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FINANCIAL

MEDICARE FAQ

What is Medicare?

Medicare is health insurance for the following U.S. citizens:

- › Age 65 or older
- › Under the age of 65, but having certain disabilities
- › People of any age suffering from End-Stage Renal Disease (ESRD)

What are the different parts of Medicare and what do they cover?

Medicare coverage is provided by different sections that deliver different benefits and services.

Medicare Part A – Hospital Insurance

- › Coverage for inpatient hospital care, hospice care, inpatient skilled nursing facility and limited home health care
- › Automatically enrolled at age 65
- › For most recipients, there is no premium charged because the recipient paid into the system through Medicare taxes while working

Medicare Part B – Physicians and Medical Tests

- › Coverage for physician services, outpatient care, home health and medical services
- › Provides coverage for some preventive health services
- › Requires enrollment
- › Premium is based on recipient's income
- › Covers 80 percent of costs, recipients responsible for a 20 percent coinsurance

Medicare Part D – Prescription Drug Coverage

- › Prescription drug coverage through a private insurer approved by Medicare
- › Enrollment requires Part A and Part B enrollment
- › Premium is based on recipient's income, similar to Part B
- › Can review and change plans annually
- › Recipient's must pay an annual deductible.

Medicare Supplement/Medigap Plan

- › Coverage through a private insurer approved by Medicare
- › Plan covers the 20 percent coinsurance "gap" from Part B
- › Eight standardized plan choices regulated by Medicare
- › Enrollment requires Part A and Part B enrollment
- › Premiums may vary by plan and provider

Medicare Part C – Medicare Advantage

- › Coverage through a private insurer approved by Medicare
- › Coverage provided through an HMO network
- › Enrollment requires Part A and Part B enrollment
- › Plans may offer additional benefits than Medicare Supplement plans
- › Can review and change plans annually

What is the difference between Original Medicare with a Supplement and Medicare Advantage?

All Medicare recipients are typically enrolled in Parts A & B, together called Original Medicare. For additional benefits, recipients can choose to enroll in a Medicare Supplement Plan and a Part D plan or opt for a Medicare Advantage plan. We will refer to the two options as Original Medicare and Medicare Advantage in this document.

The main difference between the two options is where services can be received, the costs and some types of benefits. With Original Medicare, you can go to any doctor or hospital in the country that accepts Medicare without a referral. Most Medicare Advantage plans have networks of doctors and hospitals that you must use to receive full plan benefits, and you need to get a referral from a primary care physician to see a specialist.

With Original Medicare, you pay the Medicare premiums, deductibles and coinsurance requirements for Parts A, B, D and the Supplement plan. With Medicare Advantage plans, you pay Medicare premiums and the plan premiums, along with any plan deductibles and co-pays. If you don't follow the plan rules, you may be required to pay the full costs. Medicare Advantage plans do have annual out-of-pocket limits, though, to help limit the overall costs.

With Original Medicare, routine vision, dental and hearing aids are not covered. Some Medicare Advantage plans may offer coverage for these services.

Are there services not covered by Medicare A & B?

Yes, there are some items and services not covered by Original Medicare.

These include:

- > Long-term care
- > Most dental care
- > Most vision care and prescription glasses
- > Dentures
- > Cosmetic surgery
- > Acupuncture
- > Hearing aids
- > Routine foot care

How are my Part B and Part D premiums determined?

Medicare Part B has a base premium of \$174.70 per month and Medicare Part D has a base premium of \$55.50 in 2024.

If your income is higher than certain limits, Medicare and Social Security will assess an income adjustment to both your Part B and Part D premiums. The amount of the adjustment is tiered, based on your Modified Adjusted Gross Income. Social Security reviews each individual's MAGI annually to determine if adjustment is needed and, if so, how much. To make this determination, Social Security reviews the tax return from two years prior. For example, for 2024 rates, Social Security used the 2022 federal tax return that the individual filed. For 2024, the income tiers and adjustments are:

Modified Adjusted Gross Income (MAGI)	Part B Monthly Premium Amount	Part D Monthly Premium Amount
Individuals with \$103,000 or less Married couples with \$206,000 or less	Base premium = \$174.70	Base premium = *\$55.50
Individuals above \$103,000 up to \$129,000 Married couples above \$206,000 up to \$258,000	Base premium + \$69.90 = \$244.60	Base premium + \$12.90 = \$68.40
Individuals above \$129,000 up to \$161,000 Married couples above \$258,000 up to \$322,000	Base premium + \$174.70 = \$349.40	Base premium + \$33.30 = \$88.80
Individuals above \$161,000 up to \$193,000 Married couples above \$322,000 up to \$386,000	Base premium + \$279.50 = \$454.20	Base premium + \$53.80 = \$109.30
Individuals above \$193,000 up to \$500,000 Married couples above \$386,000 up to \$750,000	Base premium + \$384.30 = \$559.00	Base premium + \$74.20 = \$129.70
Individuals above \$500,000 Married couples above \$750,000	Base premium + \$419.30 = \$594.00	Base premium + \$81.00 = \$136.50

For married filing separately, the 2024 income tiers and adjustments are:

Modified Adjusted Gross Income (MAGI)	Part B Monthly Premium Amount	Part D Monthly Premium Amount
Individuals with \$103,000 or less	Base premium = \$174.70	Base premium = *\$55.50
Individuals above \$103,000 up to \$397,000	Base premium + \$384.30 = \$559.00	Base premium + \$74.20 = \$129.70
Individuals above \$397,000	Base premium + \$419.30 = \$594.00	Base premium + \$81.00 = \$136.50

*Supplemental plans will increase the overall amount.

