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Busy Executive Guide to Medicare – 2023

An Overview of Everything You Need To Know
About Medicare Benefits, Costs, and Choices

Update on "JOE NAMATH" plans! Page 6!



**Christopher "Chase" Carey,
MBA, 3rd Degree Black Belt**

January 2023 - Celebrating Our 15th Year

**Great Resource: "Medicare & You 2021" from www.Medicare.gov
1.800.MED-ICARE (633-4227).**

Sign Up ONLINE at www.ssa.gov/benefits/medicare

We do not offer every plan available in your area. Any information we provide is limited to those plans we do offer in your area. Please contact [Medicare.gov](http://www.Medicare.gov) or 1-800-MEDICARE to get information on all of your options.



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I. Medicare Overview For 2023

There are four "Parts" to Medicare Benefits. Some are provided and paid for by the Federal Government, some you share the cost of, and some are provided by private insurance companies which are paid entirely by you. **You can jump to page 11 to see a graphic of your choices.**

II. When Are You Eligible?

Generally, you will be eligible for Medicare on the first day of the month you turn 65 if you or your spouse have contributed to the Social Security system for 40 Quarters. You can sign up for Medicare up to 3 months before your 65th birthday through your Social Security Office or online line at www.SocialSecurity.gov/medicare. You can also sign up in the 3 months after you turn 65 but your effective date may then be later than the month in which you turn 65.

If you sign up for Social Security benefits you will automatically be signed up for Medicare Parts A and B (assuming you qualify for Medicare), however, because more and more people will not qualify for Social Security until after they turn 65, they ***must reach out to Social Security and enroll proactively.***

If you do not sign up for Social Security when you turn 65, Medicare will NOT automatically enroll you in Medicare A or B.

Some people can receive Medicare earlier if they are considered disabled under Social Security. **You can sign up online at www.socialsecurity.gov/medicare or call Social Security at 1.800.772.1213. You CANNOT enroll by calling Medicare directly – think of Medicare as being a **downstream provider from Social Security.** Some persons are automatically enrolled in Part A and B; but call or go online to be sure.**

If you delay your enrollment in Medicare Parts A and/or B at age 65 because you are covered by your Employer's group benefits plan or your spouse's Employer's group benefits plan where you or your spouse were covered as an ACTIVE employee or dependent thereof, you may enroll in Parts A and/or B during the 8 month period which begins when your employee/dependent coverage ends or the employment ends, whichever happens first.

Note: Enrollment in a group plan under COBRA DOES NOT delay the time period in which you can enroll in Medicare A and/or B without penalty. This means that if you work past age 65, then leave employment, get covered under COBRA and do not enroll in Medicare A and/or B, you will pay a penalty for Part B coverage and your effective date will be delayed.



There is GENERALLY NO REASON not to enroll in Part A as you turn age 65 (Exception: H.S.A. plans), because for the great majority of people enrolled in Part A, they pay no premium.



III. When Can You First Enroll?

When you can enroll in which types of plans varies and there are many special exceptions to the main rules, but in short, if you do not enroll when you are first eligible for Medicare, then you will be restricted as to when you can enroll in the future, and you may have lifetime premium penalty.

Do not take this lightly - Medicare is extremely valuable coverage that you should use.

Part A - you can first enroll in the seven-month period that begins the first of the month 3 months before your 65th birthday, and ends on the last day of the 3rd month following your 65th birthday. Medicare considers you to turn 65 on the first day of your 65th birth month. If you enroll at this date or later, your Medicare benefits will not start until **after** you turn 65.

If you do not enroll in Parts A and/or B when you are first eligible because you have employer group coverage due to the active employment of you or your spouse, you will have an opportunity to do so when you are no longer covered as an active employee or dependent of one. It is called a Special Enrollment Period. **If you do not enroll in Parts A and/or B when you first become eligible and are NOT covered by an employer's group coverage as an active employee or dependent, you will be RESTRICTED in your ability to enroll.**

These people are referred to as Late Enrollees. Most people who delay this way can enroll from January 1st through March 31st of a year and their Medicare benefits will start on July 1st of that year. There *will* be a penalty premium added to your Part B premium (currently 10%) if you are a Late Enrollee.

