



2021 Medicare Guide



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SECTION 1: BASICS

What is Medicare?

[Medicare](#) is a federal health insurance program in the United States, initially approved in 1965. It's administered by the [Centers for Medicare and Medicaid Services \(CMS\)](#).

Medicare is available primarily for those turning age 65 who have met certain work and citizenship requirements, but is also available for those with disabilities (as determined by the Social Security Administration), End-Stage Renal Disease (ESRD), and ALS (Lou Gehrig's disease).

Medicare has two primary parts:

- [Part A \(hospital\)](#)
- [Part B \(medical/outpatient\)](#)

These combined are what's commonly called **Original Medicare or Traditional Medicare**.

MEDICARE HEALTH INSURANCE	
Name/Nombre	JOHN L SMITH
Medicare Number/Número de Medicare	1EG4-TE5-MK72
Entitled to/Con derecho a	HOSPITAL (PART A)
Coverage starts/Cobertura empieza	03-01-2016
	MEDICAL (PART B)
	03-01-2016

Other “parts/components” of Medicare are available to purchase at certain times, but are provided exclusively through insurance carriers. These include:

- [Medigap \(Medicare Supplement\) Plans](#)
- [Part D Prescription Drug Plans](#)
- [Part C \(Medicare Advantage Plans\)](#)

Section 4: Original Medicare vs Medicare Advantage (Part C) goes into detail on these additional insurance options.



SECTION 1: BASICS

Medicare Eligibility (Who Is Eligible?)

VIDEO: [Medicare Eligibility](#)

Age (Turning 65)

You're eligible based on age and can enroll, as long as these are true...

- You're turning 65 in the next four months...AND
- You're a US citizen (or permanent legal resident who has lived in the US for at least 5 years)...AND
- You've contributed to the Medicare system for 40+ quarters (about 10 years of work)
 - If you don't have enough work history, you may be able to enroll under your spouse's work record...assuming you've been married at least 1 year, your spouse has 40+ quarters of work and is at least age 62.

Enrollment

- Automatic: When already receiving Social Security benefits, you'll automatically get your Medicare card (both A & B) about 3 ½ months prior to your birthday month.
- Proactive: When NOT receiving Social Security benefits, you'll need to proactively submit an enrollment application to start Part A only or both Parts A & B.

Disability

When receiving Social Security disability benefits for 2 years (actually on the 25th month), you'll automatically be enrolled in Part A & Part B. You'll receive your Medicare card about 3 ½ months prior to the 25th month of benefits.

End-Stage Renal Disease (ESRD)

If your kidneys no longer function, and you need dialysis or have already had a kidney transplant...you're eligible for Medicare...but one of these items need to be true also:

- You have enough work quarters to qualify (based on age ranges...consult with Social Security to confirm eligibility)...OR
- You're already receiving Social Security benefits...OR
- You're the spouse or dependent child of a person who meets one of the above requirements

ALS (Lou Gehrig's Disease)

If you have ALS, you're automatically eligible for Medicare when your monthly Social Security disability benefits begin. So your Medicare card will arrive in conjunction with the start of your Social Security disability benefits.

SECTION 1: BASICS

Medicare Parts

Core Coverage Through Medicare

Part A (hospital)	Part B (medical)
Inpatient Hospital Services	Outpatient Medical Services

Part A (hospital)

In general, Part A covers:

- Inpatient hospital care
- Skilled care or nursing home care in a nursing facility (NOT custodial or long-term care services)
- Hospice care
- Home healthcare (in some instances)

[What Part A Covers](#)

Part B (medical/outpatient)

There are really too many Part B items to mention, so you'll see a list of some of the common services below:

- Doctor's office visits
- Laboratory services
- Diagnostic imaging (i.e. MRI, CT scan)
- Outpatient surgery
- Outpatient physical therapy & occupational therapy
- Insulin (if administered through an insulin pump), and certain insulin supplies
- Chemotherapy & radiation
- Durable medical equipment
- Infusions in a clinical setting

Part B also covers a comprehensive list of **preventive services** at 100%, such as annual wellness visits, certain vaccinations, mammograms, colonoscopies, and more. Some items are no-cost each year, but others could be on a 2yr, 5yr, or 10yr interval. The full list and guidelines can be accessed from the link below.

[What Part B Covers](#) | [Part B Preventive Services](#)

SECTION 1: BASICS

Medicare Parts

Supplemental Coverage Through Insurance Carriers

Medigap (Medicare Supplement) Plan

A Medigap plan supplements (“pays after”) Original Medicare. It helps reduce the cost of **approved** Medicare services, both for Part A & Part B services.

Medicare must first approve the service and pay its portion...then the Medigap plan is required to pay its portion (based on which Medigap plan you purchase). Conversely, that means if Medicare does NOT approve the service, then the Medigap plan does NOT have to pay for the service either.

Part D Prescription Drug Plan (PDP)

A PDP helps reduce the cost of approved medications covered on the plan’s formulary list of drugs.

Each Part D plan will determine which medications are on its list and then assign the drug to a drug TIER. You’ll pay a copay (or coinsurance %) when purchasing each drug.

Note: To avoid a lifetime penalty, obtain Part D coverage when first eligible...unless you have other **creditable** prescription drug coverage (i.e. employer plan, VA). See more on this in Section 3: Medicare Enrollment > [Should You Enroll in Medicare?](#) (item 7).

Medicare Advantage (Part C) Plan

[Alternative to Original Medicare + Medigap + Part D]

A Part C plan provides all the same Part A & Part B benefits that Medicare offers, but you instead receive your A & B benefits through the Medicare Advantage plan with an insurance carrier. You **DO NOT** use your Medicare card. Typically, these plans also include Part D prescription drug coverage built-in...so you won’t need to buy a separate Part D drug plan.

Medicare Advantage plans have the ability to offer even more services not covered by Original Medicare, such as...

- Dental services
- Vision services
- Hearing services
- OTC (over-the-counter) benefits
- Fitness programs

Note: Each plan is unique, so check the summary of benefits for details on extra services.

SECTION 1: BASICS

Medicare Enrollment Periods

Parts A & B Only

VIDEO: [Medicare Enrollment Periods](#)

[Part A & Part B Sign-Up Periods](#) | See [How To Enroll In Medicare](#) for enrollment guidance

Initial Enrollment Period (IEP)

This period surrounds your 65th birthday month (or entitlement month, due to disability). It's a total of 7 months...3 months before your b-day month, your b-day month, and 3 months after your b-day month.

