



Medicare Plan



Presented by Will Berigan

How Medicare Is Delivered

What Does Medicare Part C Insurance Cover?

Medicare Part C is a Medicare-approved private health insurance plan. Part C, also known as a Medicare Advantage plan, is an alternative to Original Medicare.

How—and When—Do I Enroll?

- **Initial enrollment:** The initial seven-month enrollment period is the three months preceding your 65th birthday, the month of your birthday, and three months following your birthday. **Note:** You must first enroll in Parts A and B before choosing to receive your Medicare benefits through a Medicare Advantage plan.
- **Disabled individuals receiving social security or Railroad Retirement Board disability benefits:**
 - Before age 65: The initial Part C enrollment period begins 21 months after you start receiving disability benefits and ends 28 months after you start receiving disability benefits. (Please note: Your Medicare eligibility begins 24 months after you start receiving disability benefits.)
 - At age 65: The initial seven-month enrollment period applies.
- **Annual open enrollment period:** Open enrollment begins October 15th and ends December 7th. During this annual open enrollment period, you can switch from Original Medicare and enroll in a Part C plan or choose a different Part C plan. Coverage under your new Part C plan begins January 1 of the following year.
- **Annual Medicare Advantage open enrollment period:** The Medicare Advantage open enrollment period begins January 1st and ends March 31st every year. The choices that can be made between January 1st and March 31st are limited. Clients can only move from one Medicare Advantage plan to another or go from a Medicare Advantage plan to traditional Part A and Part B. Since traditional Medicare does not cover prescription drugs, clients can enroll in a Part D plan if they decide to return to Part A and Part B.
- **Special enrollment:** The special enrollment period begins when you move away from a Part C plan's service area or your health insurance coverage through an employer's plan ends.
 - Generally, special enrollment periods are for two full months. The two-month period typically begins the month after your prior health insurance is terminated.
 - If you discontinue a Part C plan and don't enroll in a new Part C plan within two months, you will be reenrolled automatically in traditional Part A and Part B plans.
 - If you lose employer-provided health insurance because of the COVID-19 pandemic, you have an eight-month special enrollment period to sign up for Medicare. You may choose coverage through Part C once you enroll in Parts A and B.



What's Covered (and What's Not)?

The Centers for Medicare & Medicaid Services approves the plans that are offered by private insurance companies.

Medicare pays a fixed amount to the private insurer for the coverage provided.

- Part C includes Part A hospital insurance and Part B physician insurance. Part C plans usually include Part D prescription drug coverage. In addition, Part C plans may offer benefits such as dental, vision, and hearing.
- Your out-of-pocket expenses will vary by plan. Variable costs include monthly premiums, deductibles, copayments, and out-of-network charges.
- Although Part C covers physician insurance, you still must enroll in Part B and pay the Part B premium.
- Part C plans cannot require prior authorization for COVID-19 tests. Also, during the national emergency declaration, Part C plans must cover fees charged by out-of-network providers if you are not able to see an in-network physician or get to an in-network hospital or pharmacy. Part C plans cannot charge enrollees for the COVID-19 vaccine.

What Else Do I Need to Know About Medicare Part C Coverage?

When you enroll in a Part C plan, you're still enrolled in Medicare.

- There are **five types** of Part C plans:
 - Health maintenance organizations (HMOs)
 - Preferred provider organizations (PPOs)
 - Special needs plans (SNPs)
 - Private fee-for-service (PFFS)
 - Medical savings accounts (MSAs) (Please note: MSAs are available only if you have a high-deductible Medicare Advantage Plan.)
- In addition to plan costs and service-area restrictions, there are several factors to consider when selecting a Part C plan:
 - Part C plans, particularly HMOs and PPOs, typically require you to use in-network providers or to obtain referrals prior to appointments with specialists. You must verify whether your Part C plan will cover the charges from out-of-network providers.
 - Part C plans may change providers within their networks at any time. Likewise, health care providers may choose to leave a Part C plan's network.
 - Not all Part C plans offer prescription drug coverage. For example, MSA plans do not. If your plan does not include prescription drug coverage, you must enroll in a separate Part D plan.
 - Different Part C plans have different out-of-pocket limits. Once you meet your out-of-pocket limit, you will not incur charges for covered services for the remainder of that plan year.
 - Part C plans are available to individuals with preexisting conditions, and plans can be targeted to meet the needs of enrollees with specific conditions like end-stage renal disease.
 - Part C plans offer a variety of telehealth services, including e-visits and virtual check-ins.
 - You can search for Part C plans in specific locations using the online tool at www.medicare.gov/find-a-plan/questions/home.aspx. You can personalize this search by including your Medicare number and date of birth.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.



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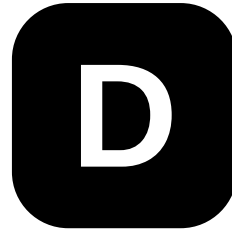
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What Does Medicare Part D Insurance Cover?

Unlike Part A and B, your enrollment in Part D is not automatic. You must apply for Part D insurance during the appropriate enrollment period to avoid a potential penalty.

How—and When—Do I Enroll?

Medicare did not cover prescription drugs until the Medicare Modernization Act of 2003 added Part D to the program. Private health insurers offer two types of prescription coverage: stand-alone prescription drug plans (PDPs) and Part C Advantage plans. Stand-alone PDPs are for enrollees with Original Medicare Part A and Part B insurance. Part C (Medicare Advantage) plans can offer prescription coverage as part of their managed care benefits.

