

How to Cut Health Care Costs



INSIDE: TEN TIPS FOR MEDICARE BENEFICIARIES

What is one of the biggest financial surprises in retirement? Health care costs. It's a growing concern among many Medicare beneficiaries, and it's no wonder. There is an alphabet soup of terms to learn — Part A, Part B, Part C, Part D — and an ever increasing choice of plans. And the average price tag for healthcare coverage for a 65 year old couple retiring today is estimated to be \$230,000* during their retirement years. And yours could be more!

These ten tips can help you find ways to cut your healthcare costs, minimize your out-of-pocket costs and better predict what those out-of-pocket costs will be, so you can worry less and enjoy life more.

*Retiree Health Care Costs Estimate, Fidelity Investments, April, 2011

1

KNOW WHAT MEDICARE COVERS... AND WHAT IT DOESN'T

There are four “Parts” of Medicare that you’ll hear a lot about. Get familiar with what they cover and what they don’t. Remember these two key points:

Medicare does not cover all of your healthcare expenses. You may still be liable for deductibles, coinsurances, copayments, non-covered services, excess charges from your doctors and the cost of some or all of your prescription drugs.

It does not generally cover long-term care costs. The average annual cost of care in a nursing home or assisted living facility or at home has increased over the past four years to a new high of \$87,235, according to MetLife’s 2011 Market Survey of Nursing Home and Assisted Living Costs. Costs are even higher in the Northeast.



Part A pays for inpatient hospital, skilled nursing facility, and some home health care. For each benefit period Medicare pays all covered costs except the Medicare Part A deductible (in 2012 it is \$1,156) during the first 60 days and coinsurance amounts for hospital stays that last beyond 60 days. Once your 60 Lifetime Hospital Reserve Days have been exhausted, you will be liable for the total cost of hospital stays that extend beyond 90 days. Most people have Part A coverage because they or their spouse paid Medicare taxes while working. This coverage coupled with Part B is often called “Original Medicare.”



Part B covers Medicare eligible physician services, outpatient hospital services, out-patient laboratory and diagnostic services, certain home health services, and durable medical equipment. This coverage is not automatic and you must sign up for it. The cost for 2012 is \$99.90 per month. However, if your income is above \$85,000 (single) or \$170,000 (married couple), then your Medicare Part B premium may be higher. The deductible for 2012 is \$140.00 per year and is expected to increase each year. You pay 20% of the Medicare-approved amount for most services after you meet the annual Part B deductible.



Part C was created in 1997 and these private company Medicare-approved plans, called Medicare Advantage Plans, are an alternative to Original Medicare (Part A and Part B).



Part D provides coverage for prescription drugs. Medicare Prescription Drug Plans are offered by insurance companies and other private companies approved by Medicare. These insurance plans cover both brand-name and generic prescription drugs at participating pharmacies located throughout the United States, or by mail order. Medicare Prescription Drug Plans are discussed in greater detail later in this booklet.

Your best source of information is the “Medicare and You” booklet published by Medicare. You can find it online at www.medicare.iquote.com/resources or call Medicare at 1-800-633-4227 to request a copy.

2 DON'T WAIT TO SIGN UP

Missing sign up deadlines can mean higher prices and fewer choices. Your 65th birthday is a key date for beginning Medicare coverage. If you are already 65, the annual open enrollment period (October 15 - December 7, 2011) is when additional plans are open for enrollment and you may find more choices in coverage. Here are the rules.

Medicare eligibility. You first become eligible for Medicare on the first day of the month in which you turn age 65 (unless your birthday is the first of the month in which case you become eligible for Medicare on the first day of the month of the month preceding your 65th birthday). You may enroll in Medicare starting three (3) months before the month in which you turn 65 up until three months after the month in which you turn age 65. If you get Medicare due to a disability, you can enroll from three months before to three months after your 25th month of cash disability payments. Enrollment is generally automatic for Part A.

