



# 2017 BEGINNER'S GUIDE TO MEDICARE

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This is only a generalized summary & for education only purposes.

This presentation is for educational purposes only.

I am not employed by Medicare, & am presenting as a public service.

Complete information is available at [www.Medicare.gov](http://www.Medicare.gov)

No plan names, companies or prices will be shared today

ADDITIONAL EDUCATION FLYERS WITH DETAILED INFO ARE AVAILABLE.

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# COMPLIANCE NOTICE





Medicaid is a federally funded program primarily for low income individuals.



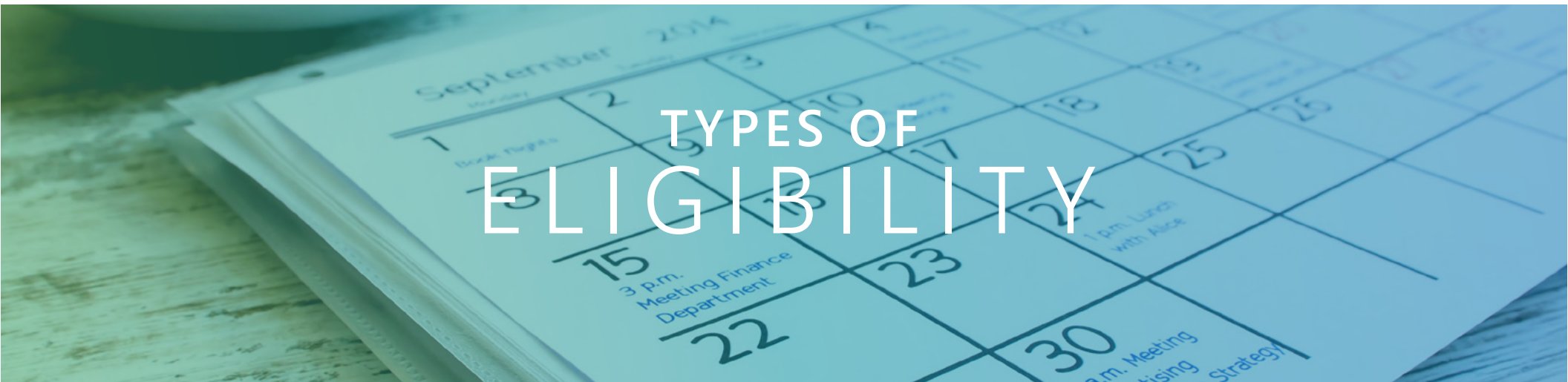
**PROBLEM:**  
SENIORS DIDN'T HAVE  
HEALTHCARE AT RETIREMENT.

**SOLUTION:**

**1965**

Medicare is a federal program run by Centers for Medicare & Medicaid Services (CMS).

Medicare is NOT the same as Group health insurance, Affordable Care Act plans, Veterans Benefits, or Medicaid.



# TYPES OF ELIGIBILITY

TYPE

1

You're eligible when you turn 65 years old, & are a citizen [or spouse of a citizen] who has worked for 10+ years.

TYPE

2

You're eligible if you qualify for Social Security Disability, which usually has a 24 month wait for Medicare to begin.

TYPE

3

You're eligible if you have been diagnosed with End Stage Renal Disease.

