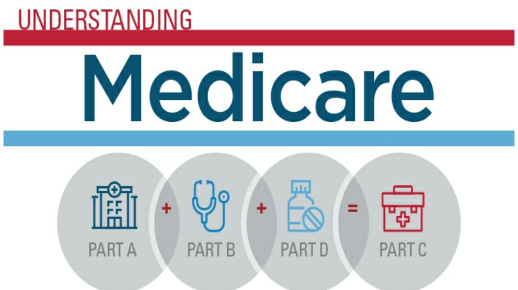
THE MONEY COACHES

"Healthy citizens are the greatest asset any country can have."

Winston Churchill

All About Medicare



There are many milestones in our lives: driver's license, graduating high school or college, getting married, having children and – filing for social security. I know many of you are shocked that I have reached this milestone but it is fast approaching. One of the most frequent conversations the Money Coaches have is in reference to Social Security and Medicare. Now I have first-hand experience to share!

When the date is 3 months before your 65th birthday, you can officially apply for social security benefits by either making an appointment at the nearest Social Security office or creating an on-line account at www.ssa.gov and applying thru this website.

I had created an account but when I logged in to start the Medicare journey, I had difficulty finding the page to start my Medicare application so I did a search and found the application that way. At this time, you will choose either to receive all benefits (both drawing your monthly funds and signing up for Medicare) or partial benefits (only starting your Medicare coverage). Knowing just what you need and how to go about getting signed up can be a bit overwhelming, that's why it's a good idea to start early and make sure you understand what is available.

On a personal note, I have decided not to start taking my monthly Social Security benefit so this information speaks only to Medicare.

Part A

Everyone is eligible for Part A. Part A is provided by the government and covers inpatient services received in hospitals, some inpatient care in skilled nursing facilities, some home health-care services and hospice. Part A does not cover long-term care. There are no monthly premiums for most people and no yearly out-of-pocket maximum. There are deductibles and co-pays for Part A.

Part B

Now let's look at Part B. Part B covers doctors' visits, outpatient care (preventative services), some services not covered by Part A (physical or occupational therapy) and some home health care services. Part B has a monthly premium that is deducted from your monthly Social Security benefit or if you are not receiving your monthly Social Security funds will be billed to you. Part B has no yearly out-of-pocket maximum. You will usually be responsible for 20% of the cost of covered services as well as co-pays for some doctor visits and Emergency room visits that don't result in admission. If services aren't covered by Part A or Part B, you will have to pay for the items and services yourself unless you have other insurance.

Part D

Let's add one more letter- D - Prescription Drug Coverage. While Parts A and B are provided by the Federal government, Part D is purchased thru an Insurance company. You pay a monthly premium for this coverage and sometimes will be required to pay a portion of the medication cost. Many Part D policies offer an online or mail order prescription option that will decrease the amount of the cost you are required to pay. Most generic drugs cost very little but if you are taking a medication that has no generic option, your prescription can be pricey.

Both Part B and Part D are optional but if you don't sign up for Part B when you are eligible there is a penalty. If you sign up late for Medicare Part B, you will have to pay a late penalty premium every month *for the rest of your life* in addition to the Part B premium. Your monthly Part B premium will go up 10% for each full 12-month period that you could have had Medicare Part B but did not take it.

I wish I could tell you that you now have all the information you need to make a wise and informed decision regarding Medicare but – oh no, there's more. I believe this is enough for one sitting so I will be writing to you again, very soon, to discuss Medigap plans (also known as Part C).

I know that has you sitting on the edge of your chair and checking your inbox frequently to see if this spellbinding bit of information has arrived. Rest easy, it will be a few days before I tackle the next letters of our alphabet soup but as always, if you have any questions, Rich and I would be most happy to sit and discuss this with you.

-Kathy
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More To Come!

We will be covering Medigap plans, and information for military veterans.

Medicare Part D: Prescription Drug Coverage

How to select your Medicare Part D (Prescription drug coverage)

As Kathy explained, Medicare has several parts which are provided by the federal government. Part D, the prescription drug coverage, is handled differently. You'll obtain your prescription drug coverage through an insurance company, which gives you the opportunity to consider different options.

With Part D, you have an annual deductible. As of 2020, the allowable deductible for Part D is $435, and plans may choose to charge the whole deductible, a partial deductible, or waive it entirely. You will pay the network discounted rate for any medication until that deductible is met, at which point your initial coverage begins.

Under your initial coverage, you have a copay for each medication you receive. Those medication copays are determined by tiers, and we'll discuss later how you can get an idea what to expect from your own medications.

Your insurance company will keep track of the total spent between you and the insurance company until the combined expense is $4,020 as of 2020.

Once you've reached that initial annual coverage limit, you'll enter coverage gap. In coverage gap you'll pay 25% of the retail cost of your medications. That will continue until your own total drug costs have reached $6,350 as of 2020. Once you've reached the upper limit of your coverage gap, your plan kicks in to cover 95% of the costs of your medications for the remainder of the year.

So how should you go about selecting a plan to begin with? To begin the process of selecting your Part D plan, the best place to begin is through the Medicare Plan Finder at www.medicare.gov/plan-compare.

With this tool, you can input your zip code to search providers near you. Additionally, you are able to list the drugs you take so that you can compare drug costs by plan. While there are undoubtedly some drugs you may need to take that can't be accounted for when you sign up, this is a good way to get a handle on the cost of those you already need regularly.

Once you've input your location and all the drugs you'd like prices on, you can input dosages and frequency of your refills. By doing this, the end result will be a full breakdown of the various plans, the monthly premium you'll pay, the deductible, and the total annual cost of your drugs and premium combined. Additionally, if you select the option, you can also view the cost for mail-order pharmaceutical services, which can be more convenient for some.

This tool is a great starting point for research. It lets you select and compare plans, and sort them by a variety of means, including by the lowest total annual cost.

Additionally, if you are feeling overwhelmed by all the information presented here, the Money Coaches are happy to talk with you. We can walk you through some things and can direct you to trusted people whose job it is to deal with Medicare on a regular basis.

- Chris
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Money Questions?

If you have questions about Medicare, your personal finances, getting out of debt, saving, preparing for retirement, or anything money related, don't hesitate to reach out to us! We'd love to work with you, and it doesn't cost you a dime! Call or email us!

For more, check us out at www.themoneycoaches.com!

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