Notes:

- You can sign up for Medicare up to 4 months prior to your b-day month, even though everything you read says you can't sign up until 3 months prior.
- If you're already receiving Social Security benefits, you'll be automatically enrolled in Parts A & B. In this situation, you must keep Part A, but can deny Part B. Your Medicare card will arrive about 3 ½ months prior to your b-day month.
- Start dates are always the 1st of the month, even if your birthday is later in the month. However, if your birthday is the 1st of the month, your eligibility month is one month sooner. For example, if your birthday is July 1st, you'll be eligible June 1st.

Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7
3 months before	2 months before	1 month before	Month you turn 65	1 month after	2 months after	3 months after

- If you sign up prior to your birthday month, your Part A & Part B start dates will both be the 1st of your birthday month.
- If you sign up in Month 4, 5, 6, or 7...your Part B will be delayed up to 3 months (see below).

If you sign up in this month of your IEP	Your coverage starts
The month you turn 65 (Month 4)	1 month later
1 month after you turn 65 (Month 5)	2 months later
2 months after you turn 65 (Month 6)	3 months later
3 months after you turn 65 (Month 7)	3 months later

SECTION 1: BASICS

Medicare Enrollment Periods

Parts A & B Only

Special Enrollment Period (SEP)

If you delayed Medicare Part B because you're covered under a group health plan based on current employment (yours or spouse's), you qualify for a Special Enrollment Period (SEP). You will NOT be penalized and can enroll in Part B as follows:

Anytime you or your spouse are working, and you're covered by a group health plan through the employer (or union), based on that work. *

Or...During the 8-month period that begins the month after employment ends or when the group coverage ends, whichever is first.

Notes:

- * COBRA and retiree health plans are NOT considered covered based on current employment. You are NOT eligible for a SEP when that coverage ends. Enroll in Part B within the 8 months after separating service.
- This SEP is NOT available if you're Medicare eligible based on end-stage renal disease (ESRD). Instead, obtain Parts A & B when first eligible, based on ESRD.

General Enrollment Period (GEP)

If you didn't sign up for Part B during your IEP or SEP time frames, you can only enroll during the GEP.

January 1st through March 31st

Part B Start Date

July 1st

Your Part B will start July 1st of that year, and you could potentially have a late enrollment penalty...if you went more than 12 months without Part B.

PENALTY: Unless you qualify for a SEP, you'll pay a 10% higher Part B premium for every 12-month period you went without Part B. The penalty is assessed monthly and for as long as you have Part B.

SECTION 1: BASICS

Medicare Enrollment Periods Supplemental Insurance Plans

Unfortunately, each of these enrollment periods have the words “Open Enrollment” in them. But they truly are different from each other. Pay close attention.

Medigap Open Enrollment - first 6 months of Part B

When you buy a Medigap plan, you’ll be automatically accepted, regardless of your health history...as long as the plan starts **during the first 6 months you’re enrolled in Part B.**

If you change your Medigap plan to another Medigap plan, after having Part B for 6 months or more, you typically need to answer health history questions about your pre-existing conditions. That means you might not be approved for the new plan.

Note: You can attempt to change your Medigap plan any time of year.

Annual Election Period (AEP) [“Open Enrollment”] Oct 15th - Dec 7th

AEP only applies to stand-alone Part D Prescription Drug Plans and Medicare Advantage (Part C) Plans. There are NO health history questions to switch these plans.

- If you have a Part D plan and want to switch to another Part D plan, simply submit an application between 10/15 - 12/7. The new plan will take effect January 1st.
- If you have a Medicare Advantage plan and want to switch to another Medicare Advantage plan, simply submit an application between 10/15 - 12/7. The new plan will take effect January 1st.

Note: You can submit more than one application during this time frame. The last plan application submitted by 12/7 is the one that will start in January.

Medicare Advantage Open Enrollment Period (MA-OEP) Jan 1st - Mar 31st

This enrollment period is not widely known. It’s ONLY for Medicare beneficiaries currently enrolled in a Medicare Advantage plan. There are NO health questions to switch plans.

Note: You can submit only ONE application during this period...to switch to any other Medicare Advantage plan available in your service area...or go back to Original Medicare and purchase a Part D drug plan.

If you have Original Medicare (A & B), a Medigap plan, or a Part D Drug plan...you CANNOT utilize the MA-OEP to switch your Part D plan or switch to a Medicare Advantage plan.

SECTION 2: MEDICARE COSTS & PREMIUMS

Costs for Part A & Part B Services

Part A (hospital)

(A benefit period ends 60 days after release from care)

Inpatient Hospital Stay - You Pay...

- Deductible: \$1,484 per benefit period
- Coinsurance (days 1-60): \$0 per day of each benefit period
- Coinsurance (days 61-90): \$371 per day of each benefit period
- Coinsurance (60 lifetime reserve days): \$742 per day after day 90 of each benefit period

Skilled Nursing Facility Stay - You Pay...

- Coinsurance (days 1-20): \$0 per day of each benefit period
- Coinsurance (days 21-100): \$185.50 per day of each benefit period
- **Note:** A 3-day inpatient hospital stay is required first before skilled care is approved

Part B (medical/outpatient)

Part B Deductible - You Pay... \$203 calendar year

Part B Coverage - You Pay... Generally 20%, after \$203 deductible is met

VIDEO: [2021 Medicare Costs & Premiums](#)

[Medicare Costs At A Glance](#)

IMPORTANT NOTE:

The costs you see above are really in a vacuum, assuming you have only Part A & Part B coverage (no supplemental insurance).

In reality, you likely will have either a Medigap plan or a Medicare Advantage (Part C) plan that alters these out-of-pocket costs.

SECTION 2: MEDICARE COSTS & PREMIUMS

Premiums for Part A & Part B (including high income premiums for B & D)

Part A (hospital)

Most Medicare beneficiaries DO NOT pay a premium for Part A. This is because of paying into Medicare during your work history.

