

The 4 Building Blocks of Medicare Supplement Coverages

When we graduate from group or individual health coverage, the 4 multiple parts of a Medicare supplement program seem confusing and overwhelming. It is easy to understand, block by block and the transition is simple once your new plan is installed.

- 1 Building Block 1 – Medicare part A:** Most of us get Medicare part A automatically, and it is usually effective the first day of your birthday month when you turn 65. It is free in most cases. If you have never worked, or if you are receiving social security benefits before age 65, please call us or visit medicare.gov for more information. Special rules may apply.

- 2 Building Block 2 – Medicare part B:** The initial enrollment period for Part B is three months before you turn 65, the month in which your 65th birthday occurs, and the three months after. If you do not take Part B then, you can enroll the first three months of each year, with coverages beginning July 1 of that year, or you might qualify for a Special Enrollment period (SEP). Call us or go to medicare.gov for more info. Enrollment is usually automatic but you can double check by visiting socialsecurity.gov and clicking on the “Benefits” tab then Medicare. 95% of those eligible pay the base rate of \$134.00 per month. If you are taking your Social Security benefits, they will deduct this cost from your monthly disbursement, if not, you will be billed. If you are leaving group or individual coverages, you must have Part B. If you are remaining on a group sponsored health plan, you may or may not need it—please ask us. To determine if you’ll pay higher premiums, Social Security uses your 2015 federal tax return. If you must pay more, a sliding scale is used to make the adjustments, based on your modified adjusted gross income (MAGI). If you file your taxes as “married, filing jointly” and your MAGI is greater than \$170,000, you’ll pay higher premiums for your Part B and Medicare prescription drug coverage. If you file your taxes using a different status, and your MAGI is greater than \$85,000, you’ll pay more. The maximum rate you can pay is \$428.60 per month, and there can also be a surcharge on your drug coverages, with a maximum of \$76.20 per month on your Part D prescription coverages (see Building Block 4 below)

- 3 Building Block 3 – Supplemental coverages:** Medicare parts A & B have deductibles, copays, coinsurances and limits and your financial exposure can be very significant without a supplemental plan. Buying the correct supplement plan can eliminate most or all of these costs. There are many carriers available, and rates vary widely. Not all carriers offer all plans and some offer significant discounts for husband and wife coverages. These are private plans and you will be billed outside of Social Security each month for this coverage. According to the Center for Medicare Services (CMS) over 98% of all doctors accept Medicare – there are no networks and you can use virtually all of the top doctors and facilities, nationwide.

- 4 Building Block 4 – Medicare part D:** This is a separate prescription plan (D=drugs). Enrollees can evaluate their needs at medicare.gov, inputting their list of medications, and the site will provide the best match for the coming year. In New Jersey there are multiple carriers, plans and formularies (drug lists) change each year and this important coverage should be re-evaluated each year in the annual enrollment period (AEP) which is October 15–Dec 7, with the new plan being effective January 1 of the following year. To discuss this, a broker needs an authorization from you called a “Scope of Appointment” form executed prior to the first meeting, where you give permission to discuss this benefit.