- **Initial enrollment period:** The initial seven-month enrollment period is the three months preceding your 65th birthday, the month of your birthday, and three months following your birthday.
- **Disabled individuals receiving Social Security or Railroad Retirement Board disability benefits:** Enrollment is not automatic.
- **Before age 65:** The seven-month enrollment period for disabled persons younger than 65 begins three months before the 25th month of receiving benefits, includes the 25th month, and ends three months after the 25th month of receiving disability benefits.
- **At age 65:** The initial seven-month enrollment period applies.
- **Annual open enrollment period:** Open enrollment begins October 15th and ends December 7th.
- **Annual Medicare Advantage enrollment period:** If you enrolled in a Medicare Advantage plan and you are unsatisfied with the coverage, you can leave that plan and enroll in a different Medicare Advantage plan between January 1st and March 31st each year. During the Medicare Advantage enrollment period, you can also leave a Medicare Advantage plan and enroll in Original Medicare Parts A and B and choose a stand-alone Part D prescription drug plan.

What Are My Out-of-Pocket Expenses?

- **Premiums vary by plan.**
- **Part D has four coverage phases;** out-of-pocket costs depend upon your coverage phase. If your plan has a deductible, you start at phase 1; if not, you begin at phase 2. You continue progressing to each coverage phase when your out-of-pocket costs reach a certain amount. The amounts for each coverage phase are set each year.
 - **Phase 1:** Annual deductible—You pay 100 percent of all medication costs until your out-of-pocket costs reach the annual deductible.
 - **Phase 2:** Initial coverage—Once you've met your annual deductible, you and your insurance plan pay medication costs until the shared total costs reach a certain amount.

- **Phase 3:** Coverage gap (a.k.a., “the donut hole”)—Under the Affordable Care Act, the “donut hole” closed in 2020. Now you will pay 25 percent of the cost for both brand and generic drugs after your costs exceed the initial coverage amount. For brand name drugs, the manufacturer will pay a 70 percent discount on the prescription, and your stand-alone Part D plan or Medicare Advantage plan will pay the remaining 5 percent. For generic drugs, Medicare will pay 75 percent of the cost.
- **Phase 4:** Catastrophic coverage—Once you’ve reached the limit of out-of-pocket costs in phase 3, you pay only a small coinsurance or copayment for covered prescription drugs for the remainder of the year.
- The monthly Explanation of Benefits is a notice that details the amount spent by the insurance company when you’ve received medical services or items.

Each Part D plan has a list of prescriptions it covers, known as the formulary. Prescriptions within the formulary are categorized within tiers, and each tier has an associated cost.

Total or true out-of-pocket costs (a.k.a., TrOOP costs) include Part D deductibles and costs you paid during the initial coverage and coverage gap phases. TrOOP costs also include the discounts paid by drug manufacturers on the brand name drugs you received while you were in the coverage gap phase. TrOOP costs do not include Part D premiums or costs for prescriptions that are not listed in your plan’s formulary or were not filled by a pharmacy in your plan’s network.

During the COVID-19 pandemic, you can receive up to a 90-day supply of your prescription drugs, and some Part D plans will allow you to receive your prescriptions by mail or home delivery.

What Else Do I Need to Know About Medicare Part D Coverage?

Late enrollment penalty: Failure to enroll during the initial enrollment period may result in a 1 percent penalty for each month that you are eligible for Part D but do not enroll. The 1 percent penalty is added to the Part D premium. Creditable coverage exception: Creditable prescription coverage is equal to or exceeds the standard coverage under a Part D plan. An employer health insurance plan with prescription coverage typically qualifies as a creditable coverage exception. Please note: Enrollment in a Part D plan must occur within 63 days after creditable coverage ends. COBRA and retiree health plans may qualify as creditable coverage for Part D. Check with your insurance provider to see whether your plan would qualify.

If you have COBRA: If COBRA offers creditable coverage, you are not required to enroll in Part D until 63 days after your COBRA coverage ends.

Income Related Monthly Adjustment Amount (IRMAA): Part D premiums are also subject to the IRMAA surcharge. IRMAA is based upon your modified adjusted gross income (MAGI) and income tax filing status (single, joint, married filing separately). MAGI includes taxable wages and self-employment income; social security retirement benefits; social security disability benefits; retirement and pension income; alimony; capital gains; investment, rental and royalty income; and tax-free income from municipal bonds. At the end of each year, the Social Security Administration reviews the MAGI you reported on your most recently filed income tax return to determine whether you will incur the IRMAA surcharge. This timing means that the MAGI reported on the tax return filed two years ago will determine whether you will incur a means-tested premium. Your premium cost is reevaluated annually, and you will not be subject to the IRMAA surcharge if your MAGI falls below certain thresholds. If your MAGI in the current year will be reduced by a life changing event like retirement or the death of a spouse, you can file form SSA-44 to request that the IRMAA surcharge be removed from your Part D premiums.

State Health Insurance Assistance Programs (SHIPs): SHIPs offer free counseling on the costs, coverage, and formularies of Part D plans. Information on each state’s SHIP program is available at www.shiptacenter.org.

Medicare plan finder: There is an online tool at www.medicare.gov that compares drug-specific plan options within your state. Click the “Find health & drug plans” button on the homepage to access it.

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