Part B - same as Part A

Part C - same as Parts A and B. You can also enroll:

- Between October 15th and December 7th each year - your benefits will begin on January 1 the following year. You can enroll, dis-enroll, and change plans (there are limitations)
- Between January 1 and March 31st each year - your benefits will begin on the first day of the following month. If you have a Medicare Advantage Plan you can enroll, dis-enroll, and change plans (there are limitations)

Part D - same as Part C.

If you do not enroll in Part D when you are first eligible and do not have "Creditable" drug coverage elsewhere, such as from an employer plan, when you go to enroll, you will pay a penalty. The penalty will be in the form of a higher Part D premium. As of 2023, that penalty is an additional \$4.60 per month for each year you go without drug coverage.

For example, if you wait 3 years to get drug coverage, your premium will be an additional \$13.80



per month, added to what the insurance carrier charges you in 2023. The penalty lasts for as long as you are enrolled in a Medicare Part D plan. It does NOT go away after one year.

Medicare Supplements - The same as Parts A and B. If you do not enroll in a Medicare Supplement plan because you had health coverage from an employer, you can enroll in the seven month period that begins on the 1st of the month 3 months prior to the month in which you lose the employer coverage, and ends the last day of the 3rd month following the loss of the employer coverage having been covered as an active employee or dependent of an active employee. NOT as a COBRA participant or as a retired employee or dependent of a retired employee.

If you do not enroll during these specified times, your application will be subject to medical underwriting, which means you can be denied Medicare Supplement coverage.

When initially offered by carriers, Medicare Supplement plans were all different (although they mostly wrapped around Medicare in the same ways) and had proprietary names, not alphabetical names. That changed, and (almost) all Medicare Supplement plans were standardized across all states and were given letter names. For example, a Plan G in Georgia is the same as a Plan G in Florida or Arizona, although the insurance carrier and premiums would differ. **Do not confuse Medicare Supplement plan names (A, B, C, etc. - although some have been retired) with Medicare Parts A, B, C, and D. They are completely different and separate.**

Medicare Supplement plans are not government programs and are offered by private insurance companies. Do not confuse the two.

If you move, you can take your Medicare Supplement across state lines with you or you can buy a new Medicare Supplement in your new state without medical underwriting (time limits apply).

IV. Quick Overview of Medicare Parts A, B, C, D

There are 4 "Parts" to Medicare coverage.

1. **Part A** - Inpatient Hospital Insurance
2. **Part B** - Outpatient Doctor/Surgeon, Home Health Care Insurance
3. **Part C** - A PPO, POS or HMO REPLACEMENT to Parts A and Part B and sometimes Part D (There are other types of Part C plans not mentioned here)
4. **Part D** - Prescription Drug Insurance

Medicare Supplement Plans - These are not part of Medicare but are used to fill in the gaps in Medicare A and B. If you buy a Part C Medicare Plan, which replaces Medicare A and B, you do not need, and **cannot** have, a Medicare Supplement Plan.



V. What Are the Medicare Premiums?

Part A - Free to almost anyone who has lived and worked in the US for 40 quarters. Otherwise, it is \$278 per month if you have 30 or more quarters or \$506 if fewer than 30 quarters.

Part B - Varies based on your income. For most people new to Medicare in 2023, the monthly Part B premium will be **\$164.90**. For individuals with Higher Incomes, you will pay a surcharge on your Part B premiums. The surcharge for 2023 is based on your income from 2021:

<u>Part B Premiums, Including Surcharge, If Any, for 2023 (Based on 2021 Income)</u>		
<u>Married Filing Separately is Slightly Different</u>		
<u>Individual Income</u>	<u>Joint Income</u>	<u>Premium Per Month</u>
<= \$97,000	<= \$194,000	\$164.90
\$97,001 <= \$123,000	\$194,001 <= \$246,000	\$230.80 (+\$65.90)
\$123,001 <= \$153,000	\$246,001 <= \$306,000	\$329.70 (+\$164.80)
\$153,001 <= \$183,000	\$306,001 <= \$366,000	\$428.60 (+\$263.70)
\$183,001 < \$500,000	\$366,001 < \$750,000	\$527.50 (+\$362.60)
\$500,000+	\$750,000+	\$560.60 (+\$395.70)



If you do not enroll in Medicare Part B when first eligible and do not have coverage through an employer as an active employee or dependent of an active employee, you will have a 10% penalty for each 12 months you did not enroll, once enrolled, FOR LIFE!