# THE FOUNDATIONS



## INPATIENT [PART A]

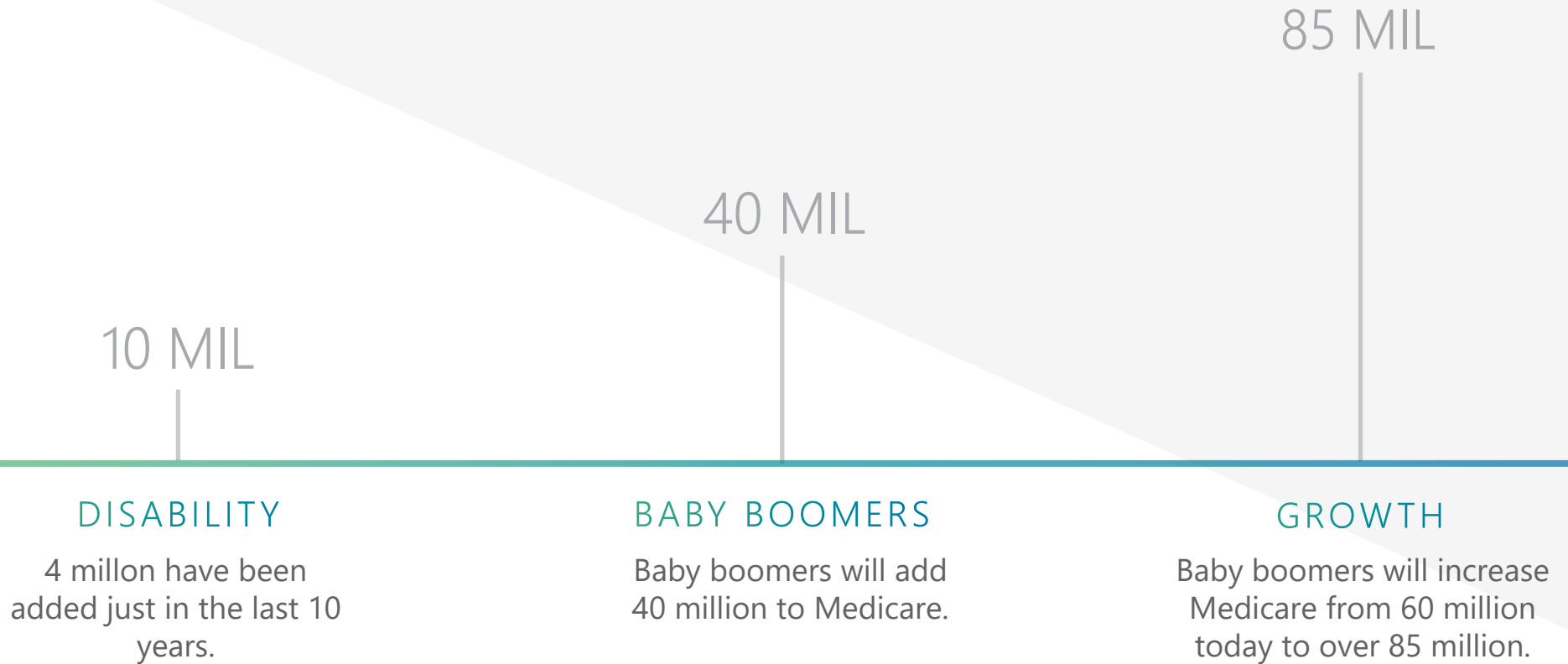
Hospital insurance with a \$1,316 deductible. You are allowed up to 150 covered days in the hospital. Part A typically has a \$0 premium/mo.



## OUTPATIENT [PART B]

Doctor & more coverage with a \$183 yearly deductible. The standard Part B premium is \$109. Newer entrants pay \$134/month.

# GROWTH OF MEDICARE



BABY BOOMERS ARE GENERALLY COMING FROM PRIVATE INSURANCE OR EMPLOYED STATUS.



## PREVENTING BANKRUPTCY

Estimates vary widely on un-funded promises like Medicare, Medicaid, & Social Security.

Democrats state \$40 - \$60 trillion short.  
Republicans state \$74 - \$150 trillion short.

\$200 trillion?

"The Coming Generational Storm" - Revised  
Nobel Laureate in Economics- Laurence Kotlikoff, MIT Press  
"The Father of Generational Accounting"

Two paths were created in 2005 to test out a versatile Medicare system, and to give seniors options to improve their benefits.

Rushed integration of new coverages could result in system disruption like the Affordable Care Act is experiencing.

Medicare is basically modernizing gently over two decades.

