CoverRight

RIGHTSURE

7 Medicare Mistakes You Should Avoid

Introduction

Congratulations, you're on your way to finding the best Medicare coverage. Whether you're new to Medicare or just curious, this booklet will help you avoid the most common and costly Medicare mistakes.

CoverRight takes the confusion out of Medicare and helps you build a plan that is right for you. A plan based on your specific preferences, medical history and even finds the plan with the lowest cost for any prescriptions you might be taking.

This way you know what you're buying before you sign up. Visit our website to learn more or book a consultation with a licensed advisor.

- The RightSure & CoverRight teams

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Mistake #1 – Assuming Medicare Is Free

You've been working your whole life and paying your Medicare taxes regularly. It's only fair that Medicare is free, right?

Not exactly – the truth about Medicare is that while your contributions will help pay for some parts of Medicare, it is **not entirely free**. You still need to pay premiums and share out-of-pocket costs.

Leaving out Medicare costs from your personal budgeting or financial plan can be a big mistake as costs can add up.

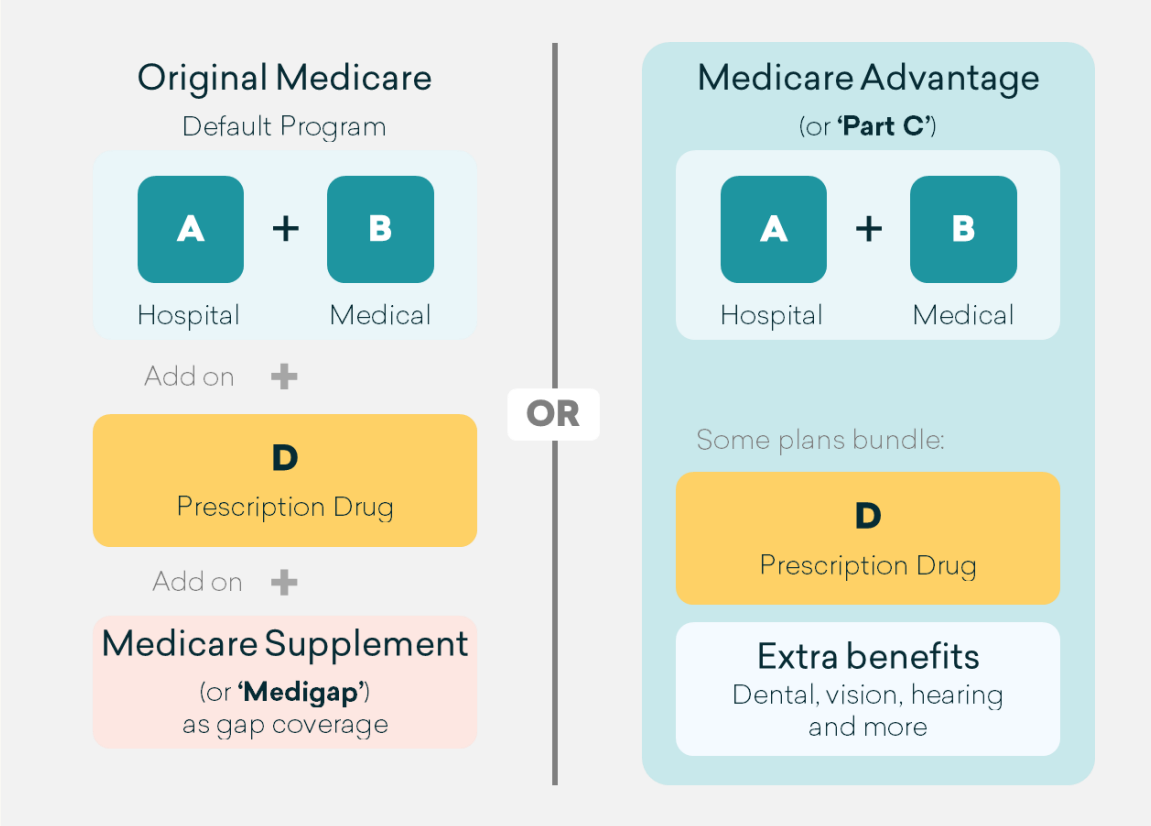
The Key Parts of Medicare

There are five (5) parts of Medicare that you need to know when considering potential costs:

Original Medicare (Default Government Program)	
Medicare Part A	• Part A is hospital insurance – inpatient hospitalization, home health care, skilled nursing facilities, and hospice care.
Medicare Part B	• Part B is medical insurance – outpatient services like doctor's visits, ambulance transport, and medical equipment.
Private & Supplemental Coverage	
Medicare Part C	• Part C is also known as 'Medicare Advantage'. These are a private health plan alternative that combine Part A and B coverage into a bundled package and often includes additional benefits such as Part D drug coverage, dental, vision, and hearing services

	• When you choose to enroll in a Medicare Advantage plan you receive your Medicare coverage from the private insurance provider rather than directly from the government
Medicare Part D	• Part D - refers to prescription drug coverage. Part D coverage can be bought standalone or bundled within a Medicare Advantage (Part C) plan
Medicare Supplement	• Medicare Supplement is also commonly known as 'Medigap'. These are private insurance plans that charge a monthly premium to help cover out-of-pocket costs (or "gaps") that you are responsible for paying under Original Medicare Part A and B • Typically seen as 'Cadillac' coverage – you can only buy this if you stay with Original Medicare

In summary, you can either stay in Original Medicare (Part A and B) and buy supplemental coverage or enroll in a Medicare Advantage (or 'Part C') plan that acts as a bundled private alternative to Original Medicare.



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How Much Does Medicare Cost?

	Premium	Key Out-of-Pocket Costs (2023)
Original Medicare (Default Government Program)		
Medicare Part A *Hospital Insurance*	• **$0 per month** o If you have paid ten years of Medicare taxes while working o Up to $506 per month if you have not paid ten years of Medicare taxes	• **Days 1-60:** $1,600 deductible (flat fee) • **Days 61-90:** $400 per day • **Days 91 and over:** $800 per day if you have 'lifetime reserve days' (everyone gets sixty one-time use reserve days) otherwise 100% of the cost
Medicare Part B *Medical Insurance*	• **$164.90 per month** o Higher (up to $561) if your income is >$97k individually or >$194k jointly	• **Annual deductible:** $226 • **Cost-share:** 20% of medical costs after deductible
Private and Supplemental Coverage		
Medicare Part C * *'Medicare Advantage'* *This is an 'alternate' to Original Medicare*	• **$0 - $100 per month** o In addition to your Part B premium o 66 percent of Medicare Advantage plans have no premium	• **Annual deductible:** $0 - $1,000 (many plans have no deductible) • **Cost-share:** o $0 - $50 copay for primary/specialist doctors o $250-$600 copay for the first 3-7 days of your hospital stay, typically $0 after (up to 90 days) o Other cost-shares based in each plan's benefits • **Maximum Out-of-Pocket Cost Cap:** $3,000 up to $12,450, depending on plan
Medicare Part D * *Prescription Drugs*	• **$0 per month** if bundled in a Part C /Medicare Advantage plan **OR** • **$6 – $111 per month** if purchased separately (average of $43)	• **Annual deductible:** $0 - $505 (max allowable deductible) • **Cost-share:** You pay fixed copays for drugs based on the 'drug tier' of your drug as determined by your plan provider
Medicare Supplement * *'Medigap'*	• **$90 - $300+ per month** o In addition to your Part B premium – plan premiums may be adjusted based on health status and age	• **Annual deductible:** You pay the $226 Part B deductible (above) • **Cost-share:** Typically limited-to-no out of pocket costs

* The costs range for Part C, Part D and Medicare Supplement are based on typical cost ranges