Part C - Varies by the carrier by plan, but you can get a plan actuarially equivalent to Medicare A and B starting at \$0 a month. Additional features are Part C plans have a cap on out-of-pocket expenses (you still have to pay your Part B premium), and you can get a very, very comprehensive plan for about \$90 - \$100 a month additional (you still have to pay your Part B premium). **You must be eligible for Medicare Part A and enrolled in Part B to enroll in a Part C plan. It is important to note that Part C network providers are CARRIER and STATE specific, and generally, their networks are MUCH SMALLER than the network with the group plans you have at work.**



Joe Namath Plans Medicare Advantage Plans



“JOE NAMATH PLANS”. One of the recently added benefits for Part C plans is coverage for **HEARING AIDS**. This can save a member \$1,000’s of dollars a year. People are also seeing benefits for: **dental, vision, transportation, Part B premium subsidies, food cards**, and others added to Part C plans. These are many benefits we’ve seen Mr. Namath talk about on TV. **Part C plans offer a valuable alternative to traditional Medicare Part A and B benefits. (Note that Mr. Namath never states he enrolled in one of these plans!)**

Part D - Varies by carrier and plan, but you can get plans that range from about \$8 a month to \$95 a month in the Southeast. Beginning in 2011 there was a surcharge added to the Part D (Rx) premiums in addition to the Part B (Medical) premiums for High Income Earners, resulting in higher Part D premiums. This does not apply if you do not enroll in a Part D plan.

The additional premium is based on a percentage applied to the national average cost of Part D plans. The Part D premium you pay is targeted to pay 25.5% of the Medicare Part D plan costs. **You must be enrolled in Medicare Part A and/or Part B to be eligible to buy a Part D plan. You do not have to be enrolled in both Medicare Parts A and B to be eligible.**

Part D Premium Surcharge for 2023 (Based on 2021 Income)		
Married Filing Separately is Slightly Different		
<u>Individual Income</u>	<u>Joint Income</u>	<u>Surcharge Per Month</u>
<= \$97,000	<= \$194,000	No Surcharge
\$97,001 <= \$123,000	\$194,001 <= \$246,000	\$12.20
\$123,001 <= \$153,000	\$246,001 <= \$306,000	\$31.50
\$153,001 <= \$183,000	\$306,001 <= \$366,000	\$50.70
\$183,001 < \$500,000	\$366,001 < \$750,000	\$70.00
\$500,000+	\$750,000+	\$76.40



If you do not enroll in a Part D plan when first eligible and do not have creditable coverage elsewhere you will have a penalty for each month you did not enroll, once enrolled, for life. For 2023, the monthly penalty is approximately \$4.60 for each year you’ve gone without Rx.



VI. The Parts of Medicare - Summary

Part A (Provided by the Federal Government - Usually Free) -----

Part A is Hospital Insurance (also Skilled Nursing Facility - not Nursing Home), Blood, and Home Health Care Services. It covers up to 150 days of hospital stays. There is no premium for this coverage for most people. **There are NO pre-existing condition exclusions.**

<u>Days in a Hospital In a Benefit Period*</u>	<u>What Medicare Pays</u>	<u>What You Pay</u>
1 - 60	Everything but \$1,600	\$1,600
61 - 90	Everything but \$400 per day	\$ 400 per day
91-150 (using Life Time Reserve Days)	Everything but \$800 per day **	\$ 800 per day
91 - 150 (not using LTR Days)	Nothing	Everything
151+	Nothing	Everything

<u>Days in a Skilled Nursing Facility in a Benefit Period***</u>	<u>What Medicare Pays</u>	<u>What You Pay</u>
1 - 20	Everything	Nothing
21 - 100	Everything but \$200 per day	\$200 per day
101+	Nothing - Not Covered	Everything

* A **Benefit Period** begins the first day you are hospitalized and ends on the 60th day you have not been in a covered stay in a Hospital or Skilled Nursing Facility. This is very different from the way group, and individual insurance policies work that you may have had before Medicare. Only 190 days of hospitalizations will be covered for the treatment of Mental and/or Nervous disorders.