PATH 01

PATH 02

## PATH ONE

# SUPPLEMENTS

"Medigap" Plans fill in the coverage gaps of Part A & B. They can offer nearly 100% of medical coverage.

Most Supplement policy holders can swap to another Supplement throughout the year, depending on state rules.

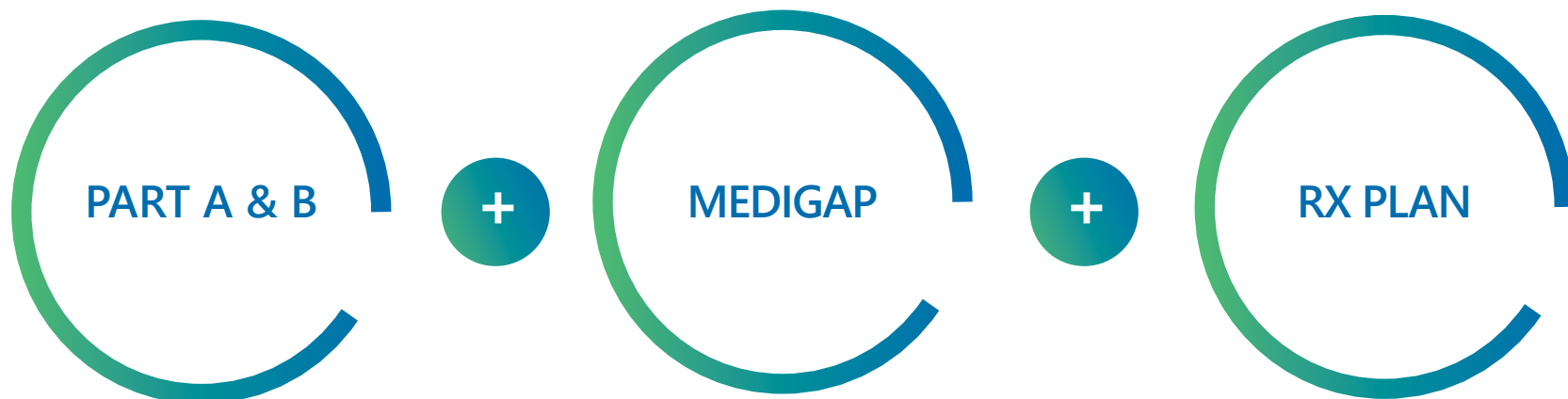
**1970's****1980's****PROBLEM:**

HIGH COST OF MEDICARE  
DEDUCTIBLES & UNLIMITED  
FINANCIAL RISK

**SOLUTION:**

CARRIERS INTRODUCE  
SUPPLEMENTAL COVERAGES

THESE BECOME  
NATIONALLY STANDARDIZED





**PROBLEM:**

BABY BOOMERS WERE ON THE WAY & MEDICARE WAS OVER BUDGET & NOT UP TO DATE.

**SOLUTION:**

MODERN MEDICARE

**2005**

Prescription plans & modern Medicare plans are introduced.

These modern plans are called Medicare Advantage plans, or Part C.

All-in-one package offered by private insurers using networks like HMO or PPO.

You still have to pay monthly for Part B.



PATH ONE

**SUPPLEMENT**

**50%**

PATH TWO

**ADVANTAGE**

**50%**

## WHICH PATH WILL YOU TAKE?

Half of new Medicare beneficiaries are on a Medigap plan, and the other half are on Advantage. There are no signs that either option will be going away.

# SUPPLEMENTS VS ADVANTAGE PLANS

**SUP**

PRE-PAY

You can go to any doctor who accepts Medicare nationally.



These are more expensive, & you need to buy a separate prescription plan.



Nearly 100% medical coverage is available.



**ADV**

PAY-AS-YOU-GO

Provider networks vary by plan. Open networks offer access to any Medicare provider nationally.

These cost as little as \$0 per month, but have copays for each service.

100% coverage is not available, but you're protected by an annual out-of-pocket maximum rule.