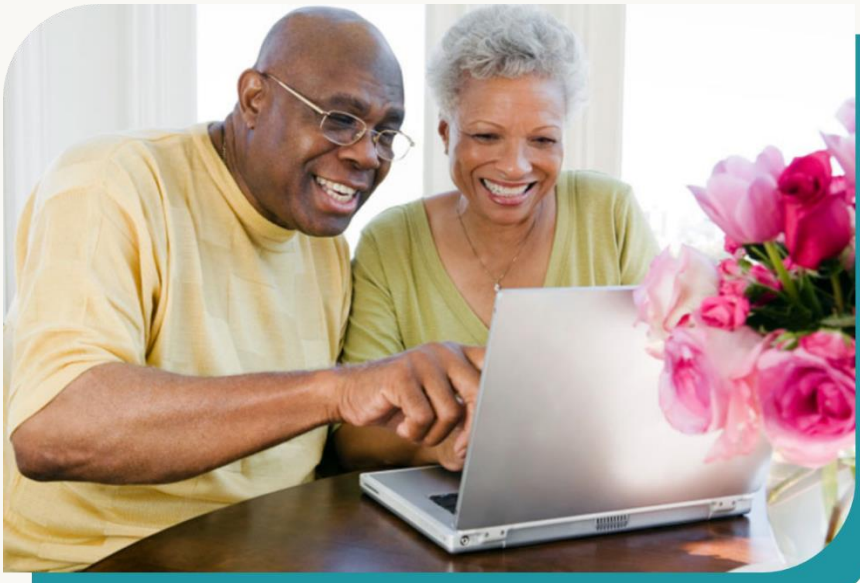
Bottom Line: Medicare is NOT free

You will still have to pay for premiums and out-of-pocket expenses. Healthcare costs can add up. Not budgeting correctly for healthcare costs under Medicare can be a very costly mistake.

Tip: Plan ahead for Medicare costs

You could be excluding thousands of dollars from your budget buy not considering the potential costs of Medicare when retiring.

In order to get estimate costs, you should always consider your premiums, deductibles, out-of-pocket obligation for both medical and drug costs under your Medicare plan(s).



Mistake #2 – Missing Your Initial Enrollment Period (IEP)

Some people think you can join Medicare any time after your 65th birthday, while others believe that Medicare automatically enrolls them, so what's the real answer?

Here are the facts:

- Medicare has fixed enrollment periods that dictate when you can enroll, change or disenroll from plans.
- If you miss your Initial Enrollment Period, **late enrollment penalties** apply
- Some late enrollment penalties are lifelong, meaning you pay them for as long as you have Medicare.

If you're turning 65 and thinking of deferring enrollment in some of all parts of Medicare – make sure you understand when your Initial Enrollment Period, so you don't miss it.

Initial Enrollment Period (IEP)

Your IEP is the period when you first become eligible and can sign up for Medicare.

Your IEP occurs during the **7-month period** around your 65th birthday that includes:

- The three (3) months before the month of your 65th birthday
- The month of your 65th birthday
- The three (3) months after the month of your 65th birthday

Late Enrollment Penalties

Why are there late enrollment penalties?

Penalties exist to ensure that healthy individuals contribute to Medicare premiums when they are healthy so there is not a 'free-rider' problem where Medicare-eligible beneficiaries only sign up for Medicare when they are sick or require Medicare-covered services to skip paying any premiums.

What are the penalties?

The most two most common penalties are the Part B and Part D penalties.

Part B Penalty	• **Your monthly premium increases 10% for each 12-month period that you missed signing up for Part B after your first eligible** o You will pay this higher premium for as long as you have Part B coverage (i.e., lifelong penalties)
Part D Penalty	• **If at any time after your IEP, there are 63 days or more when you don't have Medicare Part D drug coverage or other 'creditable' drug coverage:** o You pay a late enrollment penalty of 1% of the monthly 'national base beneficiary premium' ($32.74) multiplied by the number of full months that you had no coverage o You will pay this penalty for as long as you have Part D coverage (i.e., lifelong penalties)

* There is no penalty specific to Part C (Medicare Advantage) – any penalties that apply for Part B or D will apply whether you're in a Medicare Advantage plan or not.

When are you automatically enrolled?

If you are receiving Social Security at least four (4) months before turning 65, you will typically be automatically enrolled in Medicare Part A and B. If you are not automatically enrolled, you can enroll anytime during your IEP via the Social Security Administration: ssa.gov/benefits/medicare

If you miss your IEP, your next window to enroll is during the General Election Period, which happens every year between January and March, after the year you are first eligible. Your coverage will begin the month after you apply.

What are the exceptions?

The only typical exception for late enrollment penalties if you have 'creditable' medical and prescription coverage (see Mistake #3).

Bottom Line: Don't miss your Initial Enrollment Period unless you're eligible to defer

It is critical to know when your initial enrollment period is if your turning 65 to avoid potential penalties and coverage gaps. Always reach out to a Medicare expert such as CoverRight if you are unsure whether you should enroll during your Initial Enrollment Period.