- If you have 40+ quarters of work history (about 10 years) paying into Medicare, Part A has no premium (a.k.a. Premium-free Part A).
- If you DO NOT have 40+ quarters of work history, you can apply for premium-free Part A on your spouse's work record...assuming you've been married at least 1 year, your spouse has the 40+ quarters and is at least age 62.

[Medicare Costs At A Glance](#) shows the premium for Part A, if you don't have enough work quarters.

Part B (medical/outpatient) **see next page for Medicare premium table**

A note on high income Medicare premiums:

If your income is high (see next page for Medicare premium table), you can appeal for a lower premium...as long as you have a **Life Changing Event**. The most typical life changing event is a Work Stoppage, but there are others to choose from. You'll use **Form SSA-44** to file the appeal, which can be accessed at www.ssa.gov/forms.

The step-by-step appeal process is detailed here...

VIDEO: [How To Appeal Your High Income Medicare Premiums In 2021](#)

A note on how you file your taxes (individual, joint, married & separate):

If you're married and file taxes separately from your spouse, be very careful. If either one of you has income above \$88,000 on your own, you will have a very high Medicare premium (see next page).

VIDEO: [Why Filing Taxes Separately Could Be A Big Mistake](#)

SECTION 2: MEDICARE COSTS & PREMIUMS

Premiums for Part A & Part B (including high income premiums for B & D)

Part B (medical/outpatient)

Those enrolled in Part B will pay the premiums listed in the table below (**based on income**). Higher income earners will pay a **Part B IRMAA (Income Related Monthly Adjustment Amount) in addition** to the \$148.50/mo base premium.

Those with higher income who are enrolled in Part D prescription drug coverage also pay a **Part D IRMAA in addition** to the monthly insurance premium for a Part D plan or Medicare Advantage plan that includes Part D coverage.

If your yearly income (MAGI: Modified Adjusted Gross Income*) in 2019 was...			You pay in 2021 (per person) Monthly premiums to Medicare**	
Individual Tax Return	Joint Tax Return	Married & Separate Tax Return	Part B Premium + IRMAA	Part D IRMAA (in addition to Part D plan premium)
\$88,000 or less	\$176,000 or less	\$88,000 or less	\$148.50	---
\$88,001 to \$111,000	\$176,001 to \$222,000	N/A	\$207.90 (148.50 + 59.40)	\$12.30
\$111,001 to \$138,000	\$222,001 to \$276,000	N/A	\$297.00 (148.50 + 148.50)	\$31.80
\$138,001 to \$165,000	\$276,001 to \$333,000	N/A	\$386.10 (148.50 + 237.60)	\$51.20
\$165,001 to \$499,999	\$333,001 to \$749,999	\$88,001 to \$411,999	\$475.20 (148.50 + 326.70)	\$70.70
\$500,000 +	\$750,000 +	\$412,000 +	\$504.90 (148.50 + 356.40)	\$77.10

* 2019 MAGI = Adjusted Gross Income (Form 1040 line 8b) + Tax-Exempt Interest (Form 1040 line 2a)

** If you're receiving Social Security benefits, the premium will be deducted from your monthly benefits. Otherwise, you'll be billed every 3 months...so multiply the above premiums by 3 in that scenario.

SECTION 3: MEDICARE ENROLLMENT

Should You Enroll In Medicare?

If You're Covered in an Employer Health Insurance Plan

VIDEO: [Medicare & Employer Health Insurance](#)

Here are 7 items you need to consider...

1. Will you retire at age 65 or continue working?

- If you (or your spouse) plan to retire at age 65 and you'll lose the employer health insurance, then you'll definitely enroll in Medicare Parts A & B when first eligible. **Skip ahead to [How to Enroll in Medicare](#).**
- If you plan to keep working (or are covered by your spouse's active work), then look at the following items...

2. Are you covering a younger spouse or dependent?

- If you intend to keep working beyond age 65 and are covering a younger spouse or other dependents on your employer health plan, you likely will stay on the plan and delay all or certain parts of Medicare initially.

3. Do you have higher income? Medicare premium vs. Employer plan premium

- As described in [Section 2](#), the premium paid to Medicare is based on income. If you're still working and have income above the standard limits, your Medicare Part B premium will be higher. And not only will you have a higher Part B premium, but Part D will be more expensive.
- If your income is high, it's likely more beneficial to stay on the employer health plan because the cost to go on Medicare could be more expensive.
- In the future, you can use a Life Changing Event (i.e. retirement/work stoppage) as a rationale to appeal for lower Medicare premiums...if you have reduced income in retirement. See [Section 2](#) for more information on appealing Medicare premiums.



SECTION 3: MEDICARE ENROLLMENT

Should You Enroll In Medicare?

4. How many employees work for the employer?

- **If 20+ (or 100+ when eligible based on disability)...**

Primary: Employer health plan

Secondary: Medicare (A & B) - if you enroll

- This means you can really delay both Parts A & B (or just delay Part B) **without penalty** in this situation, as we described in [Section 1: Basics](#). Assuming you like your existing health plan and want to stay on it, you should delay Part B enrollment, as there is a monthly cost associated with it. And if your income is high, the cost for Part B is higher than normal...making it even more undesirable to enroll (reference [Section 2: Medicare Costs & Premiums](#)).
- Some Medicare beneficiaries enroll in only premium-free Part A in this situation, which is fine, as long as you're not contributing to an HSA (Health Savings Account). Once you enroll in any part of Medicare, HSA contributions will create a tax penalty.

- **If under 20 (or under 100 when eligible based on disability)...**

Primary: Medicare (A & B)

Secondary: Employer health plan

- Since Medicare is primary, you need to enroll in Parts A & B when first eligible. Your employer health plan will typically act as though you have A & B and pay less on all claims.
- This also means you'll be paying for both the Part B premium AND the employer health insurance premium. It's unlikely these two combined will be appealing when there are many supplemental insurance plans on the Medicare side that are less costly.
- However, if you're still covering a younger spouse on the plan, you'll need to stay put while you're still working, or potentially until your spouse is Medicare-eligible.

SECTION 3: MEDICARE ENROLLMENT

Should You Enroll In Medicare?