## MEDICARE ADVANTAGE & PRESCRIPTION DRUG YEARLY PLAN STAR RATINGS

1-2 STARS

POOR-BELOW AVERAGE

Able to switch after  
three years on this plan.

3-4 STARS

AVERAGE-ABOVE AVERAGE

Not able to switch  
outside of AEP.

5 STAR

EXCELLENT

Able to switch to this plan  
from Dec .8 through Nov. 30.

The Overall Star Rating gives an overall rating of the plan's quality and performance of services that fall into 5 categories: Screening tests and vaccines, managing chronic conditions, member experience, member complaints, & health plan customer service.

QUALIFYING FOR AN SEP BASED ON STAR RATINGS IS A RARE CIRCUMSTANCE.

## A NEED FOR RX

Outpatient prescription coverage was not a part of Medicare until around 2005.

Rx initial coverage amounts were based off of the national average of drug spending. An umbrella of protection is provided in case of high drug cost needs.

This left a gap the government felt it couldn't yet fund referred to as the "Donut Hole."





**PROBLEM:**  
SENIORS HAVE NO RX  
COVERAGE

**SOLUTION:**  
RX PLANS

**2005**

Prescription plans were introduced to the Medicare system, now with a \$3750 initial annual benefit.

The Donut Hole will close in 2020, & help is available for low income citizens.

# PRESCRIPTIONS

**DEDUCTIBLE \$405**

**INITIAL COVERAGE \$3750**

**DONUT HOLE [CLOSING]**

**OUT OF POCKET \$5000**

A CATASTROPHIC UMBRELLA KICKS IN WHEN YOU SPEND \$4950. 95% OF COSTS WILL THEN BE COVERED.



**\$600**

THE AVERAGE AMOUNT  
SAVED BY DOING A REVIEW.

## PART D



There are approximately 23 drug plan options in each county.

└ Appx. 5 - 10 plans cover your list of drugs & preferred pharmacy.



Review your plan each enrollment period to check premiums, prices, pharmacy & drug list.



The Part D deductible can be \$400. High income earners will pay a surcharge in addition to regular Rx plan premiums.



# MODERN INNOVATIONS

1

## PREVENTIVE CARE

First in Advantage plans, & now offered for all Medicare participants.

2

## GYM MEMBERSHIPS

Dental, Vision, & Hearing are often available as well.

3

## CHRONIC ILLNESS MANAGEMENT & CARE COORDINATION SERVICES

A photograph of an older man with grey hair, wearing a light blue button-down shirt, standing on a beach and fishing. He is holding a fishing rod and looking out at the ocean. The image is overlaid with a semi-transparent green and blue gradient that forms a large triangular shape on the right side of the slide.

# IMPROVING THE OUTCOMES

## CARE COORDINATION

These are often common sense business practices to prevent wasteful spending. Very important to implement to avoid Medicare penalties.

## CHRONIC ILLNESS MANAGEMENT

Co-morbidities (multiple conditions) are often the trigger. Examples are diabetes & obesity, heart & lung, kidney & blood pressure, etc.

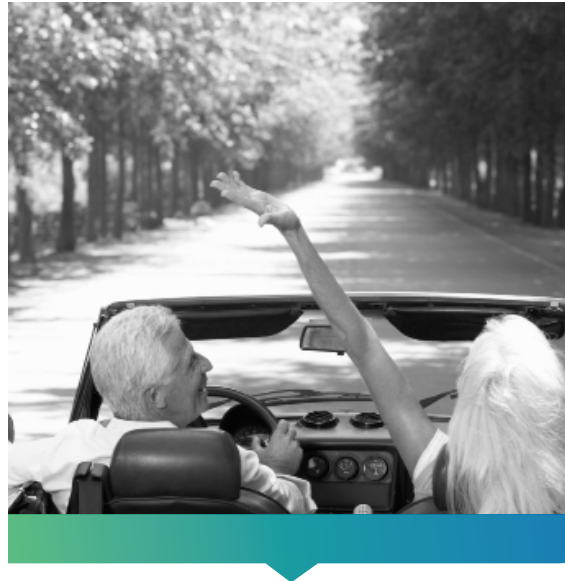
JUST 5% OF THE POPULATION SPENDS 50% OF THE FUNDING.

