

# iQUOTE

LONGEVITY ALLIANCE

## Getting Ready for Medicare:

### Avoid These 7 Traps



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## Introduction

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If you're like most people, as you approach Medicare enrollment you start feeling a bit anxious and concerned about whether you understand all the ins and outs of Medicare.

The terms can be confusing. Figuring out when to sign up, how to sign up and then how to compare the different plan choices makes you feel like you're caught in a maze. No matter which way you turn, there are more questions and you just aren't sure the right path to take.

There's a lot to understand and Medicare is different than other types of health care coverage you've dealt with over the years. And the details can really trip you up and cost you money. The last thing you want is surprise medical bills in retirement!

That's why we created this Getting Ready for Medicare Guide.

Here's a look at 7 traps around getting ready for Medicare that we find slip up many of our customers at [iQuote.com](http://iQuote.com). Please give us a call if you have questions or need advice about Medicare health plans.



# TRAP 1 –

## You Miss Your Initial Enrollment Period (IEP)

**Who Gets Trapped:** If you are not receiving Social Security Benefits, you will not automatically receive a Medicare enrollment package and card. If you signed up for Part A but forgot to go back and enroll in Part B, you kept COBRA benefits (more on that later), or you just decide to gamble and not get coverage when you turn 65, you may also be subject to a penalty.

If you are already receiving Social Security benefits, your Medicare card will be mailed to you about 3 months before your 65<sup>th</sup> birthday.

**Solution:** If you miss your IEP, sign up during the next general enrollment period (Jan. 1 – March 31). Your Medicare coverage will not become effective until July 1. Your Part B premium will go up 10% for each full 12-month period that you could have had Medicare Part B and didn't take it.

### DID YOU KNOW?

A special enrollment period is available if you waited to enroll in Medicare Part B because you or your spouse was working and had group health coverage through a current employer or union.



## TRAP 2 –

### You Think You Can Just Keep COBRA

**Who Gets Trapped:** You miss your IEP after leaving an employer group. You thought you could just keep COBRA and sign up for Medicare the following year. You wait until COBRA ends to enroll in Part B (you only have 8 months to sign up without penalty).

**Solution:** Sign up during the next general enrollment period (Jan. 1 – March 31). Your Medicare coverage will not become effective until July 1. Your Part B premium will go up 10% for each full 12-month period that you could have had Medicare Part B and didn't take it.

#### DID YOU KNOW?

COBRA is not considered group health insurance for Medicare eligibility. So you have 8 months following the month when the employer or union group health plan coverage ends or when employment ends (whichever comes first) to sign up for Part B without a penalty.



## TRAP 3 –

### Penalties

**Who Gets Trapped:** People who enroll late for Part B and those who don't enroll in a Drug Plan (Part D) when first eligible.

**Solution:** Sign up for Medicare Part B on time and miss the 10% penalty (per 12-month period). Sign up for a Part D plan (either a standalone plan or wrapped in a Medicare Advantage plan) or pay a lifetime penalty of 1% of the national average PDP premium (currently \$30) for each month you were not enrolled while eligible.

#### DID YOU KNOW?

These are not one-time penalties. You pay enrollment penalties for as long as you have Medicare.

- Part B Late Enrollment Penalty: 10% per 12-month period not enrolled while eligible.
- Part D Late Enrollment Penalty: 1% of the National Average PDP Premium for each month you were not enrolled while eligible.



## TRAP 4 –

### You Mistakenly Think You Understand Medicare Enrollment Periods

**Who Gets Trapped:** People who don't understand the different parts of Medicare, when you can sign up and how the timing impacts your cost of a health plan. IEP, AEP, SEP – signing up for the first time, moving and changing plans, leaving an employer group – every situation can trigger a different set of rules and deadlines.

**Solution:** It is confusing and there is a lot of “what ifs” so don't hesitate to ask about your particular circumstance. Get assistance from someone knowledgeable and experienced about Medicare to help you make your choice. If you are still working, check with your HR department on how your employer insurance works with Medicare.

