



Medicare Plan



Presented by Will Berigan

What Does Medicare Part A Insurance Cover?

Medicare Part A insurance covers inpatient care in a hospital or a skilled nursing facility and hospice care. It provides limited coverage for nursing home and home health services.

How—and When—Do I Enroll?

There are specific enrollment guidelines for Medicare and you must sign up before the enrollment deadline to avoid incurring a penalty.

- **Automatic:** Enrollment in Part A is automatic if you receive social security, Railroad Retirement Board disability, or retirement benefits at least four months before your 65th birthday.
- **Initial enrollment period:** If you are not automatically enrolled, you must enroll before the enrollment deadline. The initial seven-month enrollment period is the three months preceding your 65th birthday, the month of your birthday, and the three months following your birthday.
- **General enrollment period:** If you didn't sign up when you were first eligible, the annual Medicare Part A and Part B general enrollment period begins January 1st and ends March 31st.
- **Special enrollment period:** The special enrollment period applies when your employment ends. If you continue to work after your 65th birthday and have employer health insurance, you must enroll in Part A and/or Part B within eight months of your last date of employment. The eight-month period also applies to spouses who are eligible for Medicare and used employer health insurance. Enrolling in Part B during the special enrollment period generally avoids the 10-percent penalty assessed for late enrollment.

You may enroll online at www.medicare.gov or in-person at a local social security office. For more information about Medicare, visit the [Get Started with Medicare page](#) under the Sign Up/Change Plans tab.

What Are My Out-Of-Pocket Expenses?

Part A premium and deductible costs are listed within the Your Medicare Costs tab at www.medicare.gov. Click the Part A costs link for inpatient deductible and coinsurance rates.

- **Part A premiums:** Most people don't pay monthly premiums for Medicare Part A. If you or your spouse paid FICA taxes for 40 quarters of coverage (10 years), you should be eligible to receive premium-free Part A insurance.
 - **Government employees:** Federal employees hired after January 1, 1983, should be eligible for premium-free Part A insurance.
 - **State and local employees:** State and local employees hired after April 1, 1986, should be eligible for premium-free Part A insurance.

- **Hospital deductible:** The Part A deductible applies to each benefit period. A benefit period begins the first day of inpatient care and ends 60 days after you have not been in a hospital or skilled nursing facility. If you have multiple Part A benefit periods within the same year, the deductible would be charged for each benefit period.
- **Coinsurance:** Part A has separate coinsurance charges for hospital and skilled nursing facility care.
 - **Hospital care:**
 - Days 1–60: \$0 coinsurance charge
 - Days 61–90: Daily coinsurance charges begin
 - Days 91–150: Daily coinsurance charges increase
 - Day 151+: You pay all charges
 - **Skilled nursing facility care:**
 - Days 1–20: \$0 coinsurance charge
 - Days 21–100: Daily coinsurance charges begin
 - Days 100+: You pay all charges

Can I Contribute to a Health Savings Account (HSA) Once I've Enrolled in Medicare?

You cannot contribute to an HSA if you've enrolled in Medicare, although enrollment does not preclude future withdrawals from an HSA. It is recommended that you stop contributing to your HSA six months before social security and/or Medicare enrollment to prevent the assessment of penalties and deduction loss if your Medicare coverage enrollment is backdated. A spouse who is not enrolled in Medicare can continue contributing to their HSA.

What Else Do I Need to Know About Medicare Part A Coverage?

- **Hospital care:** Part A coverage includes acute care hospitals, inpatient rehabilitation facilities, and inpatient mental health facilities. You have 60 lifetime reserve days. You begin to use lifetime reserve days on day 91 of hospital admission.
- **Skilled nursing facility care:** It is important to confirm your hospital admission status and to distinguish observation status from inpatient status. Part A will not cover skilled nursing facility charges unless you have had inpatient hospital status for at least three consecutive days before transferring to the facility. In addition, Part A does not cover custodial care, even if you receive those services in a skilled nursing facility.
- **Hospice care:** Part A hospice coverage includes medical care, nursing services, prescription drugs, durable medical equipment, respite care, and grief counseling. Your physician must certify that your illness is terminal and that death is expected within six months. Your physician may recertify the terminal condition if you outlive the initial six-month period.

Please note: Original Medicare Parts A and B provide no coverage when you travel internationally. You will need to purchase additional insurance for coverage outside of the U.S.

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What Does Medicare Part B Insurance Cover?

Medicare Part B insurance covers doctor services, outpatient services, and durable medical equipment. It provides coverage through Original Medicare and has cost sharing that includes deductibles and copayments.

How—and When—Do I Enroll?

There are specific enrollment guidelines for Medicare, and you must sign up before the enrollment deadline to avoid incurring a penalty.

- **Automatic:** Enrollment in Part B is automatic if you receive social security, Railroad Retirement Board disability, or retirement benefits at least four months before your 65th birthday.
- **Initial enrollment period:** If you are not automatically enrolled, you must enroll before the enrollment deadline. The initial seven-month enrollment period is the three months preceding your 65th birthday, the month of your birthday, and the three months following your birthday.
- **General enrollment period:** If you didn't sign up when you were first eligible, the annual Medicare Part A and Part B general enrollment period begins January 1 and ends March 31.
- **Special enrollment period:** The special enrollment period begins when your employment ends. If you continue to work after your 65th birthday and have employer health insurance, you must enroll in Part A and/or Part B within eight months of your last date of employment. The eight-month period also applies to spouses eligible for Medicare and used employer health insurance. Enrolling in Part B during the special enrollment period generally avoids the 10 percent penalty assessed for late enrollment.

