Insurance



Part B

Medical
Insurance



Part C

Medicare
Advantage Plans



Part D

Prescription
Drug Plans



Part A (Hospital Insurance)

Helps cover:

- Inpatient care in hospitals
- Skilled nursing facility care
- Hospice care
- Home health care



For Agent Use Only

7/28/2022

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Medicare Part A Coverage

For hospital stays in 2022, your cost for each benefit period are:

Day 1-60	\$1,556 Part A deductible
Days 61-90	\$389 per day co-payment
Days 91-150	\$778 per day Lifetime Reserve Days co-payment. When your hospital stay exceeds 90 days during the benefit period, a feature referred to as "Lifetime Reserve Days" takes effect. When you use a reserve day, Medicare permanently subtracts it from your 60-day lifetime limit.
Days 151 and after	All cost after your Lifetime Reserve Days run out. But, if you don't have the full 60 reserve days left, you pay all Part A expenses before the 151 st day of the benefit period.

Source: <https://www.cms.gov/newsroom/fact-sheets/2022-medicare-parts-b-premiums-and-deductibles2022-medicare-part-d-income-related-monthly-adjustment>

Part A deductible resets at the end of every "benefit period." A benefit period begins on the first day a patient arrives at a hospital, mental health facility or skilled nursing facility for an inpatient stay. The benefit period then ends when the patient has been out of the facility for 60 consecutive days.

Medicare Part A Coverage

For skilled nursing care in 2022, your costs for each benefit period are:

Days 1-20	Nothing
Days 21-100	Up to a \$194.50 per day co-payment
Days 101 and after	All cost

Source: <https://www.cms.gov/newsroom/fact-sheets/2022-medicare-parts-b-premiums-and-deductibles2022-medicare-part-d-income-related-monthly-adjustment>

Skilled Nursing Facility Care Coverage

- ✓ Medicare covers only short-term skilled nursing home care, with no payments after 100 days.
- ✓ It does not cover 'custodial' or "intermediate" care, the most common kinds of care.
- ✓ In total, Medicare pays only about 10% of all long-term care cost. (Source: Department of Health & Human Services)

Home Health Care Coverage

Medicare pays benefits for the home health care only if:

- ✓ You need part-time skilled nursing care, physical therapy or speech therapy
- ✓ You're confined to your home
- ✓ Your doctor prescribes home health care and sets up a care program
- ✓ Your home health agency is Medicare-approved

Part B (Medical Insurance)

Helps cover:

- Services from doctors and other health care providers
- Outpatient care
- Home health care
- Durable medical equipment (like wheelchairs, walkers, hospital beds, and other equipment)
- Many preventive services (like screenings, shots or vaccines, and yearly “Wellness” visits)



Medicare Part B Coverage

Examples of Services and Supplies Usually Covered

Doctor Services	Outpatient Hospital Services	Medical Services and Supplies
<ul style="list-style-type: none">✓ Services received:<ul style="list-style-type: none">• In the hospital• In the doctor's office• From you doctor's office• In any Medicare-approved medical or nursing facility• At home✓ Assistant surgeon fees✓ Diagnostic test and treatments✓ Administered Drugs✓ Anesthetist fees	<ul style="list-style-type: none">✓ Emergency room✓ Hospital clinic services✓ Physical therapy✓ Administered drugs✓ Lab test✓ X-rays✓ Radiology medical supplies.	<ul style="list-style-type: none">✓ Independent lab test✓ Ambulance✓ Surgical dressing✓ Cast and splints✓ Pacemakers, artificial limbs, braces, wheelchairs, and other necessary equipment✓ Corrective lenses after a cataract operation

Medicare part B Coverage

Examples of Services and Supplies **NOT** Usually Covered

Doctor Services	Outpatient Hospital Services	Medical Services and Supplies
<ul style="list-style-type: none">✓ Dental care✓ Routine physical examinations✓ Oral surgery✓ Routine foot care, eye or ear examinations✓ Immunizations✓ Chiropractic services except for manual manipulation of the spine	<ul style="list-style-type: none">✓ Cosmetic procedures not medically necessary✓ Lab test not medically necessary	<ul style="list-style-type: none">✓ Dental plates✓ Orthopedic shoes✓ First aid supplies✓ Self-administered drugs, even with a doctor's prescription✓ Eyeglasses✓ Hearing aids

Medicare Basics

How & When to Enroll in Medicare?

Medicare enrollment rules and decisions vary depending on:

- ▶ Your Age
- ▶ Your other insurance coverage - like from your employer
- ▶ If you have End-Stage Renal Disease
- ▶ If you get
 - ▶ Social Security Disability Insurance
 - ▶ Social Security retirement benefits
 - ▶ Railroad Retirement benefits

Enrolling on Time is Important

If you don't enroll on time...