Part B: You should enroll in Part B of Medicare as soon as you first become eligible unless you have coverage from another source, such as through your or your spouse's employer or former employer. For most people, this is the first day of the month in which you become 65. If you don't enroll in Part B and if you have no comparable coverage, you will be liable for the full cost of outpatient services, such as doctors' visits, and laboratory and diagnostic tests. If you delay enrollment, you likely will have to pay a penalty once you do enroll for as long as you are enrolled.

Visit www.medicare.iquote.com:

- What you need to know if you are new to Medicare
- Tips on comparing Medicare plans
- Answers, advice and resources about Medicare
- Request a FREE consultation with a health plan advisor
- Compare rates and enroll online in our most popular plans

Part C: If you choose a Medicare Advantage plan, sign up when you are first eligible for Medicare. You can generally enroll in a Medicare Advantage Plan during the Annual Election Period each year from October 15 to December 7, 2011. If you move and your plan is no longer available, you will also be able to enroll in a different Medicare Advantage Plan which is available in your new location.

Part D: Individuals who are eligible for Part A and/or enrolled in Part B are eligible for a Medicare Prescription Drug Plan. If you don't sign up when you are first eligible, you may have to pay a penalty when you do enroll. If you didn't join when you were first eligible, your next opportunity to enroll will be from October 15 to December 7, 2011 for plans to begin in 2012 with coverage effective on January 1 of 2012. Part D Plans come as stand-alone (PDP) or bundled within the Advantage Plans (MA-PD).

3

CHOOSE THE RIGHT PLAN

Carefully consider your choice of health plan coverage. Don't make the mistake of focusing only on keeping monthly premiums down. Many times a plan that is priced less may easily cost more. Try to realistically factor in deductibles and copayments. For prescription drug coverage, for example, factor in deductibles, copayments, formulary inclusions/exclusions and tier ratings, Initial Coverage Limit (donut hole threshold), full drug plan's costs and eligible pharmacy choices.

Consider a Medicare Advantage Plan. Medicare Advantage Plans are private health plan alternatives that are part of the Medicare program. If you join one of these plans, you generally get all of your Medicare-covered health care through that plan. This coverage can include prescription drug coverage. Medicare Advantage Plans include:

- Medicare Health Maintenance Organizations (HMO)
- Medicare Preferred Provider Organizations (PPO)
- Medicare Private Fee-for-Service Plans (PFFS)
- Medicare Special Needs Plans (SNP)

Some MA plans include extra benefits not covered under Original Medicare (i.e., hearing, vision, dental and wellness). Though some have lower copayments than Original Medicare, you could pay more or less for the same covered services. However, you may have to see network doctors who belong to the plan or go to certain network hospitals to get services. Everyone who is eligible for Medicare may enroll in a Medicare Advantage Plan (except for individuals with End-Stage Renal Disease) without having to answer medical questions.

Consider a Medicare Supplement (Medigap) Plan. If you are not comfortable with a Medicare Advantage Plan, or if there is not one in your area that fits your needs, a Medicare Supplement Plan may be your best option. A Medicare Supplement policy is health insurance sold by private insurance companies to fill the "gaps" in Original Medicare Plan coverage. Medicare Supplement policies help pay some of the health care costs that the Original Medicare Plan doesn't cover. If you are in the Original Medicare Plan and have a Medicare Supplement policy, then Medicare and your Medicare Supplement policy will each pay their share of covered health care costs.

If a Medicare Supplement Plan is right for you, enroll in the first six months after you turn 65 and have enrolled in Medicare Part B. During this period, you are guaranteed acceptance into any Medicare Supplement Plan offered in your geographic area by any company without your having to answer any medical questions. After the six (6) month period is over, you may have to answer medical questions, and the insurance company may deny coverage or charge you higher rates because of your medical conditions. Because Medigap plans are standardized by the government, comparative shopping is easy. Being highly portable, any doctor accepting Medicare will accept a Medigap policyholder for services. Typically, there are no networks with Medicare Supplement plans.

