



MEDIGAP SUPPLEMENT
HEADQUARTERS

SIX COMMON MISTAKES

When Enrolling in Medicare



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Intro

Medicare can be overwhelming and confusing for most people. Confusion can lead to mistakes when it's time to enroll in a Medicare plan. And mistakes can really hurt your wallet. In this piece, we explain six of the most common and costly Medicare mistakes and how to avoid them.

Medicare rules are complicated, so it's crucial to seek advice from a licensed agent. Your health, future, and legacy are on the line. If you enroll in the wrong plan, miss a deadline, or join too early, you may experience a monetary loss and not be able to see your preferred doctors. We don't mean to scare you but simply inform you, so you can enroll in the right Medicare plan the first time and maintain your savings.

Consider this scenario. If you had to see a cancer specialist but your coverage was denied at the treatment center, how would you respond? If your health plan forced you to pay 20% on chemo until you had paid \$10,000 (annually) out of your own pocket, could you afford it?

Most Medicare mistakes can be easily avoided. Just ask a broker at Medicare Supplement Headquarters. Our advisors have over a decade of experience in the senior health market. We work for YOU and not the insurance company. We're well-versed in Medicare rules, eligibility requirements, enrollment periods, and much more — and we know how to find the best plan for every client! And our advice comes at NO CHARGE to you. That's the best part.

When it comes to Medicare, it's best to not take a "trial and error" approach. Contact us so you can get the right Medicare coverage for your needs and budget.

**This report isn't meant to cover every aspect of Medicare, but to list the most common mistakes people make. The advisors at Medicare Supplement Headquarters aren't part of or endorsed by the Federal Medicare Program. They're licensed independent insurance brokers.

MISTAKE 1: Missing Enrollment Deadlines

First, the most common mistake is when people don't sign up within the specified time period. Missing enrollment deadlines can be costly for you, especially if it happens more than once!

Failing to enroll in time can lead to permanent penalties and/or being denied coverage. Also, if you sign up for Part B too early, it can cost you thousands of dollars in premiums — for insurance you can't use. Don't let this happen to you.

Here's what to know about Medicare enrollment:

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MISTAKE 1: Missing Enrollment Deadlines (continued)

Initial Enrollment at 65

If you're getting Social Security benefits at least four months before you turn 65, you should be automatically enrolled in Original Medicare (A and B). You should receive your Medicare card via mail before your birth month. If you're not collecting Social Security benefits when you turn 65 and you don't have health insurance through an employer, you must enroll yourself. You can visit your local Social Security office or sign up online at www.ssa.gov/benefits/medicare. If you need help, you can call (407) 924-8109.

You get a seven-month window to enroll, called your Initial Enrollment Period (IEP). This period begins three months before the month you turn 65, includes your birth month, and concludes three months after. If the window has passed, you may pay a fine for enrolling "late" — 10% for Part B that could go up each year. This fee is added to your Part B premium for every year you weren't signed up after you become eligible.

Annual Enrollment Period

Medicare's Annual Enrollment Period (AEP) goes from October 15 to December 7 every year. During this period, Medicare beneficiaries are permitted to make changes to their coverage. For example, they can switch from Original Medicare to an Advantage plan, or visa versa. They may also change their Part D drug plan.

Medicare Advantage Open Enrollment Period

If you selected a new Advantage program during AEP but are dissatisfied with it, don't fear. You'll be able to switch your plan (again) during the Medicare Advantage Open Enrollment Period (MA OEP) — which is January 1st to March 31st. Any changes will become active on the first day of the next month, after you register.

If you'd like to change Medicare Supplement plans, you can do so at any point. But, you must be medically underwritten unless you're in the Initial Open Enrollment Period or you qualified for a Special Enrollment Period (SEP).

Special Enrollment Periods

Some scenarios will qualify you for a Special Enrollment Period, which gives Medicare beneficiaries the chance to enroll without a fee. Common examples are when a person moves out of the plan's service area, loses their primary group insurance, or has Medicaid or Extra Help for Medicare Part D. For more information about SEPs, call us at Medicare Supplement Headquarters.