- ▶ Your cost could be higher - late enrollment penalties or paying more for Medicare Supplements
- ▶ Coverage might be affected - like having a gap in coverage or a waiting period for pre-existing conditions for Medicare Supplements
- ▶ You might not be able to buy a Medicare Supplement
- ▶ If on employer health insurance - it can impact your dependents choices

When is Enrollment Automatic?

- ▶ If you are already receiving Social Security (or Railroad Retirement Board) benefits
- ▶ Initial Enrollment Period Package
 - ▶ Mailed to your home 3 months before
 - ▶ You turn 65 or
 - ▶ 25th month of disability benefits
 - ▶ Includes your Medicare Card
 - ▶ If you don't want Part B, you have to complete the back of the card and mail it back!

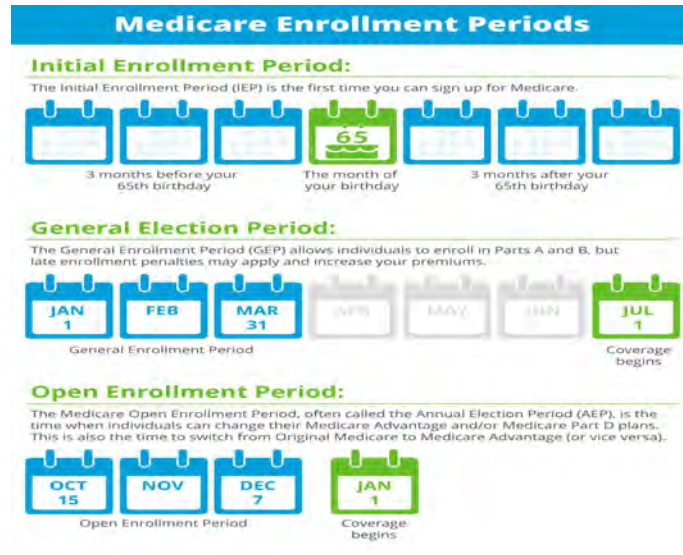
When is Enrollment NOT automatic?

- ▶ If you are not getting Social Security or Railroad Retirement Board benefits for at least 4 months before you turn 65 - then -
- ▶ You will need to sign up for Part A and Part B - even if you are eligible for free Part A.
- ▶ You should contact Social Security to apply for Medicare 3 months before you turn 65
- ▶ You DO NOT have to be retired to get Medicare!

Where do you enroll for Medicare?

- ▶ You can enroll online at www.socialsecurity.gov
- ▶ You can make an appointment at your local social security office
- ▶ You can call 1-800-722-1213 for more information

Medicare Enrollment Periods



NEW EFFECTIVE JANUARY 1, 2022

If an individual is at least 65 years of age, but no more than 75 years of age, and has an existing Medicare supplement policy the individual is entitled to a New Medicare Supplement Annual Open enrollment period. This New Medicare Supplement Annual Open Enrollment period begins on the individuals birthdate each year and lasts for 45 days. The individual may purchase any Medicare Supplement policy with the same company/issuer that offers benefits equal to or lesser than those provided by the previous coverage. During this open enrollment period, if an individual currently has a Medicare supplement policy then the policy cannot deny or place conditions on the individual holding the policy or effectiveness of Medicare supplemental coverage, nor discriminate in the pricing of coverage, because of health status, claims experience, receipt of health care, or a medical condition of the individual.

Medicare Enrollment Periods

Special Enrollment Period: At retirement, or when you end your Employer Group Health Plan Coverage

- ▶ You will have an 8-month period when you can enroll/join
 - ▶ Part A
 - ▶ Part B
- ▶ If you enroll in Original Medicare during this Special Enrollment Period, you can also join
 - ▶ Part C (Medicare Advantage Plan) OR a Medicare Supplement Policy
 - ▶ Part D
- ▶ You will have a 6 month period from the Part B effective date to buy a Medicare Supplement/Medigap Policy without medical underwriting

Part A Penalty

Medicare Part A eligible participants who delay their enrollment could face penalties that equal 10 percent of their Part A monthly premiums

The diagram illustrates the calculation of the Part A Penalty. It features three main components: a dark blue circle with a white letter 'A' representing the Part A Penalty, an equals sign, a green money bag with a white dollar sign representing the Monthly Premium, a multiplication sign 'x', and a circular gauge with a red needle pointing to 10% representing 10% of the Premium. Below each icon is its corresponding label: 'Part A Penalty', 'Monthly Premium', and '10% of Premium'.