4 GET COVERAGE FOR PRESCRIPTION DRUG COSTS

Enroll in a Prescription Drug Plan when first eligible. A stand-alone Medicare Prescription Drug Plan (Medicare Part D) adds coverage to the Original Medicare Plan, some Medicare Cost Plans and some Medicare Private-Fee-for-Service Plans. A MA plan is a Medicare Advantage plan. MA-PD wrap prescription drugs into the plan. These plans are offered by insurance companies and other private companies approved by Medicare. When you join a Medicare Prescription Drug Plan, you use the plan member card that you get from the plan when you go to the pharmacy. When you use the card, you will generally get a discount on your prescriptions. Your cost sharing will vary depending on the drug's tier rating and plan formulary. Different medications are classified by a "Tier Level" system. Generally the higher the tier, the higher the copays. If you have limited income and resources, you may get "Extra Help" to cover prescription drugs for little or no cost.

5 CONSIDER SWITCHING TO GENERICS

Talk to your doctor about the drugs you are currently taking to find out if there are generic or less-expensive brand-name drugs that would work just as well as the ones you're taking now. Generic drugs are usually much less expensive than brand-name drugs and some Medicare Prescription Drug Plans provide them during the Coverage Gap for little or no co pays. However, because Generics cost less than brand-name medications, it could delay or prevent you from entering into the "Donut Hole."

6 LOOK FOR GOVERNMENT ASSISTANCE PROGRAMS

Explore National and Community-Based Charitable Programs and other Assistance Programs. National and Community-Based charitable programs (such as the National Patient Advocate Foundation or the National Organization for Rare Disorders) may have programs that can help with your drug costs. In addition, many of the major drug manufacturers are offering assistance programs for people enrolled in Medicare Part D.

7 INVESTIGATE ELIGIBILITY FOR A LOW-INCOME SUBSIDY

There may be government help available to assist with your prescription drugs under Part D. If you have Medicare and have limited income and resources, you may qualify for "Extra Help" with paying for your prescription drugs. If you qualify, you could pay no more than \$2.60 for each generic and \$6.50 for each brand-name drug in 2012.

To apply for "Extra Help", contact Social Security by visiting www.socialsecurity.gov or by calling 1-800-772-1213.

Another resource would be to contact your local SHIP agency. (Go to <http://www.medicare.gov/contacts/staticpages/ships.aspx>).

8

SHOP AND COMPARE

With so many plans in the marketplace, this is not a “make it and forget it” decision. It is in your best interest to periodically review your coverage to see if it is still the best choice to cover your current healthcare needs.

With the many choices in Medicare plans, it is important to first decide to be covered under Original Medicare or alternatively decide if a Medicare Advantage Plan is right for you. Many of the Advantage plans will require that you use in-network providers and facilities. Some will have extra benefits like vision, dental or hearing, but be sure to compare premiums, copayments, accessibility and prescription coverage. Be sure your specific medications are covered. The Medicare website (www.medicare.gov) is a valuable resource in identifying and comparing plans in your area.

Medicare Supplement Plans: Premium Rating Methods

When comparing premiums, you'll notice that plans utilize different rating methods.

Community-Rated Plans

The same monthly premium applies to everyone with a policy, regardless of age, within a geographic area

Issue-Age-Rated Plans

The premium is based on the age you are when you first buy the Medigap policy

Attained-Age-Rated Plans

The premium is based on your current age at first enrollment and increases with each new attained age

If you don't want the restrictions of a Medicare Advantage Plan, consider a Medicare Supplement Plan. Because of standardized Medigap plans, shopping is easy. For example, any Plan F offered by any carrier within a certain geographic area will be exactly like and perform the same as any other company's Plan F. The only difference will be what each company charges in premiums. Remember that after your Initial (guaranteed acceptance) Enrollment Period has passed (usually after the first 6 months past your 65th birthday), you may have to answer medical questions and could possibly be denied coverage or charged more based on your health status.