Tip: Speak to an expert

Missing your Initial Enrollment Period has long term consequences.

While your friends and family are well meaning they are not always the best resource for helping you define and understand your IEP. Save yourself money and trouble later by speaking with an expert.

Mistake #3 – You Don't Need Medicare If You Have Health Insurance

You have other health insurance so it's logical you don't need to sign up for Medicare - right?

This can be big mistake – Medicare only allows you to defer enrollment if your medical and drug insurance is considered 'creditable'.

Not all health insurance is creditable which means you can be in be for a nasty shock when you finally sign up for Medicare.

You should enroll in Medicare during your Initial Enrollment Period (IEP) to avoid penalties if any of these situations apply:

- You are currently using COBRA or retiree insurance from a previous job
- You are enrolled in an individual health insurance plan such as an ACA or 'Marketplace' plan
- You rely on short-term insurance or have no insurance at all
- You have VA health coverage
- You have TRICARE coverage and are retired

What about if I am still employed?

If you are still working, you need to determine if you (or your spouse's) employer coverage is 'creditable'.

	Determining if your health plan is 'Creditable'
Medical Insurance	• **If your employer provides medical health insurance and your employer has more than 20 employees, then the coverage is considered 'creditable'** o You can choose to defer enrollment in Medicare Part B and avoid paying the Part B premium as well as any late enrollment penalties
Prescription Drug Insurance	• **If your employer provides drug and coverage and the coverage is 'as good as' Medicare's, then it is considered 'creditable'** o This means your plan is expected to help pay, on average, as much as Medicare's standard prescription drug coverage o Your employer's health plan should provide you notice informing you if your drug coverage is creditable each year in September o To avoid penalties, enroll in a Part D plan within 63 days after losing employer coverage

Bottom Line: Having other insurance does not mean you can skip the Medicare enrollment process

Before deciding to defer enrollment in Medicare, make sure your current coverage is considered 'creditable.'

Overlooking this step can be a costly mistake down the road. Penalties will reach up to 10% extra for each year and can last for as long as you have Medicare (i.e., a lifetime).

Tip: Sign-up for Medicare Part A – Hospital Insurance if you've paid your Medicare taxes

If you (or your spouse) have paid Medicare taxes for at least 10 years, you're eligible for premium-free Part A and will have no late enrollment penalties regardless of when you enroll.

In most cases, it still makes sense to enroll in Part A as Medicare can work alongside your company's group insurance to lower costs for any hospital stays.

Note: You should not enroll in Part A if you want to continue contributing to a Health Savings Account (HSA), as contributions aren't allowed after you've enrolled in Medicare

Mistake #4 – Failing to Understand or Review Your Coverage

Take your time to understand how Medicare works. Don't rush the sign-up process. If you make a decision based on advice from friends and family beware that what works for them might not be best for you.

You would be amazed at how many people simply rely on what a friend of family member has for coverage. There is no one-size-fits-all plan. The follow-on implications can be significant. There can be issues such as which doctors or medications are covered, or you might end up paying significantly more than you should.

Here are the four (4) most common mistakes when it comes to understanding coverage:

1. Confusing Medicare Advantage and Medicare Supplement

Both plans are sold by private insurance companies (and the same companies often sell both types of plans) so it's easy to get confused.

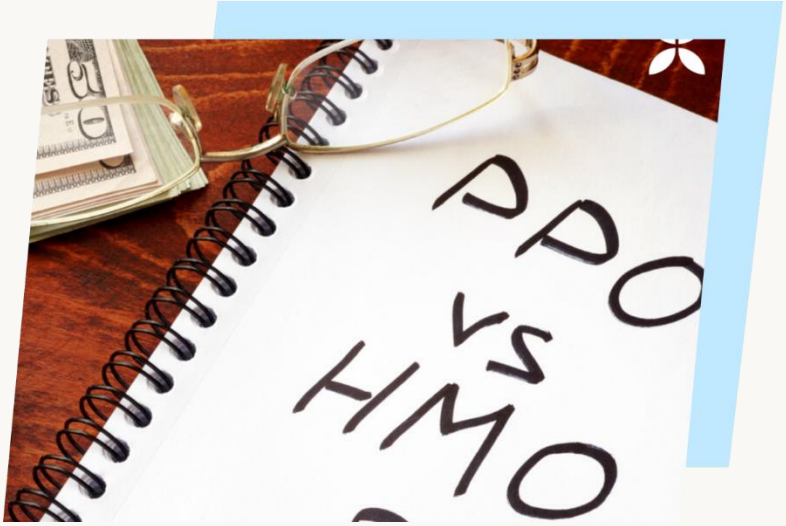
However, they are very different in how they provide health coverage, and, you cannot have both at the same time.