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MISTAKE 1: Missing Enrollment Deadlines (continued)

Late Enrollment

If you miss your IEP, you have the chance to enroll in Part B during the General Enrollment Period between January 1 and March 31 annually. And you can enroll in Part D during AEP.

Late enrollment for Part A can occur anytime after your 65th birthday. There's no fine for those who get it premium-free. Those who must pay a premium for Medicare Part A will have a 10% penalty. For more questions about late enrollment in Medicare, feel free to call our advisors.

The main thing to remember is this: enroll within the specified timeframe and you won't be responsible for penalties.

MISTAKE 2: Missing the Medigap Open Enrollment Period

Medicare Supplement (Medigap) plans are designed to pay some of the deductibles, copays, and the 20% coinsurance that Original Medicare doesn't cover. There are 10 standardized plans, but the most popular ones are F, G, and N.

To to be eligible for Medigap, there's a one-time open enrollment period — lasting for six months — when you enroll in Medicare Part B or turn 65.

The Medigap Open Enrollment Period is the only time where you can enroll without answering health questions unless you're eligible for a Special Enrollment Period. When this open enrollment window ends, you can be denied coverage or you might have to purchase a more expensive plan from a company that will take people with medical issues.

You may sign up for a Medigap plan up to six months before your Part B active date, but the coverage would take effect the month your Part B begins.

As an substitute, you can enroll up to five months after the month you turn 65 — for the coverage to kick in on the first day of the next month. During this window, you can apply for any Medicare Supplement plan without having to answer health questions. And the company can't deny you coverage.

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MISTAKE 3: Signing Up for Medicare Part B Too Early

Medicare Part B serves as your primary medical insurance. If you keep working after age 65 and your group health plan has over 20 employees, you might not need Part B. This is because your group plan would be your primary insurance. Another common Medicare mistake is when people needlessly enroll in Part B, and they end up paying a monthly insurance premium anyway. Be extremely careful here.

For example, Larry visited the social security office when he turned 65 on September 8th, 2016. Enrolling in Original Medicare wasn't smart for George. He didn't need Part B since he was still working and had primary health insurance through his employer.

Not long after, a sickness caused Larry to retire. This meant he was eligible for a 63-day guaranteed issue period to enroll in a Medigap policy without answering any health questions. However, the open enrollment began when he first enrolled in Part B.

In layman's terms, Larry squandered his six-month Open Enrollment Period and spent over \$4,000 on Medicare Part B premiums for unusable insurance. Not ideal! However, if Larry applies within 63 days of losing his insurance, he's eligible for a Medicare Supplement Plan D or Plan G. As of January 1, 2020, no other Medigap plans were eligible for guaranteed issue.

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MISTAKE 4: Confusion Between Medicare Advantage and Medigap

Next, it's imperative to understand the difference between Medicare Advantage and Medigap insurance. Don't mistake one for the other. When Medicare enrollment approaches, you'll know what rates and coverage to look for so you can find the best fit for you! Actually, deciding between Medicare Advantage and Medigap is just one step in the process. Then, you have a myriad of options within each of those!

Medicare Advantage is a bundled alternative to Original Medicare that offers the same coverage and sometimes additional benefits. However, a Medigap policy is insurance that you add to your Original Medicare coverage.

Medicare Advantage plans are generally cheaper than Medigap plans, but you pay more in out-of-pocket costs. We suggest buying a plan based on its comprehensive value (benefits, provider network, and so on), not just for the premiums. The right choice for you depends on:

- Your location
- Your health situation
- Your budget

If you get Medicare Advantage and Medigap confused, you may not understand what you're signing up for, which can lead to consequences down the road. Many residents in rural areas pick a Medigap policy if they qualify. Medicare Supplements are usually accepted by doctors (everywhere) and they don't have many (Plan F has zero) out-of-pocket costs.

If you cannot afford Medigap or you don't anticipate a lot of doctor's visits this year, consider an Advantage program instead.