5. How does the employer plan coverage stack up to Medicare coverage?

- If your employer plan has a pretty low deductible and max out-of-pocket limit...and the premium is relatively low...you may want to stay as-is and delay all or most of Medicare.
- If your employer plan has a high deductible and max out-of-pocket limit...and the premium is higher than you would like...you may want to strongly consider leaving the employer plan and going fully on Medicare with supplement insurance coverage.
- And regardless of the monthly premium...if you regularly meet your plan's deductible and max out-of-pocket limit, and spend significant dollars in medical expenses on top of the plan premiums...then Medicare could make more sense.

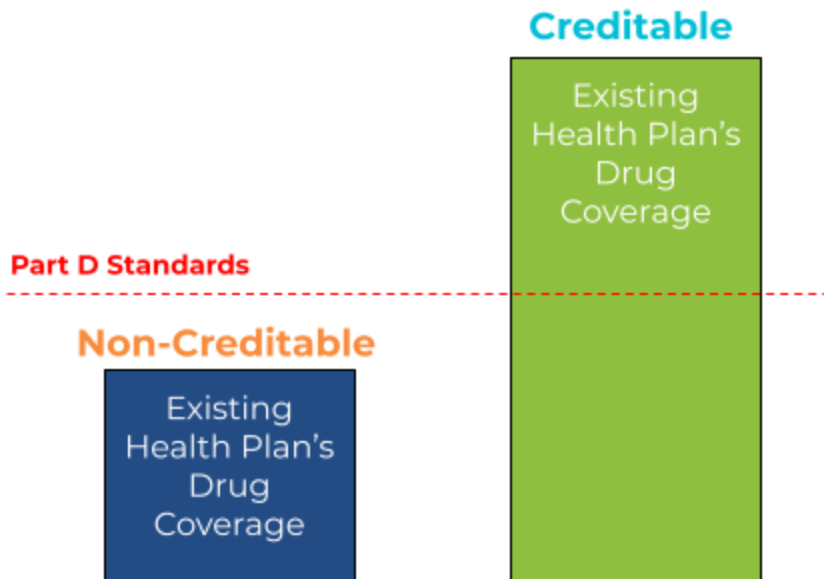
6. Do you contribute to an HSA?

- If you intend to stay on the employer health plan and keep contributing to an HSA, you can continue to do so as long as you don't enroll in any Medicare. So that means you need to delay Part A, Part B, and Part D in order to keep contributing.
- But keep in mind that when you do enroll in Medicare and/or Social Security retirement benefits in the future, **your Part A start date will be backdated up to 6 months from the month you submit the enrollment.** This backdating can negatively impact your HSA contribution eligibility, based on how far back Part A begins.
- The year Medicare coverage begins, you can contribute to your HSA on a pro-rata basis. Essentially, based on the # of months you DID NOT have Medicare. Over-contributing will create a tax penalty. Check with your tax advisor for details.
- While you're on the employer health plan or fully on Medicare, you can use the HSA for IRS-approved medical expenses, which are detailed in [IRS Publication 502](#). And more information about HSAs can be found in [IRS Publication 969](#).
 - Specific to Medicare, you can use your HSA to pay your Medicare Part B premium, Part D premium, Medicare Advantage premium, and of course any IRS-approved medical and prescription drug expenses.
 - You **CANNOT** use your HSA to pay a Medigap plan premium.

SECTION 3: MEDICARE ENROLLMENT

Should You Enroll In Medicare?

7. Is the prescription drug coverage **CREDITABLE**, as compared to Medicare Part D minimum standards?



- Medicare requires that you get Part D coverage during your Initial Enrollment Period, or you might begin to accumulate a Part D late enrollment penalty.
- **However, you won't be penalized for delaying Part D, as long as you already have CREDITABLE prescription drug coverage.**
 - **Note:** Your medical coverage is not being questioned here. If you have medical coverage through an employer (based on active employment), you have creditable medical coverage.
- But your employer health plan may or may not have creditable prescription drug coverage. You need to verify this with your employer. **Ask this...**
 - **Does our health insurance plan have creditable prescription drug coverage that meets Medicare Part D minimum standards?**
 - Your employer is required to provide a notice about this every year, no later than October 15th, or whenever requested.

If it's creditable drug coverage, you can delay Part D without penalty.

If it's NON-creditable drug coverage, you will accumulate a Part D late enrollment penalty if you don't get Part D drug coverage during your Initial Enrollment Period. [Part D penalty calculation](#)

VIDEO: [What is Creditable Prescription Drug Coverage?](#)

SECTION 3: MEDICARE ENROLLMENT

Should You Enroll In Medicare?

If You're Covered in a Marketplace (Affordable Care Act) Plan

In this case, you'll likely transition to Medicare Parts A & B plus supplemental coverage right as you turn 65.

Although you can continue on an Affordable Care Act (ACA) plan beyond age 65, once you've enrolled in any part of Medicare, you can no longer receive premium subsidies on your ACA plan. So the monthly cost for the ACA plan will likely end up being more than what it costs to move forward with Medicare.

And if you aren't receiving a subsidy on your ACA plan, you'll be eager to cancel that plan and go on Medicare, as the Medicare route will have lower overall premiums.

So this means you'll probably want to enroll in Medicare Parts A & B when first eligible, and obtain either a Medigap plan and Part D drug plan...or...a Medicare Advantage (Part C) plan.

If Your Coverage Ends at Age 65 (or you don't have insurance)

Here, you absolutely should enroll in Medicare Parts A & B when first eligible, and then consider obtaining supplemental insurance coverage...such as a Medigap plan and Part D plan...or...a Medicare Advantage (Part C) plan.

If You Have Access to a Retiree Medicare Plan

If your former employer offers a retiree Medicare plan for those age 65+, you'll need to enroll in Medicare Parts A & B. That's because A & B must be primary coverage in this situation. The retiree health plan will be secondary and act as a supplement to Medicare Parts A & B.

Note: Confirm with your former employer whether the retiree health plan includes creditable prescription drug coverage. If so, you won't have to enroll in a Part D drug plan. If it's not creditable, then you should obtain a Part D drug plan to avoid the penalty.



SECTION 3: MEDICARE ENROLLMENT

How To Enroll In Medicare

When Turning 65

As outlined in [Medicare Enrollment Periods](#), you have a 7-month IEP to sign up. If you intend to enroll in Medicare Part A only or both Part A & Part B when first eligible, you can do so online at www.ssa.gov or by phone (up to 4 months prior to your birthday month).