	Medicare Advantage (Part C)	Medicare Supplement (Medigap)
Description	• Private alternative to Original Medicare (Part A and B)	• Private supplemental plan that provides 'gap' coverage for the costs Original Medicare does not cover • Typically referred to as 'Cadillac' coverage
Premiums *in addition to Part B*	• $0 - $100 per month	• $90 - $300+ per month
How You Pay for Healthcare	• Pay copays as you go	• Pay upfront through monthly premiums – limited to no copays
Doctor coverage	• Typically requires the use of a network of doctors	• Any doctor or hospital in the U.S. that accepts Medicare
Capped out-of-pocket costs	• Yes o $8,400 for in-network o $12,450 for out-of-network (if covered)	• No - however, your plan covers most out-of-pocket costs via your premium payments

2. Not understanding doctor networks: HMO vs. PPO

Beneficiaries who sign up for Medicare Advantage plans often do so because they are attracted to the '$0 premiums and extra benefits (like dental, vision, hearing).

While these are undoubtedly attractive qualities of Medicare Advantage plans, a critical point that is easily overlooked is that these plans may have specific rules around provider networks.



Medicare Advantage plans are 'managed care plans,' meaning insurance companies negotiate discounts and rates with healthcare providers to form a 'network' that provides care for its members at reduced costs.

Even plans provided by the same insurer can differ in what a doctors and hospitals are covered.

The two (2) most common plans typed are HMO and PPO.

	HMO	PPO
Doctor Network	• Limited to doctors and hospitals within the plan's network • Out-of-network not covered except for emergencies	• Has 'preferred' network of doctors and hospitals • Out-of-network doctors are covered but at higher cost
Care coordination	• Coordinated by a single doctor (also known as Primary Care Physician or 'PCP')	• No care coordinator – free to use any doctor
Referrals for Specialists	• Need referrals from PCP	• No referrals necessary

3. Prescription Drugs: Not Checking Coverage and Cost

Most Medicare beneficiaries understand that they should sign up for a Part D prescription drug plan to lower costs. However, we've encountered many Medicare-eligible beneficiaries who believe their drugs are covered 'similarly' by all drug plans.

Every Part D plan has a 'formulary' or list of drugs that are covered. While the development of formularies includes at least two drugs in the most commonly prescribed drug classes for the Medicare population, they might not have your specific drug.

In general, each Part D drug plan:

- May differ in their formularies
- May price the same drug differently
- May change their formularies during the year

Tip: Check your drug costs – don't be a Medicare statistic

9 out of 10 Medicare beneficiaries are in a drug plan that is not the lowest cost.

It is not uncommon for the same drug to vary 200%-300% in costs across different plans in the same zip code.

4. Not Assessing Your Coverage Annually

Unfortunately, Medicare is something you can 'set and forget'. Plans can change benefits each year – for instance, services can be added ore removed or more importantly doctor networks and drug formularies can change.

Review your coverage every year to make sure you don't miss out on critical changes – if your health situation has changed and you're seeing new doctors or taking new drugs – shop around to see if you're still in the best plan.

Bottom Line: Medicare is not one size fits all

We recommend all beneficiaries get advice from an expert and review their plans carefully each year for changes, especially if your health situation changes. It's important to understand the scope of your coverage.

Mistake #5 – Missing Your Medicare Supplement Open Enrollment Period

So, you've listened to our advice and evaluated your options. Medicare Supplement sounds great, but it costs more than you want to pay just now – you'll just sign up later when you need it...

Sure, only if you're comfortable with potentially getting denied coverage – Medicare Supplement plans are private gap insurance products that are not tied to the federal government. Therefore, insurers can deny you coverage, charge you more based on health and ask health questions before allowing you to buy a policy.

