



NAVIGATING

ORIGINAL MEDICARE



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Medicare Parts A and B at a Glance

Part A – Coverage for Hospital, Skilled Nursing, Hospice and Blood

Part B – Coverage for Physician/Specialist, Outpatient Care, Tests and Supplies

Generally, Part A is free, and Part B requires a monthly premium (2020 is \$144.50).

For people whose incomes are above a certain threshold, Part A may not be premium-free and Part B premiums may cost more per month.

Medicare A and B Premiums are generally determined from a tax return that is 2 years old.

For example, 2020 premiums would be based off taxes filed in 2019 for work year 2018.

Late enrollment penalties and delayed coverage effective dates may apply for those who do not have credible employer coverage (less than 20 employees) and decide not to sign up for Part A and B as they are turning 65. However, there is no Part A penalty if the prospect qualifies for premium-free Part A.

If your prospect has changed their filing status or their income has gone down for any of the following situations and they feel Social Security used incorrect or otherwise old tax year data and it is negatively affecting their required Medicare part A & B premiums, Social Security will require documentation verifying the event or reduction in income as well as a completed form SSA-44.

- Married, divorced or became widowed
- You or your spouse stopped working or reduced your work hours or income
- You or your spouse lost income-producing property because of a disaster or other event beyond your control
- You or your spouse experienced a scheduled cessation, termination, or reorganization of an employer's pension plan
- You or your spouse received a settlement from an employer or former employer because of the employer's closure,

If any of the above applies to your prospect, some examples of the documentation your prospect can provide with form SSA-44 are a death certificate, letter from employer certifying retirement, tax return, etc.

If Social security declines your request to update the income level they consider, your prospect has the right to file an appeal.

Initial Enrollment Period

The initial enrollment period (IEP) lasts for 7 months and is the first time someone can sign up for Medicare Parts A and/or B. Coverage always begins on the 1st of a month. Failure to enroll during the IEP may cause late enrollment penalties.



Individuals can enroll during the 3 months before their 65th birthday, their birthday month, and during the 3 months after their birthday. Premium-free Part A always begins on the 1st of the birthday month. Coverage for non-premium-free Part A and Part B may be delayed based on when they enroll. (See below)

For those required to buy A and B, coverage begins based on when they enrolled.



Enroll during the 3 months before their 65th birthday



Coverage begins birthday month



Enroll during their birthday month



Coverage begins 1 month after enrollment



Enroll during the month after their birthday month



Coverage begins 2 months after enrollment



Enroll in the 2nd or 3rd month after their birthday month

Coverage begins 3 months after enrollment

General Enrollment Period

The General Enrollment Period (GEP) allows individuals who elected not to sign up during the IEP to enroll in non-premium-free Part A and/or B. Late enrollment penalties may apply. Those who sign up for A and/or B during this time can sign up for a Medicare Advantage or Part D plan between April 1st – June 30th.



Enroll during the General Enrollment Period

Coverage begins

Annual Enrollment Period

The Annual Enrollment Period (AEP) allows individuals to change their Medicare Advantage and/or Part D plan. This is also the time to switch from Original Medicare to Medicare Advantage (or vice versa). Changes take effect January 1st.



Enroll during the Annual Enrollment Period

Coverage begins

Open Enrollment Period

The Open Enrollment Period (OEP) is the time for individuals who are enrolled in Medicare Advantage to change their Medicare Advantage plan and/or Part D plan. This is also the time to switch from Medicare Advantage to Original Medicare (but not vice versa). Those who switch to Original Medicare can join a Part D plan during this period.



Enroll during the Open Enrollment Period

Coverage begins the 1st of the month after request is received

Special Enrollment Period (A & B)

A Special Enrollment Period to sign up for A and B is available anytime for individuals who are currently working for an employer with 20+ employees and covered under a group health plan with their employer.

An 8-month SEP is available to sign up for A and B at either the beginning of the month after the employment ends or the month after the group health plan ends, whichever happens first.

Usually you don't pay a late enrollment penalty if you sign up during a SEP

COBRA coverage and retiree health plans are not considered coverage from an employer. A SEP also does not apply to those with End stage renal disease (ESRD)

To avoid a tax penalty, you should stop contributing to your HSA at least 6 months before you apply for Medicare. However, you can still use your HSA for medical expenses. If you'd like to continue to get health benefits through an HSA-like benefit structure, consider a Medicare Advantage [Medical Savings Account \(MSA\) Plan](#).

