

MAKING SENSE OF MEDICARE MYTHS

Take the time to learn the facts behind these common Medicare misconceptions.

Retirement planning is complex, at best, but when you throw Medicare into the mix, it can get downright confusing. Many pre-retirees find the program hard to navigate without some guidance. Here are the facts about five common Medicare myths.

MYTH 1

MEDICARE OFFERS FREE HEALTHCARE.

FACT: Not quite. The Patient Protection and Affordable Care Act, known more simply as the Affordable Care Act, allows beneficiaries an annual wellness check at no charge. Beneficiaries also are entitled to free recommended preventive screenings, such as mammograms and colonoscopies, annual wellness visits and personalized prevention plans. For most people, Medicare Part A – which covers hospital stays and services up to certain limits – does not require a premium. But that's it. You're still responsible for copays, coinsurance and deductibles.

For instance, you'll pay a \$1,156 deductible for 2012 before Part A coverage kicks in for hospital stays of up to 60 days.

Just like health insurance during your working years, the other parts of Medicare also have premiums, copays, coinsurance and deductibles.

- The lowest annual premium for Medicare Part B is \$99.90 a month for beneficiaries new to Medicare this year.
- You'll pay more if you're single and earn more than \$85,000 or \$170,000 for a married couple filing jointly.
- Also starting this year, high earners will face a surcharge ranging from \$11.60 to \$66.40 per month, depending on income, for Medicare Part D prescription drug plans. Many Medicare beneficiaries purchase a Medigap supplemental insurance plan to help cover these out-of-pocket costs.

MYTH 2**MEDICARE COVERS EVERYTHING.**

FACT: Not true. For example, dental, vision and hearing are not covered by Medicare. And prescription drug coverage is only offered through Part D and Medicare Advantage plans. What's more, you are responsible for the premiums, deductibles and copayments associated with the coverage you choose. However, starting this year (2012), Medicare will cover more preventive services, including screening and counseling for alcohol abuse, depression and obesity. Supplemental insurance plans are available to help cover out-of-pocket costs.

MYTH 3**A MEDICARE ADVANTAGE PLAN OR PART D COVERAGE WILL FILL GAPS IN MY COVERAGE.**

FACT: Medicare can be complicated. Medicare Advantage plans – sometimes known as Part C – offer optional coverage through private insurance companies. Many of these plans cover dental, vision, hearing and prescription drug costs, not covered by Original Medicare. However, the plans may have limited networks to keep costs down.

Part D is optional prescription drug coverage that has myriad variables, such as premiums, copays, coverage gaps and coinsurance. You can choose which prescription drug plan best fits your needs.

MYTH 4**MEDICARE MAY NOT COVER ME.**

FACT: One major advantage of Medicare is that you can't be rejected for coverage because you're too sick or be charged higher premiums. However, if you're a high earner, you'll pay higher premiums for Medicare Part B and Part D. In addition, recent healthcare reform legislation established new provisions that will go into effect in 2014 to prevent insurance companies from discriminating based on pre-existing conditions or gender.

MYTH 5

I WILL BE NOTIFIED WHEN IT'S TIME TO SIGN UP FOR MEDICARE.

FACT: No. Unless you are already receiving Social Security benefits, you must apply for Medicare. You will not receive any official notification on when or how to enroll.

If you're over 65, still working and covered by employer healthcare, you may want to delay enrollment in part B to avoid paying for coverage you don't need. Once you stop working, you must enroll within eight months – even if you're receiving COBRA or retiree health benefits from your employer – to avoid permanent late penalties. For example, if you miss the deadline, you'll pay 10% more in Part B premiums for every 12 months you delay. If you are under 65 and retired, you should enroll before your 65th birthday to avoid these penalties.



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For those without employer coverage, it's a good idea to sign up when you're first eligible for Part B. If you're eligible for Part B when you turn 65, for example, you'll want to enroll during your initial enrollment period, the seven-month period that starts three months before your birth month. If you sign up in the first three months, you can avoid delays in coverage. If you sign up during your birth month or later, your start date will be delayed by one to two months.

There's also an open enrollment period from October 15 to December 7 each year for Medicare Advantage or Medicare prescription drug coverage. From January 1 to February 14 each year, seniors with Medicare Advantage plans can review their options during the Medicare Advantage Disenrollment Period. During this time, members can drop their plans, return to Original Medicare and pick up a standalone prescription drug plan. Medicare.gov recommends that you review your current coverage each fall to see if you need to make changes for the following year. ■