** There are 60 Life Time Reserve days that you can use in any combination. You can use them all at once or over years.

*** **To be eligible for Skilled Nursing Facility benefits, you must be admitted to an SNF within 14 days of a 3+ day hospital stay. This is very important and often not understood by Medicare enrollees.**

Part B (Provided by the Federal Government - You Pay a Monthly Premium) -----



Part B is Medical Insurance that pays for doctor care, including office visits and surgery. **There are NO pre-existing condition exclusions.**

<u>Deductible (Annual)</u>	<u>Benefit %</u>
\$226.00	80%

There is an annual deductible of **\$226.00**, after which Medicare pays 80% of the Medicare Approved Charge with no cap. If you go to a doctor who “Accepts” Medicare, he or she can bill you the \$226.00 deductible plus the 20%. **Neither Medicare A nor B contains a cap on your out-of-pocket expenses. It is VERY IMPORTANT to know this.**

If your doctor does not “Accept” Medicare but can “bill” Medicare, he or she can bill you the \$226.00 deductible plus the 20% plus an additional 15% of the Medicare Approved Charge.

You get a one-time Welcome to Medicare Physical Exam in your first 12 months.

Part C (Provided by Private Insurance Companies – Replaces Medicare A and B – and Often D - You Pay Your Part B Premium + Any Plan Premium) -----

Part C plans are commercial HMO, POS, or PPO plans that provide coverage that is at least actuarially equivalent, but not identical, to Medicare Parts A and B and/or Part D. These plans replace entirely Medicare Parts A and B and/or Part D. (There are also Part C PFFS plans which are not discussed here).

These plans have networks of providers which you must use to get benefits or the highest level of benefit. For HMO plans, if you do not use the network, you do not get any coverage, except UC and ER visits. For PPO and POS plans, if you do not use the network, you still get coverage but at a much-reduced level. **These plans do NOT use all doctors able to accept Medicare and may be limited to your state or a service area smaller than your state.**

All plans cover necessary visits to any Emergency Room or Urgent Care anywhere in the US.

Many Part C plans also include Part D (Rx) coverage. Most people that chose a Part C plan chose one with Part D (Rx) coverage. Such plans are called MAPD (Medicare Advantage with Part D).

If you enroll in a Medicare Part C Plan there is no need for you to keep a Medicare Supplement Plan, and in fact, you cannot keep one if you have a Part C Plan.

Part D (Provided by Private Insurance Companies – You Pay a Plan Premium) -----

Part D benefits vary by carrier, and most have more than one plan to offer. Medicare sets a



standard to which carriers must be at least actuarially equivalent to, but not identical. Most carriers offer a benefit better than the standard. Note that all plans use drug formularies.

Many plans have a drug deductible, but many still do not apply that to their least expensive drugs. Each plan uses a specific drug formulary which is, a closed list of drugs their plan will pay for. Drug formularies change annually (and sometimes mid-year, but that is infrequent). You want to ensure your drugs are covered by the Part D plan you choose and at what cost level, known as “drug tiers.” Many Part D drug plans now have **preferred pharmacies** within their network list – which can help lower your drug costs even more when using them.


Below you will see what the 2023 Medicare Standard Drug Plan looks like. When you buy Part D insurance coverage, whether through a Medicare Part C (MAPD) plan or a stand-alone Part D (PDP) plan, in all likely hood, your plan will vary somewhat from the Standard Drug plan. Many carriers offer better coverage than the standard plan.

How do you choose the best Part D plan for your prescription drug use? Go to the insurance carrier website (or to Medicare.gov), put in your prescriptions and pharmacies and the site will compare your prescription and out of pocket costs under different plans.



IMPORTANT NOTE: If you do not enroll in a Medicare Part D plan when first eligible and you do not have comparable coverage elsewhere, you will pay a penalty, once enrolled, each month, for life.