Is the premium adjustment for Part B and D appealable?

Yes, those assessed an income adjustment have the right to appeal the determination with Social Security. A form SSA-44, Medicare Income-Related Monthly Adjustment Amount – Life Changing Event, will need to be filed in person at the local Social Security office. For the appeal, Social Security will consider the following life changing events:

- › Marriage, divorce or death of a spouse
- › You or your spouse stopped working or reduced your work hours
- › You or your spouse lost an income producing property
- › You or your spouse had a loss of pension income
- › You or your spouse received an employer settlement

During the appeal process you will be required to continue to pay the income adjustments.

When should someone enroll in Medicare?

For most individuals, they enroll in Medicare when they turn 65. Every enrollee is eligible for an Initial Enrollment Period (IEP) that runs for seven months – the three months prior to their birth month, their birth month and the three months after their birth month. During this time frame, each enrollee has Guaranteed Acceptance for all Medicare plans, meaning they cannot be denied coverage for any part of Medicare.

If a person or their spouse is still working and covered by a group health plan when they turn 65, they can choose to remain on the company plan and defer their enrollment to Medicare. In this situation, that person would be eligible for a Special Enrollment Period (SEP) to enroll in Medicare. The SEP lasts for eight months and begins the month after employment ends or the month after coverage under the group plan officially ends. As with the IEP, enrollees receive a Guaranteed Enrollment in Medicare during the SEP.

Does being on COBRA extend my Initial Enrollment Period?

No, COBRA is not considered coverage based on current employment, so a Special Enrollment Period would not be granted when COBRA expires.

When can I enroll in Medicare if I miss both my Initial Enrollment Period and my Special Enrollment Period?

You can enroll for Medicare Parts A and B in the annual General Enrollment Period, which runs from Jan. 1 through March 31. Coverage would start on July 1 of that year.

Are there penalties if I don't enroll in the correct time frame?

Yes, there are significant lifetime penalties if you miss your enrollment window. For Medicare Part B, the late enrollment penalty is 10 percent of your Medicare Part B premium for every full 12-month period that you could have had Part B but didn't. You will pay the extra amount for as long as you have Medicare Part B.

For Part D plans, the late enrollment penalty is 1 percent of the "national base premium" per each full month that you didn't have credible drug coverage. For 2024, the national base premium is set at \$34.70.

For those few individuals that do not qualify for free Part A premiums, they will also incur a penalty for signing up late. The penalty adds an extra 10% to the monthly premium for Part A (\$505 per month in 2024), and it lasts for twice the number of full years you went without signing up.

What is the annual Open Enrollment Period and should I review my current plans annually?

Medicare's annual Open Enrollment Period runs from Oct. 15 through Dec. 7. During this period, Medicare recipients have the ability to switch Part D and Medicare Advantage plans without penalty. Any new coverage selected will begin on Jan. 1.

If your medications have changed throughout the year, you will want to review your existing plan to ensure it is still a good fit for your needs. Another reason to review your Part D plan annually is because insurance companies change their drug formularies each year. Medications you take that were priced at one level this year might cost more next year because they were moved to a different rating.

Do I have to enroll in Medicare at 65?

If you are still employed; covered by an employer, a spouse's employer or union group health plan; and your employer has 20 or more employees, then you do not need to enroll in Medicare when you turn 65. You can wait until you officially terminate from your group health plan, either through retirement or loss of employment.

If your employer has less than 20 employees, though, you will need to enroll in Medicare. For small employers with less than 20 employees, Medicare will be the primary payer, instead of the group plan.

When will Medicare coverage begin?

Your start date depends on both your birthday and when you enrolled in Medicare. If you are enrolling in Medicare at age 65 and enrolled in the first three months of your IEP, then your coverage will begin the first of the month of your birth month. If your birthday falls on the first of the month, then your coverage will begin on the first of the month prior to your birth month.

If you enroll in the final four months of your IEP, then your coverage start the first of the month after you enroll in Medicare. For example, if your birth month is June and you enroll in August, then your coverage will begin on Sept. 1.

If you enroll for Medicare in the General Enrollment Period, which runs from Jan. 1 through March 31, then your coverage will begin July 1.

Does enrolling in Medicare affect my ability to contribute toward an HSA?

Yes, if you are enrolled in any part of Medicare, then you are prohibited from making a contribution to an HSA plan from the date of your enrollment onward.

Are Medicare and Medicaid similar or related?

No, Medicare and Medicaid are separate programs provided by the government. Medicare is health insurance primarily for over 65 individuals and is administered at a federal level. Medicaid is health insurance for low-income individuals and administered at the state level.

Source: medicare.gov

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