$$\text{Part A Penalty} = \text{Monthly Premium} \times 10\% \text{ of Premium}$$

Part B Penalty

Failing to Enroll in Part B Could Cost You

Your monthly Part B premium will go up **10%**
for each year that you neglected to sign up



You pay the late enrollment penalty
for as long as you have Medicare

Part B Late Enrollment Penalty

$$\text{\$} \underline{\hspace{1cm}} \times \underline{\hspace{1cm}} \% = \text{\$} \underline{\hspace{1cm}}$$

Part B
Premium


10 Percent
Penalty for each
12-month period

Monthly
Premium
Penalty

Part D Penalty



The average nationwide monthly premium for 2022 is \$33.06



Calculating Part D Penalties

$$1\% \times \# = \$$$

One percent of the average monthly prescription drug premium	Number of months you were late	The amount of your penalty
--------------------------------------------------------------	--------------------------------	----------------------------

Medicare Coverage Options

Original Medicare

Part A

This is Hospital Insurance administered by the Federal Government

- ▶ Inpatient stays, skilled nursing facilities, home health care, hospice
- ▶ In general, most people do not pay a monthly premium for this coverage
- ▶ Part A does include a deductible and per day charges (more to come on that topic)

Original Medicare

Part B

- ▶ This is Medical Insurance administered by the Federal Government
 - ▶ Medically Necessary Doctors services, outpatient services and supplies, lab tests, durable medical equipment, diabetic supplies, home health care, preventive services
- ▶ The standard monthly premium is \$170.10 (can be lower or higher, based on income)
- ▶ Part B does include a deductible and coinsurance (more to come on that topic)

Paying for Part B

- ▶ Deducted Monthly from:
 - ▶ Social Security benefit payments
 - ▶ Or railroad retirement, federal retirement benefit payments
- ▶ If not deducted from social security or other:
 - ▶ Billed to you every 3 months
 - ▶ Medicare Easy Pay allows you to have the payment automatically deducted from your checking or savings account each month

Paying for Part B

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
Less than or equal to \$91,000	Less than or equal to \$182,000	\$0.00	\$170.10
Greater than \$91,000 and less than or equal to \$114,000	Greater than \$182,000 and less than or equal to \$228,000	68.00	238.10
Greater than \$114,000 and less than or equal to \$142,000	Greater than \$228,000 and less than or equal to \$284,000	170.10	340.20
Greater than \$142,000 and less than or equal to \$170,000	Greater than \$284,000 and less than or equal to \$340,000	272.20	442.30
Greater than \$170,000 and less than \$500,000	Greater than \$340,000 and less than \$750,000	374.20	544.30
Greater than or equal to \$500,000	Greater than or equal to \$750,000	408.20	578.30

Premiums for high-income beneficiaries who are married and lived with their spouse at any time during the taxable year, but file a separate return, are as follows:

Source: <https://www.cms.gov/newsroom/fact-sheets/2022-medicare-parts-b-premiums-and-deductibles2022-medicare-part-d-income-related-monthly-adjustment>

Medicare Advantage Plans (Part C)

- ▶ Offered by Private Insurance companies that have been approved by Medicare to provide Medicare Coverage (Parts A & B)
- ▶ Sometimes Prescription Drug Coverage (Part D) is included with the Medicare Advantage Policy
- ▶ In most of these plans, you need to use the network of providers and hospitals that contract with the Private Insurance Company plan
- ▶ May include additional benefits like dental and vision
- ▶ Includes deductibles, coinsurance and an individual maximum out of pocket limit of \$7,550 for 2022
- ▶ This is different coverage than a MEDICARE SUPPLEMENT/MEDIGAP Policy, and you cannot have both!

Medicare Drug Coverage (Part D)

Quick Facts

- ▶ Available for all people with Medicare
- ▶ Offered by private insurance companies that contract with Medicare
- ▶ Plan premiums, co-pays, formulary (list of covered drugs) and deductibles can vary greatly
- ▶ Can be offered as “Stand Alone” or included in a Medicare Advantage Plan (MAPD)
- ▶ Part D enrollment is not year-round and is limited to certain enrollment dates.
- ▶ Failure to enroll in Medicare Part D in the absence of other credible coverage could result in a late enrollment penalty

Part D Premiums by Income

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
Less than or equal to \$91,000	Less than or equal to \$182,000	\$0.00
Greater than \$91,000 and less than or equal to \$114,000	Greater than \$182,000 and less than or equal to \$228,000	12.40
Greater than \$114,000 and less than or equal to \$142,000	Greater than \$228,000 and less than or equal to \$284,000	32.10
Greater than \$142,000 and less than or equal to \$170,000	Greater than \$284,000 and less than or equal to \$340,000	51.70
Greater than \$170,000 and less than \$500,000	Greater than \$340,000 and less than \$750,000	71.30
Greater than or equal to \$500,000	Greater than or equal to \$750,000	77.90