Medicare Advantage plans are more appealing in urban areas where the medical systems are all competing for the spotlight. The most common types are HMO and PPO plans and both of which may have extremely low premiums. If you opt for Medicare Advantage, keep this in mind: there are limited provider networks and potential out-of-pocket costs.

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MISTAKE 5: Thinking That Medicare Covers Everything

Too many people assume that Medicare covers everything. They're disappointed to learn that they have co-pays and deductibles when they see their doctor. And they tend to sit back and coast during AEP rather than be proactive to ensure their plan really covers the medications or services they need. The solution? Do some research. Talk to trusted friends and family. Consult an insurance broker.

No matter which route you choose, there are many resources at your disposal. Having an overview of what is and isn't covered can help you avoid feeling lost and indecisive when enrolling in Medicare, and it can prevent further mistakes.

Here are some other areas that Medicare usually doesn't cover:

Cancer Treatment

Doctors may recommend services that aren't covered by Medicare — for which you'd be responsible. Cancer treatment drugs can be very expensive and may only be partially covered. In some cases, they won't be covered at all. Consider purchasing a lump sum cancer insurance plan on top of your Medicare coverage.

Long-Term Care

Medicare covers SOME short-term skilled nursing care, but this is only for recovery services. This excludes long-term custodial care like nursing homes or assisted living. For this reason, consider adding Long-Term Care Insurance to your existing Medicare plan.

Deductibles, Copays, and Coinsurance

With Original Medicare, you still need to pay deductibles, copayments, and coinsurance, which are:

1. Medicare Part A hospital deductible: \$1,408 per 60 day benefit period.
2. Part A daily hospital copays: starting on day 61 of \$352 and up to \$704 per day on the 91st day. After 150 days, no coverage will be left.
3. Skilled nursing facility copays: \$176 per day for days 21-100. After 100 days, no coverage will be provided.
4. Medicare Part B medical deductible: \$198 each calendar year (2020).
5. 20% coinsurance on Part B health care costs. There's no cap on what you pay out-of-pocket.

Medicare Supplement (Medigap) plans help with most of these expenses leftover by Medicare. You may know that Plan F offers the most comprehensive coverage — you have no out-of-pocket costs. Plan G covers everything but the Part B deductible of \$198.

Medicare Advantage programs (Part C) have a different group of benefits and provide an out-of-pocket limit each year — which can differ by plan. No insurance is intended to pay the copays on Advantage plans. Remember, Medicare Advantage is not the same as Medigap insurance. As a Medicare recipient, you must choose one or the other. Not both.

However, you may qualify for other supplemental health plans, such as cancer, stroke, heart attack, and hospital indemnity policies.

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MISTAKE 6: Not Reviewing Your Drug Plan Each Year

Last but not least, people often review their Part D (prescription drug) coverage every year. Many beneficiaries assume that since their drug plan has been useful, they don't need to review or change anything. This might be true for you.

But some people keep their Part D plan through AEP only to find out in January that the premiums and copays have risen.

What's more, the drug plan can change its coverage and copays, and may add new restrictions like step therapy or quantity limits on prescriptions. You'd have to wait until the next AEP to make changes to your Part D plan. For those who rely on these medications to function and live fully, this is a long time to wait.

Our Medicare advisors have the expertise to help you review, compare benefits, and choose your plan each year. We also manage the enrollment process and assist you with any problems, should they come up.

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We Want You to Be Educated and Informed

A big part of avoiding these common Medicare mistakes is to be as informed as possible. You can remember to enroll on time now that you're familiar with the different enrollment periods. Know what Medicare covers, review your plan annually, and don't confuse Medicare Supplements for Medicare Advantage. While this may sound like a brief list of commandments, we believe our guide will help you on your Medicare journey and prevent many potential headaches along the way.

Need Help? Schedule a Medicare Appointment Today

Dale Wondisford is a licensed insurance agent in the State of Florida and is fully certified as a Florida Medicare Options Consultant with a Medicare Specialists Designation. For over 11 years, he has helped clients get customized health plans for their individual needs.

Don't wait. Call (407) 863-3301 to make an appointment!