In most states, there is only one opportunity to buy a Medicare Supplement plan without the risk of getting denied – this is called the Medicare Supplement Open Enrollment Period.

Why Choose Medicare Supplement?

Medicare Supplement plans are often considered 'Cadillac' plans because of the generous coverage they provide. These plans work alongside Original Medicare:

- ✓ You pay a monthly premium in the range of $90 - $300+ per month in addition to you Part B premium ($164.90 p/m in 2023 or higher, depending on income)
- ✓ They are considered 'Cadillac' plans as you have little to no out-of-pocket obligations when you use any services
- ✓ You can also visit any doctor in the U.S. without referrals – unlike some Medicare Advantage plans

Medicare Supplement Open Enrollment Period

The Medicare Supplement Open Enrollment period is also known as a 'guaranteed issue' period and is the best time to purchase a Medicare Supplement policy if you are considering this type of plan. During this period, insurance companies:

- Must sell you a policy without medical or health questions
- Cannot deny you coverage
- Cannot charge you an additional premium for coverage because of your medical history

When is the Medicare Supplement Open Enrollment Period?

The Medicare Supplement Open Enrollment Period is:

- **The 6-month period** that begins right after you first enroll in Medicare Part B
- During this window, you can buy a Medicare Supplement policy **without any health questions**

For most people, this occurs when you first turn 65. However, if you are working past 65, this will happen when you stop working.

Are there any other 'Guaranteed Issue' periods?

Yes – but only in very special circumstances.

There are very few events where you will receive another guaranteed issue right, such as if your Medicare Supplement company stops operating or providing coverage. Another is if you dropped a Medicare Supplement policy to join a Medicare Advantage plan for the first time, and you want to switch back in the first 12 months (also known as 'trial right'). In addition, a few states have additional guaranteed issue windows beyond federal requirements.

Bottom Line: You can't just enroll in a Medicare Supplement plan when 'you're ready'

If you're turning 65, make sure to properly weigh your options if you consider a Medicare Supplement plan at all. Your best opportunity to buy a Medicare Supplement plan is to enroll during your Medicare Supplement Open Enrollment Period. Missing this could be risky.

Tip: Don't miss your Medicare Supplement Open Enrollment Period

In most states, this is your **one opportunity** to enroll in Medicare Supplement without going through medical underwriting and answering health questions.

If you miss this window, you **may be denied coverage** or asked to answer questions related to your health history when you apply in the future.

Mistake #6 – Medicare Advantage: Cancelling Part B or Enrolling in a Separate Drug Plan

You've finally enrolled in a Medicare Advantage pan but don't fall for these two common Medicare Advantage misconceptions...

Acting on these misconceptions can cause significant headaches and cancel your coverage.

Misconception #1: You don't need Medicare Part B if you're on Medicare Advantage

Medicare Advantage plans are also advertised as '$0 premium' plans and many people think they can 'save' by disenrolling from Medicare Part B - after all Medicare Advantage is an 'alternate' to Original Medicare - right?

No – whether you're on Medicare Advantage or Original Medicare you must be enrolled in Part B and pay the premium.

The Rules

All Medicare Advantage beneficiaries must be actively enrolled in both Parts A and B to stay enrolled in a Medicare Advantage plan. Disenrolling from Part A or B means you're no longer eligible for your plan.