There are many different Prescription Drug Plans in your area. Each Plan will have different benefits, different covered drugs (formularies), different premiums and copayments, and different rules pertaining to coverage during the Coverage Gap (also known as the “Donut Hole”). Don't just pick the least expensive premium. You should actually calculate your projected out-of-pocket costs for each plan that you are considering. The Medicare Prescription Drug Plan Finder (www.medicare.gov) will allow you to do this and to compare several plans to one another. And try the quoting tool at iQuote (www.medicare.iquote.com) to compare PDP plans.

9 CONSIDER DISCOUNT CARD PROGRAMS

A discount card program provides you with a discount on certain types of services if you use the providers that the program specifies. You pay a fee — usually monthly or annually — to use the network discount. The types of services may include dental, vision, hearing and home health services. Rates and services can vary greatly. You will also want to make sure that the network has practitioners in your area before you enroll and that the plan itself is legitimate.

10 CONSIDER A LONG-TERM CARE PLAN

Medicare does not cover custodial care, such as assistance with activities of daily living. A long-term care policy can provide benefits for both nursing home confinements and in-home care. With the cost of long-term care skyrocketing, this coverage can help protect your hard-earned savings and your independence. Long-term care insurance is most affordable when you are younger and healthy, so if you think this coverage is of interest don't delay. Premiums are based on your age when you apply and the older you are, the higher the cost. Learn more at www.iquote.com.

A Final Word of Advice

Stay as healthy as you can. You hear it... you read about it... you see it on TV. Take steps to eat healthily, exercise regularly, take your medications and see your doctor regularly. Not only will you be better able to control your health care costs, but you will probably find you have more options for insurance coverage. And you'll feel better too!

Contact Longevity Alliance

Still have questions? Longevity Alliance specializes in helping people find the right health care solution. We can help you identify choices in your area and select the right plan. Call one of our licensed advisors at **1-800-352-9739** to discuss your Medicare insurance needs, as well as long-term care, life insurance needs. To learn more about Longevity Alliance visit our website www.iquote.com.

Government Resources

Medicare Website:	www.medicare.gov
Medicare Helpline:	1-800-MEDICARE (633-4227)
Social Security Administration:	1-800-772-1213

The iQuote Difference

Health care costs increase with age. That is why it is so important to make sure you have the right Medicare health insurance plan that matches your health care needs at this stage of your life. The only way you can know that you have the right plan is to compare a choice of plans with the assistance of a knowledgeable Medicare insurance specialist.

At Longevity Alliance you'll find a 3-STEP process designed to take the stress and confusion out of making this important decision. You'll feel confident that you have the right Medicare plan for this stage of your life and gain the comfort of knowing you have assistance in the future if your health care needs change. For a free consultation, call **1-800-352-9739** or visit www.iquote.com.



Educate and Inform

Your iQuote health plan advisor will provide information about Medicare and Medicare health insurance plans. Tell them about your health care needs, any financial considerations and what's most important for you in a health care plan.



Advise

You'll be provided with a choice of plans and quotes. Your advisor will answer your questions and help guide you to the most appropriate plan. ALL of this assistance is FREE to you.



Enroll

Once you and your advisor have reviewed the plan options, and you are totally comfortable with the information, you'll select a plan. We'll help you with all of the paperwork – no need for you to worry – and work on your behalf with the insurance company to get your policy issued.

ABOUT LONGEVITY ALLIANCE

Longevity Alliance helps people nationwide find the right insurance solutions for their Medicare, long-term care and life insurance needs. We do that by taking the often overwhelming and confusing insurance marketplace and simplifying it for our clients. Each consumer receives the free service of a personal advisor who guides them over the phone through a simple 3-Step process designed to make them feel confident about their insurance purchase. Our advisors have no financial incentive to recommend one plan over another; their goal is aligned with the consumer's and that is to match the consumer with the most appropriate plan.

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