The online application for Medicare takes about 10 minutes, assuming you already have a My Social Security online login created and are NOT also enrolling in Social Security retirement benefits at the same time.

If you don't have the ability to enroll online, then call **Social Security at 800-772-1213** to schedule a phone appointment. Or you can call a local Security office directly ([SSA Office Locator](#)). Just know that phone appointments are usually scheduled out many weeks or even months in the future.

Creating a [My Social Security account](#) first will make the process go smoother. Then submit the Medicare application online, which will connect the enrollment to your account.

**VIDEOS: [How To Create A My Social Security Account](#)
[How To Enroll In Medicare Online](#)**

When submitting an application for Medicare, it will also ask you about Social Security benefits. If you want to enroll in Social Security at the same time, that will add an extra 10 minutes to the application process.

Eventually, you'll receive your Medicare card in the mail (usually 3-6 weeks later), but **you can check the status quicker by logging in to your My Social Security account** and pulling up what's called your **Benefit Verification Letter**. It's located on the main dashboard when logged in to your account (see visual below).

Benefits & Payments

You are receiving:	Social Security (Retirement), Medicare	View Benefit Details
Your next payment is:	\$2,200 on July 15th	View Payment History

[Get Benefit Verification Letter](#)



Need proof that you receive benefits? Here's your official letter.

SECTION 3: MEDICARE ENROLLMENT

How To Enroll In Medicare

After Turning 65

The enrollment process for Medicare after your IEP has ended is different than when you turn 65. The instructions below assume you're enrolling in Medicare after your IEP and you're coming off an employer health plan ([Special Enrollment Period](#)). The way you complete this depends on whether you're already enrolled in Medicare Part A. Our video details the whole process, but the step-by-step instructions are listed below.

VIDEO: [How To Enroll In Medicare After Age 65](#)

If You DO NOT Have Any Medicare (need both Parts A & B)

- **Step 1:** Submit an application for both Parts A & B at www.ssa.gov.
- **Step 2:** In the Remarks/Comments section at the end of the application, type in a note with the date you want your Part B to begin (must be within 90 days).
- **Step 3:** A Social Security representative will contact you by phone or mail to follow up on your online application. The rep will ask for a completed **Form L564 (Request for Employment Information)**. This form needs to be completed by your employer showing proof of your continuous health insurance coverage since age 65.
 - **NOTE:** If you had health insurance with more than one employer since turning 65, you'll need to get a separate form for each employer.
- **Step 4:** When the L564 is complete, make a copy for your records and then send it to the Social Security rep. They will provide instructions on whether to mail or fax it to them. Then they will finalize your Part B, based on the date you requested.

If You Already Have Part A (need Part B)*

- **Step 1:** Have your employer complete **Form CMS L564 (Request for Employment Information)**. Forms online: [SSA Forms](#)
 - **NOTE:** If you had health insurance with more than one employer since turning 65, you'll need to get a separate form for each employer.
- **Step 2:** Then go to ssa.gov/medicare-partb-sep to complete the application for Part B. In the Remarks/Comments section, be sure to type in a note with the date you want your Part B to begin (must be within 90 days).
- **Step 3:** At the end of the application, you'll have the opportunity to upload your completed Form L564.
- **Step 4:** Submit the application.
- **Step 5:** You'll get an email from echosign@echosign.com.
- **Step 6:** You MUST click the link in the email to verify your email address and officially submit the application.

*If you prefer to mail the paperwork, you'll need to mail Form L564, as well as **Form CMS 40B (Application for Medicare Part B)** to a local Social Security office to process.


SECTION 3: MEDICARE ENROLLMENT

How To Enroll In Medicare

In both cases, your application will be processed over the next 3-6 weeks (sometimes longer). You can check the status of your application by logging into your My Social Security account and pulling up your **Benefit Verification Letter**. You can watch our video on how to access this letter.

VIDEO: [How To Access Your Medicare Number Online](#)

If your Part B is active for your requested start date, it will show up on this letter. Here's where the letter can be accessed when logged in:

Benefits & Payments		
You are receiving:	Social Security (Retirement), Medicare	View Benefit Details
Your next payment is:	\$2,200 on July 15th	View Payment History
Get Benefit Verification Letter		
Need proof that you receive benefits? Here's your official letter.		

If You Don't Have Enough Quarters Paid Into Medicare

VIDEO: [How To Enroll In Medicare On Your Spouse's Work Record](#)

In this situation, you'll need to enroll through your spouse's work record...assuming he/she has 40+ quarters paid into Medicare, is age 62+, and you've been married at least 1 year.

If you're doing this leading up to your 65th birthday, you can enroll up to 4 months prior. If you're doing this after your IEP, you can enroll up to 3 months prior.

Due to COVID-19, this is exclusively handled by phone. So schedule a phone appointment by calling **Social Security at 800-772-1213** or schedule directly with a local Social Security office ([SSA Office Locator](#)). You and your spouse will need to be on the phone together with the Social Security representative.

Social Security will process the application and send confirmation of the approval when it's completed.

SECTION 4: ORIGINAL MEDICARE VS MEDICARE ADVANTAGE (PART C)

Original Medicare (A & B)

Original Medicare (A & B)

Parts A & B only take you so far...covering a good chunk of your medical costs, but not all. Additionally, prescription drugs are not covered by Original Medicare. So this is why obtaining a Medicare Supplement (Medigap) plan and a Part D Prescription Drug plan can help reduce your overall medical and prescription costs.

Part A (hospital)	Part B (medical)
Inpatient Hospital Services	Outpatient Medical Services
No premium for most	Premium based on income

File Claims Through Original Medicare First



Medigap Pays Claims After Original Medicare

Medicare Supplement (Medigap)

Helps Pay Some of
Healthcare Costs
Allowed by Original Medicare

**Must Be Enrolled in Part A & Part B
To Buy a Medigap Plan**

Prescription Drug (Part D)

Helps Pay For
Approved Medications

**Must Be Enrolled in Part A or Part B
To Buy a Prescription Drug Plan**

SECTION 4: ORIGINAL MEDICARE VS MEDICARE ADVANTAGE (PART C)

Original Medicare (A & B)

Medicare Supplement (Medigap) Plan

Medigap plans are designed to pay for Medicare-approved services “after” Medicare. If Medicare approves the service, then the Medigap will do its part, based on the plan letter you choose. In most states, there’s a list of standardized Medigap plans to choose from.