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What Are My Out-of-Pocket Expenses?

Part B premium and deductible costs are listed within the Your Medicare Costs tab at www.medicare.gov. Click the Part B costs link for inpatient deductible and coinsurance rates.

- **Part B premiums:** You pay a premium each month for Part B insurance. Most people pay the standard premium, which is determined by your modified adjusted gross income (MAGI) and income tax filing status (i.e., single, joint, or married filing separately). MAGI includes taxable wages and self-employment income; social security retirement benefits; social security disability benefits; retirement and pension income; alimony; capital gains; and investment, rental, royalty income, and tax-free income from municipal bonds. Your reported MAGI from the two tax years before you enroll determines whether you are subject to a means-tested premium.

- If your MAGI is above a certain threshold, you pay the standard premium plus a surcharge called an income-related monthly adjustment amount (IRMAA). Your premium cost is reevaluated annually, and you will not be subject to the IRMAA surcharge if your MAGI falls below certain thresholds. If MAGI in the current year will be reduced by a life-changing event, such as retirement or the death of a spouse, you can file Form SSA-44 to request that the IRMAA surcharge be removed from your Part D premiums.
- **Deductible:** The Part B deductible is set each year by the Centers for Medicare & Medicaid Services. You usually pay 20 percent of the Medicare-approved amount after your deductible is met.

Can I Contribute to a Health Savings Account (HSA) Once I've Enrolled in Medicare?

You cannot contribute to an HSA if you've enrolled in Medicare, though enrollment does not preclude future withdrawals from an HSA. It is recommended that you stop contributing to your HSA six months before Social Security and/or Medicare enrollment if you continue to work and have employer-provided coverage after age 65. A spouse who is not enrolled in Medicare can continue to contribute to an HSA and make a "catch-up" contribution if they are older than 55.

What Else Do I Need to Know About Medicare Part B Coverage?

- **Hold harmless rule:** If you collect social security benefits and your Part B premiums are deducted from them, you may be protected by the hold-harmless provision, which ensures that Part B premiums will not increase unless the social security cost-of-living adjustment covers that amount. The rule does not apply if you are a new enrollee or a higher-income recipient paying surcharges under IRMAA. It also would not protect you if you were enrolled in a Medicare Savings Program.
- **Late enrollment penalty:** Failure to enroll in Part B during the initial enrollment period may result in a 10 percent penalty for each full year (12 months) that you do not enroll when you are eligible. The 10 percent penalty is permanent; however, if you are covered under a group health plan from an active employer, you may avoid it. Please note: COBRA and retiree health coverage are not considered active employer group health coverage and will not exempt you from this penalty.
- **Example:** Alice's initial enrollment period ends in November 2022. She doesn't enroll in Part B until March 2023. Alice wouldn't incur a penalty because a full year didn't elapse between her initial enrollment period and her enrollment during general enrollment.
- **Working after age 65:** If you work after age 65, you may maintain your employer's or your spouse's group health insurance and delay enrolling in Part B if the employer has 20 or more employees. If your employer or your spouse's employer has fewer than 20 employees, you should enroll in Medicare. As you approach age 65, it's important to review your health insurance to determine how the plan coordinates payment with Medicare and other coverage. This will help you make an informed decision regarding Medicare coverage.
- **Federal Employees Health Benefits Program (FEHBP):** If you are a retired federal employee—or you are about to retire—you can maintain an FEHBP without enrolling in Part B. If you discontinue your FEHBP coverage, however, you will need to apply for Part B within eight months of ending coverage to avoid incurring the 10 percent premium penalty.
- **Appealing the IRMAA surcharge:** If you have had a life-changing event, such as the death of a spouse, you can file Form SSA-44 to request the removal of the surcharge. The surcharge may be removed if you experienced one of the following life-changing events: marriage, divorce/annulment, death of a spouse, work stoppage, work reduction, loss of income-producing property, loss of pension income, or employer settlement payment.
- **Special enrollment period:** Don't forget to sign up for Medicare during the special enrollment period within eight months after your employment ends. (As noted above, COBRA and retiree health coverage are not considered active employer group health coverage.) The eight-month period also applies to spouses who are eligible for Medicare and used employer health insurance. Enrolling in Part B during the special enrollment period will generally avoid the 10 percent penalty. You also have an eight-month special enrollment period if you lost your employer-provided insurance during the COVID-19 pandemic. Normally, a former employer completes Form L564 to confirm your prior health insurance. If this is possible because of the pandemic, you may have to complete Form L564 and provide evidence of employer-provided insurance.



- **Telehealth services:** During the pandemic, the federal Centers for Medicare & Medicaid Services expanded telehealth coverage under Part B. Part B telehealth coverage includes e-visits and virtual check-ins. The Part B deductible and copayments will still apply.
- **Covid-19 test and vaccine:** You won't incur charges under Part B for a Covid-19 test or vaccine.

Please note: Original Medicare Parts A and B don't provide coverage for international travel. Although some Medigap plans provide partial coverage for foreign travel, additional coverage outside the U.S will likely need to be purchased.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.



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