#### DID YOU KNOW?

There is a Medigap open enrollment period which you have the guaranteed right to buy any Medigap (Medicare Supplement plan) policy sold in your state regardless of your health condition (no medical underwriting). It is 6 months from the time you turn 65. Once this period starts, it can't be delayed or replaced. Miss this period and you will be subject to medical questions to see if you qualify for a Medicare Supplement plan. In most cases, you also have a guaranteed issue period when you leave an employer plan.



## TRAP 5 –

### You Make Poor Medicare Choices

**Who Gets Trapped:** People who don't take the time to go through a needs assessment and really understand whether [Medicare Advantage](#) or a [Medicare Supplement Plan](#) and [Part D](#) is the right choice. People who choose to go with Original Medicare only and face paying 20% of their health care costs since Original Medicare only covers 80%.

**Solution:** Consider these key indicators when making a Medicare choice. What can you afford to pay? How often do you use the service? What is the total cost of the plan you are considering including co-pays and deductibles? How much do you travel? How important is it that you can switch plans?

#### DID YOU KNOW?

Without a Medicare Advantage plan or a Medicare Supplement plan, you will pay 20% of the costs of your health care. That's every test, every doctor's visit, every hospital stay (beyond Medicare's preventative services). Medicare Part A and Medicare Part B – known as Original Medicare – only pay 80% of costs. So, whatever choice you make, please make sure you understand the costs of your healthcare while you are a Medicare beneficiary.



## TRAP 6 –

### Failing to Realize the Real Costs Associated with Medicare

**Who Gets Trapped:** People who think Medicare is free or far less costly than their current employer health care plan.

**Solution:** Understand Medicare costs and plan for them as part of your retirement plan. Part A is free for most people. Part B is \$99.90 per month for most people. Part D – a Medicare Advantage plan may include Part D drug benefits. The monthly premium on a standalone Part D plan will average \$30 per month. Medicare Supplement plans have a monthly premium, plus you will pay Part B premiums and pay for a Part D plan.

#### DID YOU KNOW?

##### Medicare Costs

<a href="#"><u>Medicare Part A</u></a>	Free for most people
<a href="#"><u>Medicare Part B</u></a>	\$99.90 for most people
<a href="#"><u>Medicare Part C</u></a>	You will usually pay the Part B premium plus a monthly premium
<a href="#"><u>Medicare Part D</u></a>	You will pay a monthly premium for a stand alone plan
<a href="#"><u>Medicare Supplement Plan</u></a>	You will pay the Part B premium plus a monthly premium

\*You may pay more if your individual annual income is greater than \$85,000.





# TRAP 7 –

## Failing to Shop & Compare Medicare Plan Options

**Who Gets Trapped:** People who assume that the coverage is all the same and the prices are equivalent for different plans.

**Solutions:** iQuote.com recommends that you compare at least 3 plans to make sure you are getting the right plan at the right price for your needs. Look at different insurance companies. Consider different types of plans. [Get real quotes](#) that compare the prices you would pay. Understand the differences in the plans you are comparing – don't just compare the monthly premium. If you are looking at a Medicare Supplement plan recognize that the plan benefits are standardized – the government dictates the benefits for all companies. So the only difference among plans is the price and the quality of service from the company. Comparing plans can save you hundreds of dollars per year in insurance premiums!

### DID YOU KNOW?

#### Medicare Supplement Plans Sample Costs\*

State	Carrier	Plan F*		Plan G*	
		Monthly	Annually	Monthly	Annually
VA	Carrier A	\$121.00	\$1,452.00	\$110.00	\$1,320.00
	Carrier B	\$132.67	\$1,592.00	\$110.42	\$1,325.00
	Carrier C	\$134.00	\$1,608.00	\$113.92	\$1,367.00
CA	Carrier A	\$123.67	\$1,484.00	\$115.42	\$1,385.00
	Carrier B	\$129.25	\$1,551.00	\$115.08	\$1,381.00
	Carrier C	\$148.67	\$1,784.00	\$128.00	\$1,536.00
OH	Carrier A	\$144.75	\$1,737.00	\$132.83	\$1,594.00
	Carrier B	\$179.75	\$2,157.00	\$152.00	\$1,824.00
	Carrier C	\$183.67	\$2,204.00	\$152.42	\$1,829.00

\*Based on a 67 year old healthy male, 012012

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