How Much Does A Medigap Plan Cost?

Medigap plan premiums can be based on...

- **State of Residence:** Each state’s department of insurance reviews and approves the rates for each insurance carrier.
- **Zip code/county:** Premiums can be different, depending on the count you live in.
- **Age:** If the insurance carrier uses “issue-age” or “attained-age” pricing, the premiums will be priced higher if you’re older. If “community” pricing is used, the premiums are designed to be the same for all ages.
- **Gender:** In general, female rates are lower than male rates.
- **Tobacco Use:** If you use tobacco, there are situations where the rate is higher. However, this is normally not the case when purchasing a Medigap plan during your Medigap Open Enrollment Period (first 6 months of having Part B).

When Can A Medigap Plan Be Purchased?

Assuming you’re at least age 65 and enrolled in Medicare Parts A & B, you can apply for a Medigap plan anytime of year. However, there are only certain times a Medigap plan is guaranteed issue with no health history questions about your pre-existing conditions. Here are 3 common scenarios where medical underwriting is not required:

- **“I’m turning 65 and Part B is about to start”**
 - You have 6 months from your Part B start date to get a Medigap plan without medical underwriting.
- **“I’m already 65+ but delayed Part B to a future date”**
 - Even though you delayed Part B, you still have 6 months from your Part B start date to get a Medigap plan without medical underwriting.
- **“I’m already enrolled in Parts A & B but losing employer health coverage”**
 - You can still get a Medigap plan without medical underwriting here (usually up to 2 months after losing coverage), but some insurance carriers limit which Medigap plans you can obtain. This is because your Part B started more than 6 months ago.

SECTION 4: ORIGINAL MEDICARE VS MEDICARE ADVANTAGE (PART C)

Original Medicare (A & B)

Medicare Supplement (Medigap) Benefit Chart

- The chart shows the standardized list of Medigap plans available in nearly all states.
- Some of the plans have the same letters as the Parts of Medicare (A, B, C, D).
“Medigap Plan A” is NOT the same as Medicare Part A.
- Only applicants first eligible for Medicare before 2020 may purchase Plans C, F, and High Deductible F.
- A ✓ means 100% of this benefit is paid by the plan, assuming Medicare approved the service.

Benefits	A	B	D	G*	K	L	M	N	C	F*
Part A coinsurance and hospital coverage (up to an additional 365 days after Medicare benefits are used up)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B coinsurance or copayment	✓	✓	✓	✓	50%	75%	✓	✓ *** plus copays	✓	✓
Blood (first 3 pints)	✓	✓	✓	✓	50%	75%	✓	✓	✓	✓
Part A hospice care coinsurance or copayment	✓	✓	✓	✓	50%	75%	✓	✓	✓	✓
Skilled nursing facility coinsurance			✓	✓	50%	75%	✓	✓	✓	✓
Part A deductible (\$1,484)		✓	✓	✓	50%	75%	50%	✓	✓	✓
Part B deductible (\$203)									✓	✓
Part B excess charges				✓						✓
Foreign travel emergency (up to plan limits)			✓	✓			✓	✓	✓	✓

Out of pocket limit: \$6,220** \$3,110**

* Plans G & F have a high deductible version which requires first paying a deductible of \$2,370 before the plan begins to pay. Once the deductible is met, the plan pays 100% of covered services for the rest of the calendar year.

High deductible Plan G does not cover the Medicare Part B deductible. However, high deductible Plan G and F count your payment of the Part B deductible toward meeting the plan deductible.

** Plans K & L pay 100% of covered services for the rest of the calendar year, once you meet the out-of-pocket limit.

*** Plan N pays 100% of the Part B coinsurance, except for a copayment of up to \$20 for some office visits and up to \$50 for emergency room visits that do not result in an inpatient admission.

SECTION 4: ORIGINAL MEDICARE VS MEDICARE ADVANTAGE (PART C) Original Medicare (A & B)

Part D Prescription Drug Plan

Quite possibly the most confusing part of Medicare is Part D prescription drug coverage. There are 4 phases of Part D, meaning if you have enough drug costs, you could experience 4 different prices for your medications throughout a full calendar year. The coverage phases work the same way in a Medicare Advantage (Part C) plan.

See description on this page and next page, but also watch our video for an explanation.

VIDEO: [2021 Medicare Part D Prescription Drug Coverage Phases](#)

Deductible

This is the period where you must pay a certain amount of prescription costs before your Part D plan kicks in. In 2021, the maximum deductible allowed in a plan is \$445. Some plans have the full \$445 deductible, some have a lower deductible, some don't have a deductible at all.

Initial Coverage

Assuming your medications are on the plan's formulary list of drugs, this is when your Part D plan begins to pay the bulk of a drug's cost. It's "Tier-based" pricing. Typically, generic drugs are Tier 1 & Tier 2...and then brand name drugs are Tier 3, Tier 4, and Tier 5. You will pay tier-based pricing until you reach the Coverage Gap (Donut Hole), which is when total "gross" drug costs reach \$4,130 in 2021. Gross drug costs are what you pay, plus what your plan pays on your behalf.

Coverage Gap (Donut Hole)

This is where you'll pay 25% of a drug's full retail "gross" cost. For some drugs (like generics), the cost might not change that much. For other drugs (like brand names), the cost could go up substantially because now you're paying 25% of the full gross cost. It's like this until you reach \$6,550 of True Out-of-Pocket Costs (TrOOP)[see Catastrophic].

Catastrophic

When your TrOOP costs reach \$6,550, you'll pay the greater of 5% coinsurance, \$3.70 for generics, or \$9.20 for all other drugs. It's like this the remainder of the calendar year.