# ENROLLMENT PERIODS



## INITIAL ELECTION

You have 3 months before & after your 65th birthday month to enroll into Medicare.



## SPECIAL ELECTION

You are able to change your plan within 2 months of a qualifying special event; like moving.



## ANNUAL ELECTION

Each year, you are able to review & change your Medicare coverage from October 15th - December 7th.

# IT DOESN'T COVER EVERYTHING



## DENTAL & VISION

Preventive dental and vision benefits are only covered in some Advantage plans.



## CRITICAL EVENTS

You need additional financial help in times of a medical crisis.



## LIFE INSURANCE

Help with estate taxes and gifting is not covered, nor are the unexpected costs of one's final days.



## HOME CARE

Assisted living and in-home custodial care aren't covered.

• **20 DAYS**  
+ 80 MORE

FYI

Medicare fully pays for 20 days of skilled nursing rehab. Then you will get 80 more days if needed, at additional cost.

This “Backdoor Tax” is an increased participation fee for high income earners with a 2 year lookback. Applies to Part B & Part D. (Maybe Part A in the future).



**\$85,000**

INDIVIDUAL



**\$170,000**

COUPLE



FINANCIAL  
PENALTIES



### COBRA

When delaying Medicare, COBRA is not coverage that's considered creditable.

### PART B

Delaying Part B during your initial enrollment typically has a lifetime penalty.

USUALLY 10%  
PER 12 MONTHS

### PART D

Not purchasing an Rx plan typically has a lifetime penalty when you choose to buy one later.

USUALLY 1%  
PER MONTH

Can be ended if receiving financial help from the govt.



## FINANCIAL PENALTIES

PHEW! YOU'RE ALMOST A  
**MEDICARE EXPERT**



**10MIN**

# PREMIUM COMPARISONS

1

MEDICARE ADVANTAGE

\$0 TO \$1000  
ANNUALLY FOR A  
COUPLE

2

MEDICARE SUPPLEMENT

ABOUT \$5000  
ANNUALLY FOR A  
COUPLE

3

LONG TERM CARE

ABOUT \$4800  
ANNUALLY FOR A  
COUPLE

## LONG TERM CARE

Skilled help that people with chronic illnesses, disabilities or other conditions need on a daily basis over an extended period of time. Can vary from assistance with daily activities to skilled care that's provided by nurses, therapists or other professionals.

## RISK COMPARISON

### LONG TERM CARE

The average nursing home / assisted living stay is 24 months. The average cost in Atlanta is \$6000/month.

**Two years is \$144,000.**

### HOME CARE

Home care runs \$22.50/ hour on average, and \$4,500 per month for eight hour days.

**Two years is \$108,000.**

# RECAP TIME

Half of people at age 65 are on Advantage, and half on Supplement. Your decision is not permanent!

Review your plan every year between Oct. 15 - Dec. 7.

Government regulations are always evolving.

There are 2 paths to take: Advantage or Supplement.

# YOUR NEXT STEPS



3 MONTHS

3 months before your birthday, apply for Part A & B through Social Security.



1 MONTH

In about 1 month, your Medicare ID cards will come.



SHOPPING

Do some research, or have an agent help find which path is right for you, and apply.



BIRTHDAY

You turn 65 & you're worry free!



OCT. 15

Review your coverage annually!



# AFFORDABLE MEDICARE SOLUTIONS

3525 Lawrenceville Suwanee Rd.  
Suite 101  
Suwanee, GA 30024



(770) 945 5261 or [info@amsplans.com](mailto:info@amsplans.com)



[www.amsplans.com](http://www.amsplans.com)