Special Enrollment Period (MAPD and PDP)

You can make changes to your Medicare Advantage and Medicare prescription drug coverage when certain events happen in your life, like if you move or you lose other insurance coverage. These chances to make changes are also called Special Enrollment Periods (SEPs). Rules about when you can make changes and the type of changes you can make are different for each SEP.

[Click Here](#) to search SEP qualifying events and deadlines to make changes.

Guaranteed Issue Rights (Medigap)

Guaranteed issue rights (also called "Medigap protections") are rights you have in certain situations when insurance companies must offer you certain Medigap policies with no underwriting questions.

[Click Here](#) to search qualifying events for Guaranteed Issue rights.

Part A Penalty

Individuals who qualify for premium free Part A are not charged a late enrollment penalty and can sign up anytime they want. Coverage will go back retroactively 6 months from when they sign up, but no earlier than when they were first eligible for Medicare.

Individuals who do not qualify for premium free Part A must wait until the GEP to sign up. Unless there is a qualifying reason for a SEP, individuals may be penalized 10% of their Part A monthly premium for twice the number of years they were eligible for Part A but did not sign up.

Example: John was eligible for Part A in 2018 and is required to pay a premium based on his income. He went 2 full years without Part A before he decided to sign up. - John would pay a 10% penalty for 4 years.

Part B Penalty

Individuals who wait to enroll into Part B and did not qualify to delay their enrollment will be penalized a compounding 10% for every 12 month-period that they were eligible for Part B but didn't sign up. Unlike the Part A penalty, they will have to pay the Part B penalty for life in addition to the Part B premium.

Example: John was eligible for Medicare in 2018, didn't qualify for the penalty to be waived and went two full years without Part B before he decided to sign up.

2018: $\$144.50 \times 10\% = \158.95

2019: $\$158.95 \times 10\% = \174.84

Annual Part B Premium after John signs up is \$174.84 for life.

Part D Penalty

Individuals who wait to sign up for Part D will be penalized 1% of the "national base beneficiary premium" (\$32.74 in 2020, \$33.06 in 2021), multiplied by the number of full uncovered months that they did not have Part D or credible coverage. The penalty is always rounded to the nearest \$0.10. Every year that the national base beneficiary premium increases, the penalty increases, even if they are now signed

up for Part D. Similar to Part B, they will have to pay the Part D penalty for life in addition to their Part D premium.

Who Can Delay A & B Enrollment?

Employer Coverage (20+ Employees)

- Individuals who are working or retired and covered under a Group Health plan as defined by the IRS, or covered under a working or retired spouses Group Health Plan as defined by the IRS have up to 8 months to enroll in Part A and B from the date employment ends or the date the group health plan coverage ends, whichever is first.
- Even if the individual is offered COBRA, they must sign up within the 8 month window or else they may pay late enrollment penalties. Failure to sign up during those 8 months would force the individual to wait until the General Enrollment Period (January 1st – March 31st) to enroll, and they will have to wait until July 1st for coverage to begin, which may cause a gap in coverage.

Active Duty Tri-Care

- Individuals who are active duty and covered through Tri-Care can delay their Part B enrollment, but must enroll into Part B before retiring to avoid a break in coverage.

End-Stage Renal Disease (ESRD)

- You can enroll in Part B without paying a late enrollment penalty if you are approved for a ESRD Special Enrollment Period. However, you must have Part A and B to get the full benefits available under Medicare to cover certain dialysis and kidney transplant services, so there may not be a benefit to delaying enrollment.

Who Cannot Delay A & B Enrollment?

- Anyone covered through an Employer with less than 20 Employees
- Retired service members with Veteran-Only benefits, Tri-Care or CHAMPVA
- Individuals covered through Marketplace or Private Insurance

Common Medicare Changes

Common Annual Changes (Increasing cost responsibility for prospect)

- Part A Premiums (If prospect does not receive Premium-free Part A)
- Part A Deductible
- Part B Premiums
- Part B Deductible

One-time changes made in 2020, effective going forward

- Beginning January 1st, 2020, those turning 65 cannot enroll in Plan F or HDF
- Medicare will begin closing the Part D donut hole in 2020. For plans that participate, the member responsibility of generic and brand name drugs will go from 44% of the cost to 25% when in the donut hole. It is recommended to check the plan provider or local pharmacist for more detailed info on which Part D plans honor these additional savings.

One-time benefits

- Original Medicare members who are in their first year of Medicare receive a one-time comprehensive preventative care visit.
- Original Medicare members also receive 1 covered Wellness visit every 12 months
- Individuals who are within their first year of Medicare Advantage can switch to a Medicare Supplement with no underwriting.