Premiums for high-income beneficiaries who are married and lived with their spouse at any time during the taxable year, but file a separate return, are as follows:

Source: <https://www.cms.gov/newsroom/fact-sheets/2022-medicare-parts-b-premiums-and-deductibles2022-medicare-part-d-income-related-monthly-adjustment>

Medicare Supplement Insurance

- ▶ Private Insurance that supplements Original Medicare
 - ▶ You must have Part A and Part B
 - ▶ Helps pay some health care costs that original Medicare passes to you
 - ▶ Medicare will pay it's share of the Medicare-approved amounts, then your supplement will pay its share.
 - ▶ This policy covers one person
 - ▶ Accepted wherever Medicare is accepted
- ▶ You pay a monthly premium for the policy
- ▶ These are standardized plans identified by a letter
- ▶ Plans that currently sold: A, B, C, D, F, G, K, L, M & N
 - ▶ Regardless of the insurance company, the Plan Letter will determine the benefits offered - they must be the same
 - ▶ Blue Cross Plan G is the same coverage as Cigna Plan G - premium cost will vary

This chart shows the benefits included in each of the standard Medicare supplement plans. Every company must make Plan "A" available. Some plans may not be available. Only applicants **first** eligible for Medicare before 2020 may purchase Plans C, F, and high deductible F.

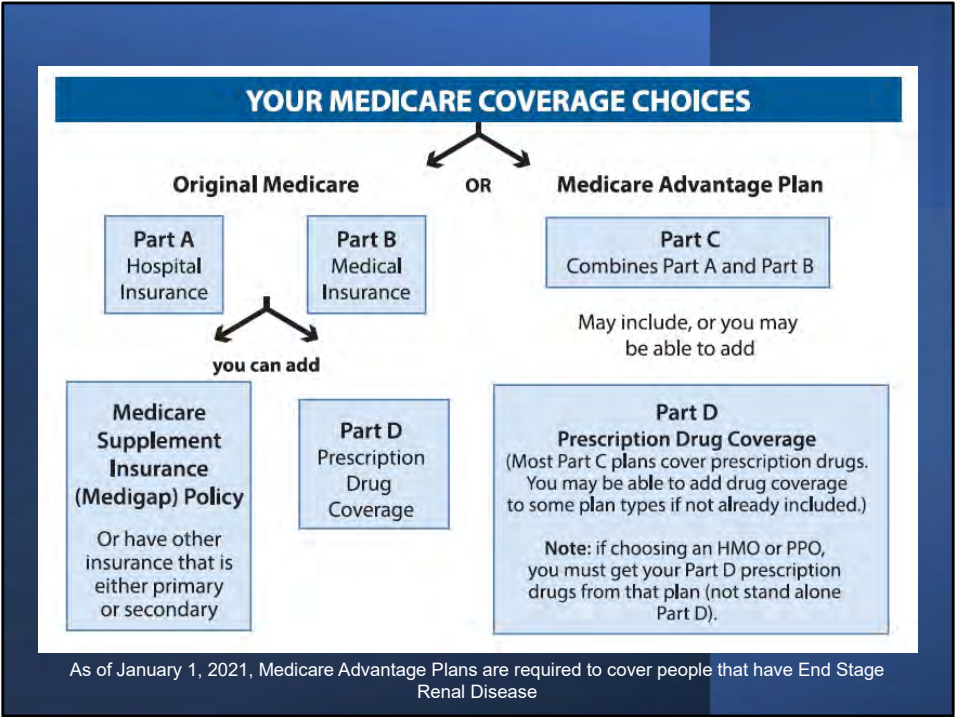
Note: A ✓ means 100% of the benefit is paid.