TrOOP is a combination of:

- Your costs in the Deductible phase
- Your costs in the Initial Coverage phase
- Your costs in the Coverage Gap (Donut Hole) phase
- 70% of the brand name cost in the Coverage Gap (Donut Hole) phase, which the manufacturer pays

2021 Medicare Part D Prescription Drug Coverage Phases

CATASTROPHIC \$6,550	<p>You will pay the rest of the calendar year (the greater of)...</p> <p>5% coinsurance \$3.70 for generic drugs \$9.20 for all other drugs</p>
COVERAGE GAP (DONUT HOLE) \$4,130	<p>You will pay...</p> <p>25% of brand name drugs AND 25% of generic drugs</p> <p>...until your true out-of-pocket (TrOOP)* costs reach \$6,550</p>
INITIAL COVERAGE	<p>You will pay...</p> <p>A copay (\$) or coinsurance (%), based on the drug's tier</p> <p>Once YOUR out-of-pocket copays PLUS the amount the plan pays on your behalf for your prescriptions reach \$4,130...</p> <p>...you enter the coverage gap (donut hole), where you may pay a higher cost</p>
DEDUCTIBLE	<p>\$445 - Maximum Part D Prescription Drug Deductible (the amount you owe before the insurance carrier helps)</p> <p><-- START HERE</p>

*What gets you to the \$6,550 TrOOP (beginning of Catastrophic)? The total of...

- Deductible phase: **What you pay**
- Initial Coverage phase: **What you pay** (NOT what the plan pays for you)
- Coverage Gap (Donut Hole) phase: **The 25% you pay PLUS 70% of the brand name cost** (which is paid by the manufacturer)...so 95% of a drug's full cost is counted
 - This means you don't personally have to pay \$6,550 to reach Catastrophic

A Note For Those Taking Insulin (new for 2021) - The Part D Senior Savings Model

If your Part D prescription drug plan (or Medicare Advantage plan that includes Part D benefits) participates in this program and your insulin is on their list of approved insulins...

- Your copay will be no more than \$35 for a 30-day supply in the Deductible, Initial Coverage, and Coverage Gap (Donut Hole) phases.
- In the Catastrophic phase, you will pay 5% of the full cost of the insulin, which could be higher or lower than the other phases.

SECTION 4: ORIGINAL MEDICARE VS MEDICARE ADVANTAGE (PART C)

Medicare Advantage (Part C)

Medicare Advantage (Part C)

With Medicare Advantage, you receive all your Part A & Part B benefits through the Medicare Advantage plan...rather than through Medicare. DO NOT use your Medicare card here.

Note: You still need to be enrolled in Medicare Parts A & B and pay the Medicare Part B premium to the government.

Typically, Medicare beneficiaries choose a Medicare Advantage plan that also includes Part D prescription drug coverage. However, if you have creditable prescription drug coverage through another source (i.e. the VA), you don't necessarily have to get a Medicare Advantage plan that includes Part D. You can instead get a MA-only Medicare Advantage plan that covers only medical services.

Part A (hospital)	Part B (medical)
Inpatient Hospital Services	Outpatient Medical Services
No premium for most	Premium based on income

Do Not Use Medicare Card

File Claims Through Medicare Advantage Plan

**Medicare Advantage
(Part C)**

Combines Part A, Part B, & Part D
Hospital, Medical, & Drug Coverage

Like a PPO or HMO

**Must Be Enrolled in Part A & Part B
To Buy A Medicare Advantage Plan**

SECTION 4: ORIGINAL MEDICARE VS MEDICARE ADVANTAGE (PART C)

Medicare Advantage (Part C)

Monthly Premiums for Medicare Advantage Plans

It's important to note that you must continue to pay your Medicare Part B premium to the government, even if you choose a Medicare Advantage plan.

But a Medicare Advantage plan may or may not have a plan premium. Yes, some Medicare Advantage plans have a \$0/mo premium. This is possible, because behind the scenes Medicare is sending a great deal of money to the insurance plan to fund it. In some cases, the insurance carrier can support the expected plan costs without charging an additional premium. But some plans do have a monthly premium.

However, the plan premium is not based on age or gender. Everyone enrolled in the same plan has the same premium.

Medical Provider Access

In general, you'll see two types of Medicare Advantage plans...PPOs and HMOs.

- **PPO (Preferred Provider Organization)** - This gives you access to both in-network providers AND out-of-network providers. If you're in-network, the cost for approved services are typically lower than if you're out-of-network.
- **HMO (Health Maintenance Organization)** - This gives you access ONLY to in-network providers...meaning out-of-network services are NOT covered at all, unless it's an emergency.

Each network might be unique and have different features that are appealing. For example, some plans have a nationwide PPO network to access. Others might be more of a local network in your state or in a region. It's important to review the plan's summary of benefits and also confirm whether your medical providers are in-network with the plan.

Pre-Existing Conditions

There are never any health history questions to determine whether you can have a Medicare Advantage plan.

You can obtain a Medicare Advantage plan when first eligible, or when you start your Part B later (SEP scenario). And then you can switch your Medicare Advantage plan during the Annual Election Period (AEP) "Open Enrollment"...or...Medicare Advantage Open Enrollment Period (MA-OEP). Either way, there will not be any health history questions about pre-existing conditions.

SECTION 4: ORIGINAL MEDICARE VS MEDICARE ADVANTAGE (PART C)

Medicare Advantage (Part C)

Out-of-Pocket Costs

Medical:

- **Deductible** - It's up to the plan what the medical deductible will be. In many cases, you'll see a \$0 medical deductible, as long as you're receiving the service in-network. Out-of-network services may incorporate a deductible.
- **Medical Expenses** - All Medicare Advantage plans are required to include a maximum out-of-pocket (MOOP) limit on the medical side. This limits what you owe in a calendar year for approved medical services...protecting you from catastrophic medical expenses. You simply pay a copay or coinsurance % for each approved service you receive...but all together you pay no more than the plan's calendar year MOOP.

Prescription Drug:

- **Deductible** - The maximum drug deductible in 2021 is \$445. But it's up to the plan whether it incorporates the full \$445 deductible on all drug tiers, or chooses a lower deductible...or no deductible.
- **Drug Expenses** - Part D coverage in a Medicare Advantage plan works exactly like a Part D plan on the Original Medicare side. After the deductible is met (or if it doesn't apply), then you pay a copay or coinsurance % for each medication, as outlined in [2021 Medicare Part D Prescription Drug Coverage Phases](#). However, there is no max out-of-pocket limit with Part D. You technically always owe something for your medications throughout the calendar year. And then everything resets every January 1st.