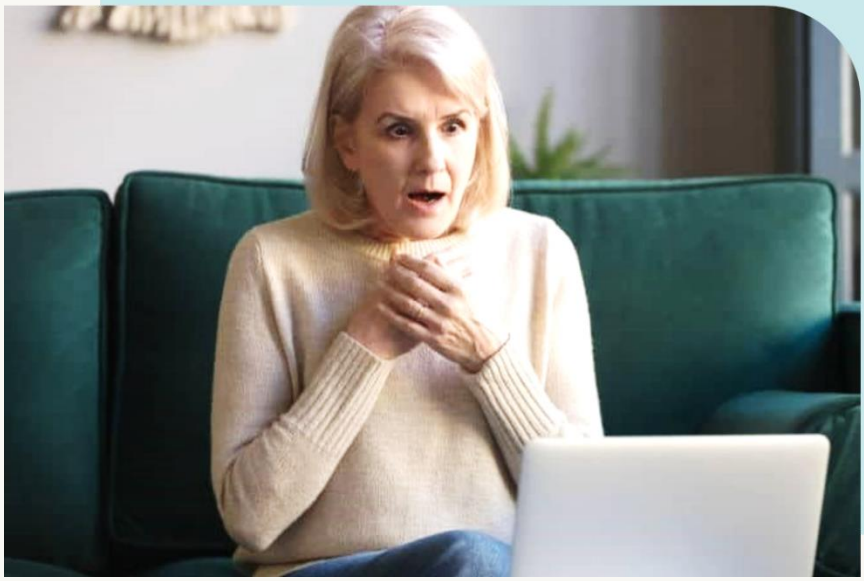
The Consequences

If you made the mistake of canceling Part B, two things would automatically happen:

- You will be disenrolled from your Medicare Advantage plan.
- You cannot re-enroll into a Medicare Advantage plan until you have re-enrolled in Part B.

However, Medicare has fixed enrollment windows that dictate when you can enroll

- If you disenroll from Part B, the first opportunity to re-enroll is the General Election Period (GEP) which occurs from January 1 to March 31
- Coverage will only start on July 1 of that year, leaving you at significant risk of having a health insurance gap for an extended period.



Misconception #2: You can buy another Part D drug plan to get 'better' coverage

You're in Medicare Advantage but you're not happy with your drug coverage – easy, there are standalone Prescription Drug Plans (PDPs) you'll just buy one of those?

Wrong – you can only be in one Part D drug plan at a time and are not allowed to buy a separate standalone Part D drug plan if you are on Medicare Advantage.

There are two reasons Medicare beneficiaries think they can do this:

- They've found a PDP plan which offers better coverage or a PDP plan with better star rating than their current Medicare Advantage plan
- They think a PDP can act as supplementary coverage to their current Medicare Advantage plan

The Rules

You cannot enroll in a separate standalone PDP if your Medicare Advantage plan already includes prescription drug coverage. PDP plans are designed only for people who have chosen to receive their Medicare coverage under Original Medicare.

If you enroll in Medicare Advantage, you must use the Part D prescription drug coverage that comes with your plan.

The Consequences

If you enroll in PDP while enrolled in a Medicare Advantage plan:

- You will be disenrolled automatically from your Medicare Advantage plan
- Your coverage will return to Original Medicare

Bottom Line: Your Medicare Advantage plan is your plan, and it is not 'free'

You **can't** supplement your Medicare Advantage coverage and you **must pay** your Part B premium. It is critical to check any implications before making changes to your Medicare coverage. If you need clarifications, consult with a trusted advisor such as CoverRight.

Mistake #7 – Not Leveraging Government Assistance Programs

There are many government programs designed for individuals with limited income or resources. However, over 30% of Medicare members eligible for savings are not enrolled in a program.

Medicare is not free. Beneficiaries are expected to pay for costs related to Medicare, such as deductibles and 20% of all outpatient expenses.

Not signing up could mean missing out on significant cost savings. You may also be impacting your health by reducing required doctor visits or skipping prescription drug medications.

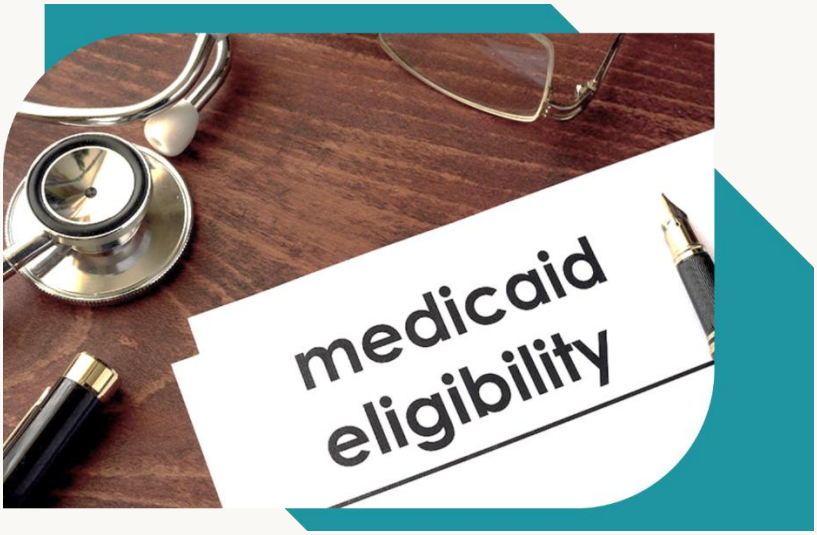
Here are the three (3) Medicare-related programs for those with limited income and resources that you should check to see if you're eligible.