Benefits	Plans Available to All Applicants								Medicare first eligible before 2020 only	
	A	B	D	G ¹	K	L	M	N	C	F ¹
Medicare Part A coinsurance and hospital coverage (up to an additional 365 days after Medicare benefits are used up)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medicare Part B coinsurance or copayment	✓	✓	✓	✓	50%	75%	✓	✓ copays apply ³	✓	✓
Blood (first three pints)	✓	✓	✓	✓	50%	75%	✓	✓	✓	✓
Part A hospice care coinsurance or copayment	✓	✓	✓	✓	50%	75%	✓	✓	✓	✓
Skilled nursing facility coinsurance			✓	✓	50%	75%	✓	✓	✓	✓
Medicare Part A deductible		✓	✓	✓	50%	75%	50%	✓	✓	✓
Medicare Part B deductible									✓	✓
Medicare Part B excess charges				✓						✓
Foreign travel emergency (up to plan limits)			✓	✓			✓	✓	✓	✓
Out-of-pocket limit in 2022 ²					\$6,620 ²	\$3,310 ²				

¹ Plans F and G also have a high deductible option, which require first paying a plan deductible of \$2,490 before the plan begins to pay. Once the plan deductible is met, the plan pays 100% of covered services for the rest of the calendar year. High deductible plan G does not cover the Medicare Part B deductible. However, high deductible plans F and G count your payment of the Medicare Part B deductible toward meeting the plan deductible.

² Plans K and L pay 100% of covered services for the rest of the calendar year once you meet the out-of-pocket yearly limit.

³ Plan N pays 100% of the Part B coinsurance, except for a copayment of up to \$20 for some office visits and up to a \$50 copayment for emergency room visits that do not result in an inpatient admission.



DON'T CONFUSE THE “PARTS” WITH THE “PLANS”

- ▶ When reviewing Medicare benefits be sure not to confuse the different “PARTS” to Medicare including Part A-B-C-& D
- ▶ With the different “PLANS” for Medicare Supplements including Plan A, B, F, High F/G, G, & N

The slide features a white background with abstract blue geometric shapes in the corners. The top-right corner has a large, dark blue triangle. The bottom-right corner has a medium blue triangle. The bottom-left corner has a small light blue triangle. The top-left corner has a very small light blue triangle.

Let's Compare

Cost Example

Original Medicare A & B

- ▶ Part A - No cost for most people
- ▶ Part B - \$170.10/month in 2022 (higher income levels pay more)
- ▶ **Annual Cost for A & B = \$2,041.20***

*Examples only - premiums will vary based on individual situations

Cost Example

Original Medicare + Part D

- ▶ 2022 National monthly average for Part D premium is \$33.00/month (higher income levels pay more)
 - ▶ Annual Premium on average = **\$396.00***
 - ▶ Drug Pricing varies and can range from \$0/month to over \$100/month
- ▶ **Annual Part B Premium + Annual Part D Premium = \$2,437.20***

*Examples only - premiums will vary based on individual situations

Costs Example

Medicare Supplements

- ▶ Pricing will vary, based on insurance carrier and type of policy (attained age or issue age)
 - ▶ State Insurance Dept. Guide lists all companies approved to offer supplements in your state
- ▶ Getting into the Medicare Program at age 65 is lowest price
- ▶ Using Plan G as reference, prices range from \$1,529 - \$3,244 year*
- ▶ **Average Plan G premium for Age 65 is about \$2,383.50/year***

<https://www2.illinois.gov/aging/ship/Documents/ChicagoMedSupWeb.pdf>

Costs Example

Original Medicare + Part D + Plan G Supplement

- ▶ Part A = \$0
- ▶ Part B = \$2,041.20/year
- ▶ Part D = \$396.00/year
- ▶ Supplement Plan G = \$2,383.50/year*
- ▶ **ANNUAL TOTAL = \$4,820.70**
 - ▶ **About \$401.73/month**

*Average supplement price based on rates found on Illinois Department on Aging website for Chicago area 2022.

<https://www2.illinois.gov/aging/ship/Documents/ChicagoMedSupWeb.pdf>

State and Federal

Resources

- ▶ Social Security Administration
 - ▶ www.ssa.gov/medicare
- ▶ Center for Medicare & Medicaid Services
 - ▶ www.cms.gov
- ▶ State Insurance Departments
 - ▶ www.Medicare.gov - The official U.S. Government site for Medicare
- ▶ Local Health Departments - Division of Aging, Senior Services



Medicare & You

The official U.S. government
Medicare handbook

2022



CMS

ENROLL FOR MEDICARE & MEDICAID SERVICES

2021

Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare



This official government guide has
important information about:

- Medicare Supplement Insurance (Medigap)
- What Medigap policies cover
- Your rights to buy a Medigap policy
- How to buy a Medigap policy



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Thank you!

Contact Us



Brennan Hollenbeck, AIF®

Wealth Advisor

312.888.4638

bhollenbeck@muellersolutions.com



Rick Roberts

Medicare Marketing Manager

785.825.1769

Rick.Roberts@producersxl.com

Your Vision, Our Guidance

Elgin (Headquarters)
1707 N. Randall Road, Suite 200
Elgin, IL 60123
tel:847.888.8600
fax:847.888.0635

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