<u>2023 Standard Part D (Rx) Plan</u>		
<u>Rx Cost: You + Ins Co + Disc</u>	<u>Name</u>	<u>What You Pay / They Pay (On Average)</u>
\$0 - \$505	Deductible	You Pay 100% / They Pay 0%
\$501 - \$4,660	Initial Coverage Period	You Pay 25% / They Pay 75%
\$4,661 - \$7,400	Coverage Gap / Donut Hole – Now Gone 	You Pay 25%/They and the Ins Companies Pay 75%
\$7,401+	Catastrophic Area	You Pay ~5% / They Pay ~95% You pay the greater of 5% or \$4.15 for Generic drugs, or \$10.35 for Brand drugs.



VII. Medicare Supplement Plans

Medicare Supplement plans are traditional indemnity plans that wrap around Medicare Parts A and B. All Medicare Supplement plans are regulated by the Federal Government and have an alphabetic name, A through N. Some were eliminated by Congress years ago. Plans C and F are not available to new enrollees starting in 2020.

These plans are the same regardless of what state you live in although there are some exceptions to this rule.

Medicare Supplement plans have premium rates that vary by plan and tend to cost between \$150 and \$225 per month in the Southeast. These premiums are in addition to your Part B premium. These premiums can vary by an insurance carrier.

VIII. What Medicare Does Not Cover

Medicare Parts A and B are very good coverage, but they do not cover everything. Here's a partial list of common treatments and items that are not covered:

- Acupuncture, Jin Shin Jyutsu, Reiki treatments
- Care outside of the United States
- Cosmetic surgery
- Dental exams, Routine eye exams and glasses, Dentures, Hearing Aids
- Emergency care outside of the United States (except in limited circumstances)
- Long Term Care including Nursing Home stays
- More than 190 days of inpatient hospital care for mental/nervous conditions
- Most routine blood screening tests such as those for cholesterol
- Physical exams (except a One-Time Welcome to Medicare Exam)
- **Routine chiropractic care**

Part C plans may cover many of these items and/or offer dental for an additional premium.

To see if something is covered by Medicare, please go to this url:
<http://www.medicare.gov/coverage/your-medicare-coverage.html>



IX. Please Share This Guide with Your Friends and Family

Medicare, Medicare Plans, Medicare Supplements can be very confusing at first because it is different. We hope we helped make things a bit clearer for you here.

The ***Busy Executive Guide to Medicare*** is designed for you to have an easy introduction to Medicare and Medicare Plans so you may have an intelligent, informed conversation with your insurance Broker, agent, Financial Planner or other qualified professional.

It is not a replacement or substitute to "Medicare & You, 2023" published free for you by the Federal Government and available at www.Medicare.gov. The Medicare & You, 2023, guide is, however, about 128 pages L-O-N-G. Few people in this click-click-click world can digest the 128page Guide without some effort.

Should you have any suggestions for additions or changes to this brochure, please email us at ChaseCarey@CareyBenefits.com and put Medicare Guide in the subject line.

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DISCLAIMER: This Guide is intended to educate and to make your life easier; it is not a legal description of Medicare or Medicare plans nor a solicitation of insurance.



We appreciate you having taken time to read this; your friends and neighbors will appreciate it even more when you pass them a copy.

If they'd like their very own copy, please have them email me at "ChaseCarey@CAREYBenefits.com" and put BEG Medicare in the subject line.

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X. Your 2023 Medicare Choices at a Glance



Step 1: Decide How You Want To Get Your Coverage

ORIGINAL Medicare

- OR -

Medicare ADVANTAGE Plan
(An HMO, POS, PPO)

Part A
Hospital Insurance

Plus

Part B
Medical Insurance

Medicare Advantage
Combines Part A, Part B, and Usually, Part D, into One Plan

Step 2: Decide If You Need to Add Drug Coverage

Part D
Pres. Drug Coverage Stand Alone

Part D
Pres. Drug Coverage in a MA Plan

Congratulations!
You Are All Done!



Step 3: Decide If You Need to Add Supplemental Coverage

Medicare Supplement

Cannot have if
You have a
Medicare
Advantage
Plan



Done!



