



Medicare Enrollment

Now is the time to review and reconsider your Medicare choices for 2021. From October 15 – December 7, 2020, seniors already enrolled in Medicare can change plans. This is called the Open Enrollment Period. Coverage can start on January 1, 2021. About 61.2 million Americans are enrolled in basic Medicare insurance, known as Parts A and B.

There is a window of 54 days each year to review your coverage, and while it takes time and can be confusing, it is well worth the effort. Choosing the right plan will ensure that your coverage is tailored to your needs, and needs can change. Adding new medicine to your regime, moving to a new location, or needing to lower expenses are all reasons this review is important.

Bottom line, you do not want to be charged for coverage you do not need, and you do not want to pay more for coverage under one plan when another will offer similar coverage for less. However, you need to compare coverage as well as cost when making a decision, as omitting coverage for something you need might cost more if you pay for that service independently.

People interested in understanding Medicare

- ❖ First time enrollees
- ❖ Medicare recipients who are reviewing and perhaps changing their plans.

A) **First time enrollees**, that is people who have turned 65 this year, have a 7-month window to enroll in Medicare. That window includes the 3 months before their 65th birthday, their birthday month, and 3 months after their birthday month. This is known as the IEP (Initial Enrollment Period).

Things to know:

- a. The best way to enroll in a new plan is to call 1-800-MEDICARE
- b. Write down important points in the conversation, and note the person you spoke with
- c. At this number you can find out about Medicare Advantage programs in your area
- d. Use Medicare's Plan Finder tool to find the best Part D coverage based on the drugs you need and the pharmacy you visit

B) **Already enrolled and reviewing plan**, that is, people who are already on Medicare and who want to review the plan they have and make changes based on:

- a. Change in health that requires new medicine or additional medical support
- b. Physical move that requires a change to a new medical group, if using Medicare Advantage
- c. You plan to travel, and your insurance does not cover medical costs overseas

Overview of Medicare Plans

Part A of Medicare is hospital insurance and is free.

Part B of Medicare is medical insurance (covers doctor visits outpatient procedures, and lab services) and has a cost. The standard monthly fee for Medicare enrollees in 2021 will be \$153.30/month, up from \$144.60 in 2020. This is an initial figure from Medicare's trustees. That is an increase of \$8.70 per month. In October 2020, the federal government enacted a short-term spending bill that includes a provision to limit the Part B premium increase to 25 percent of what it would otherwise have been. So, look for an increase that is less than \$8.70 – more details should be available soon.

Also, if an individual has taxable income of over \$88,000, look for a higher premium – married filing jointly has a threshold of \$176,000 for a higher premium rate. (These numbers are projections for 2021)

Part C of Medicare is sometimes called Medicare Advantage, which is offered by private companies approved by Medicare. You will get your Part A and Part B coverage from this plan, and not original Medicare. You may also get drug coverage, vision care and/or dental coverage. About one-third of Medicare recipients use Medicare Advantage. This might be worth a look, as new government rules allow Medicare Advantage insurers to offer expanded benefits, like adult day-care, home-based care, and new rules for 2021 include coverage of nutritional advice, ride to doctor appointments, acupuncture and service animal support. Medicare Advantage enrollment is expected to continue to increase to a projected 26 million.

Part D of Medicare is drug coverage. Plan costs vary. You want to choose the plan with the lowest premium, or lowest cost per year, including the drugs you take. You can use the Medicare Plan Finder to include the list of medications you take, and it will point you to the right plan. So, good to look at when medicines change. The maximum allowable deductible for standard Part D plans will be \$445 in 2021, up from \$435 in 2020.

Medigap – also known as Medicare Supplement insurance, which covers items not covered by Medicare Parts A, B or D.

If you do not enroll in Medicare in your Initial Enrollment Period, and do not have health insurance from another source, you may face penalties when you enroll later. For example, if you do not have drug coverage, Medicare multiplies 1% of the “national base beneficiary premium” (\$32.74 in 2020) times the number of full, uncovered months you didn't have Part D or credible coverage. The monthly premium is rounded to the nearest \$10 and added to your monthly Part D premium, and that addition will be permanent.

A Closer Look at Part A, Part B, Part D, Medicare Advantage and Medigap

Part A has no cost, but does have deductibles.

In-hospital deductible is \$1,452 in 2021

Daily Coinsurance for 61 – 90th day is \$363 in 2021

Skilled Nursing Facility coinsurance is \$176 in 2020 – 2021 numbers not yet decided

Part B has a premium, which for most will be \$153.30 per month, as noted above, and there is a deductible of \$198 (in 2020, new number not yet announced for 2021).

Once you have met the deductible, you are required to pay a coinsurance of 20% of the Medicare-approved amount to the provider.

Part D usually has the most changes. You should receive an Annual Notice of Change for your Part D coverage. Look at it carefully to see how benefits and costs are changing. In 2020, the Coverage Gap (donut hole) was eliminated for both brand-name and generic drugs. Enrollees with standard plan designs will pay 25 percent of all drug costs until they reach the catastrophic coverage level. Drugs and restrictions can be removed or added, and this can make another plan more cost effective. This is where most people might save money if they do a thorough review of their plan. Comparing drug prices is key during Medicare Open Enrollment.

Medicare Advantage: This is technically “Part C” and is a program similar to PPOs and HMOs in that they use a network of doctors, and if you go outside of the network, you may pay more. This could be a good solution to those who plan to stay where they are, and who live in an area where the network includes their doctors and is highly ranked for efficiency and service. For those who plan to move, however, there is the risk that the network (and not all areas are covered) will not be as good. Also, if a network changes or closes, you could be facing the issue of moving to a new group. These plans can be difficult to compare, as coverage is not standard.

Medigap: Standardized coverage, so easy to compare providers. There is a range of plans, Plan A – Plan N. If you enroll during your IEP, you will be guaranteed coverage even if you have a preexisting condition. If you sign up after your IEP, you may be asked to provide your medical history and can be turned down or asked to pay more. The annual cost of this coverage averages \$2,200 per year. Some of these plans offer coverage on an emergency basis overseas, which may be important to some enrollees.

Do your homework on this, and if you are unable to do this alone, there is much help available. Most financial planners can assist you in working through the process, and medicare.gov has much information and providers. There are also counseling services available to Medicare beneficiaries, and AARP is also a good resource – the Third Edition of **Medicare for Dummies** by Patricia Barry is also a good reference.

While this may seem like a monumental task, you would do well to apply yourself to understanding this. You could leave money on the table or not be adequately covered, based on your situation, and that could lead to higher costs when you least expect it or can handle it.

Congratulations if you have reached the end of this article! This means you are serious and will no doubt make good choices.

Happy Hunting!

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