1. Medicaid

Medicaid provides health coverage to millions of Americans, including eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities:

- It is a state-based program that is funded jointly by states and the federal government.
- Eligibility requirements are broadly based on income, age, disability, pregnancy, household size, and the applicant's household role.

The Centers for Medicare & Medicaid Services (CMS) advises to complete a Medicaid application even if you're not sure you qualify. To find out if you are eligible, you can apply through your state's Medicaid website or HealthCare.gov.



If you are eligible for Medicaid, depending on your level, you can get up to 100% subsidies for Medicare Part A and B premiums, deductibles and out-of-pocket costs as well as subsidies for Part D prescription drug coverage.

Tip: Medicaid Eligibility

As a good rule of thumb:

- If you are an adult with no dependents and make less than 133% of the Federal Poverty Line (FPL), there may be a program for you, depending on whether your state expanded Medicaid under Obamacare.
- If you are pregnant, elderly, disabled, or a parent/caretaker, or a child and make less than 100% to 200% of the FPL - there's likely a program for you

If you are receiving Supplemental Security Income (SSI), you are automatically qualified for Medicaid.

2. Medicare Savings Programs

Not eligible for Medicaid in your state? – there's good news! The Medicare Savings Program (MSP) is a Medicaid-administered program where your state will help pay your Medicare Part A (hospital insurance) and Medicare Part B (medical insurance) premiums if you are under Original Medicare.

You do not need to have Medicaid to apply for MSPs and/or be Medicaid-eligible to qualify for an MSP.

Depending on how your income and assets compare against the Federal Poverty Line (FPL) threshold, you may qualify under one of these three MSP programs. MSP programs pay for Part A and Part B

premiums and Part B out-of-pocket costs. Here is a summary breakdown of their benefits:

Medicare Savings Programs (MSP)				
MSP Program	**Your Income (% of FPL)**	**Pays for Part A Premiums**	**Pays for Part B Premiums**	**Pays for Part B Out-of-Pocket**
Qualified Medicare Beneficiary (QMB)	≤ 100% of FPL	✓	✓	✓
Specified Low-Income Medicare Beneficiary (SLMB)	≤ 120% of FPL	✗	✓	✗
Qualifying Income (QI) *Note: If you are receiving Medicaid benefits, you will not be qualified for QI*	≤ 135% of FPL	✗	✓	✗

3. Medicare Extra Help (Part D Low-Income Subsidy)

Medicare Extra Help, also known as Part D Low Income Subsidy (LIS), assists Medicare beneficiaries with low income and resources to pay for their prescription drugs. According to the SSA, Medicare Extra Help's beneficiaries receive an estimated annual savings of $5,000.

Extra Help helps pay for prescription drug expenses, including premiums, deductibles, copayments, and co-insurance. Members can receive full or partial subsidies.

Tip: 'Extra Help' Eligibility

You are automatically eligible for LIS if you meet any of these conditions:

- You are dual-eligible, meaning you are eligible for both Medicare and Medicaid
- You have both Medicare and Supplemental Security Income (SSI)
- You are currently receiving benefits under one of the MSPs above

Fortunately, if you are not automatically qualified based on one of the criteria above, you may still get Medicare Extra Help. That is if your income, including the salary of a living-in spouse, is less than 150% of the Federal Poverty Level (FPL).

Bottom Line: Always check your eligibility for savings programs

If you have limited resources and assets, always apply for the various support programs available to you. Over 30% of Medicare members eligible for Medicaid and Medicare Savings Program (MSP) are not enrolled – don't be one of them! Lastly, annual income and resource requirements can change yearly, so you will typically be assessed for eligibility annually.

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Get free expert help with Medicare

CoverRight's online platform and licensed Medicare experts are always available to assist you.

It's easy to get started

Start Online

Our easy-to-use tools let you compare quotes from top insurers, all at once and online.

Chat, email or call anytime.

OR

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Whether you just prefer a friendly voice or need more information, our advisors are ready to help.

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