Extra Benefits

Medicare Advantage plans are required to cover (allow) the same services as Original Medicare, but many Medicare Advantage plans go above the bar and include additional services. Some of these are built-in, and some require an extra monthly premium. Here are just a few examples of what could be included in a Medicare Advantage plan:

- Dental (preventive and comprehensive)
- Vision (eye exams, eyeglasses, contacts)
- Hearing (hearing exams, hearing aid allowances or discounts)
- Over-the Counter Benefits (allowance to pay for OTC items, like vitamins, pain relievers, toiletries, etc)
- Fitness (free gym membership at participating fitness centers)

SECTION 4: ORIGINAL MEDICARE VS MEDICARE ADVANTAGE (PART C)

Similarities & Differences

In order to decide which route you want to choose, you need to understand what is similar and different about Original Medicare & Medicare Advantage.

VIDEO: [Original Medicare vs. Medicare Advantage](#)

Similarities

Premiums Paid to Medicare	<p>The premiums you pay to Medicare for Part B (as well as high income premiums for B & D) are the same in either case. You need to pay the premium to Medicare.</p>
Covered Medical Services	<p>Medicare has a list of covered/allowed Part A (hospital) and Part B (medical) services. Medicare Advantage plans are required to cover/allow those same services.</p> <p>Note: Medicare Advantage plans can require prior authorization on certain services, so the approval process may be different.</p>
Part D Drug Costs Are Separate From Medical Costs	<p>Whether you have a Part D drug plan or Medicare Advantage plan with Part D included, your prescription costs are separate from your medical costs. They are calculated separately and do not combine in any way.</p> <p>This means you might reach your medical max out-of-pocket limit, but you still need to pay for your prescriptions the remainder of the year.</p>
Part D Coverage Phases Are The Same	<p>Whether you have a Part D drug plan or Medicare Advantage plan with Part D included, the Part D rules still work the same way. All the phases of Part D are identical, as outlined earlier in Section 4.</p> <p>Each plan may have a different premium, deductible, and formulary list of covered drugs...but the structure of Part D is the same in both scenarios.</p>

Differences

	Original Medicare	Medicare Advantage
Access to Medical Providers	You have access to any medical provider in the U.S. who accepts your red, white, and blue Medicare card. If the provider accepts Medicare, they must accept your Medigap plan. Look up providers at medicare.gov .	You have access to a list of providers in the Medicare Advantage plan's network. PPO plans provide coverage in and out-of-network. HMO plans provide coverage only in-network, except for emergencies.
Filing Medical & Drug Claims	Medical: Use your red, white, and blue Medicare card for all Part A & B services, plus your Medigap plan ID card as your supplemental medical coverage. Drug: Use your Part D ID card for prescription drug claims	Medical & Drug: Use your Medicare Advantage plan ID card for all Part A & B claims, plus Part D drug claims. DO NOT use your red, white, and blue Medicare card.
Total Monthly Insurance Premiums	The combined Part B premium, Medigap plan premium, and Part D drug plan premium usually amount to more than the Medicare Advantage route.	The combined Part B premium and Medicare Advantage plan premium usually amount to less than the Original Medicare route.
Out-of-Pocket Medical Costs	Medical cost exposure is dependent on which Medigap plan you choose. Typically, your medical costs will be minimal and very defined when combined with Original Medicare...and less than the Medicare Advantage route.	Medical cost exposure is more dependent on your medical utilization. A Medicare Advantage plan incorporates a max out-of-pocket limit (MOOP) to protect you from catastrophic expenses. This MOOP is usually higher than the Original Medicare route with a Medigap.
Switching Plans	Medigap: Plan changes typically require medical history questions for approval. Part D: You can easily change plans once each year from 10/15 - 12/7. You can also switch to Medicare Advantage from 10/15 - 12/7.	You can easily switch to another Medicare Advantage plan from 10/15 - 12/7. You can switch back to Original Medicare, however a Medigap plan requires medical history questions for approval.
Dental	Medicare does NOT cover most dental services. Emergency dental services may be covered, if admitted as an inpatient at a hospital.	Some Medicare Advantage plans include built-in preventive and comprehensive dental services. Additional dental services might be available as an optional supplemental benefit with an extra cost.
Vision	Medical issues, like cataracts and glaucoma are covered. Routine exams and eyeglasses are NOT covered.	Medical issues, like cataracts and glaucoma are covered. Some Medicare Advantage plans include routine exams and eyeglasses.
Hearing	Routine hearing services and hearing aids are NOT covered.	Some Medicare Advantage plans included hearing services and hearing aid allowances or discounts.
Extra Benefits	Original Medicare has a specific list of approved/allowed services.	Some Medicare Advantage plans include even more benefits, like over-the-counter allowances, fitness program memberships, and more.

SECTION 5: HOW TO'S & TIPS

Video Series & Blog Posts

Our full educational video series is located at:

www.medicaremindset.com/video-series | www.youtube.com/c/MedicareMindset

Videos Already Linked In This Guide

[Medicare Eligibility](#)

[Medicare Enrollment Periods](#)

[2021 Medicare Costs & Premiums](#)

[How To Appeal Your High Income Medicare Premiums In 2021](#)

[Why Filing Taxes Separately Could Be A Big Mistake](#)

[Medicare & Employer Health Insurance](#)

[What is Creditable Prescription Drug Coverage?](#)

[How To Create A My Social Security Account](#)

[How To Enroll In Medicare Online](#)

[How To Enroll In Medicare After Age 65](#)

[How To Enroll In Medicare On Your Spouse's Work Record](#)

[How To Access Your Medicare Number Online](#)

[2021 Medicare Part D Prescription Drug Coverage Phases](#)

[Original Medicare vs. Medicare Advantage](#)

Additional Videos

[How To Get A Replacement Medicare Card Online](#)

[How To Remove The Part D Late Enrollment Penalty](#)

[How To Fix Medicare Coordination Of Benefits Issues](#)

[Medicare & Vaccinations \(Including COVID-19\)](#)

[The Shingles Vaccine Is NOT Free](#)

[Medicare, GoodRx, & Drug Pricing](#)

Blogs (all blogs at www.medicaremindset.com/news)

[Medicare Part B Preventive Services](#)

[Medicare Doesn't Cover That \(Dental\)](#)

[Medicare Doesn't Cover That \(Routine Vision\)](#)

[Medicare Doesn't Cover That \(Hearing\)](#)

[Medicare Doesn't Cover That \(Long-Term Care\)](#)