Educational Guide

The Nuts & Bolts of Original Medicare, Medicare Advantage and Medicare Supplement Insurance

Understand Your Medicare Options in 30 Minutes ... or Less!

by **Ray Martin**

The Nuts and Bolts of Original Medicare, Medicare Advantage and Medicare Supplement Insurance

Know Your Rights and Benefits!

Raymond T. Martin

Should we be talking? Get a FREE consultation!
1-800-464-4941 or Ray@WeRetireSmart.com

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This book is dedicated to my parents
Raymond A. Martin and Margaret M. Martin,
who set wonderful examples
of generosity and love,
and gave me the necessary tools
for personal and professional success

Acknowledgments

I would like to acknowledge and thank those professionals who have been my friends and mentors over the years. Because of you, I can confidently meet with any client and know that if they can be helped, I can do it.

I also would like to offer my gratitude to my clients for opening their doors and their lives for my help to meet their personal and financial goals. My clients personally enrich my life and make my daily work a pleasure.

WARNING!
This Could Happen to <u>You</u>!

She doesn't like her doctor. He doesn't listen.

She has **aches and pains and they're getting worse.** She knows there are treatments for her condition but the doctor said, "Let's wait and see." She can't help but wonder, "Did the senior health plan I enrolled in disallow the specialist referral because of the cost?"

That's how it can go with an HMO (also known as Medicare Advantage). Her doctor is the "**gatekeeper" to all her medical treatment options** and he won't open the gate. She's stuck.

What is she going to do?

She could try going back to "Original Medicare" and buy a Medicare supplement policy to fill in the gaps but she might be **declined by the supplement insurance company because of her current and past health conditions.**

She can't go forward and she can't go back.

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"I wish I had paid more attention when I started Medicare," she thinks to herself. "If I knew then what I know now, I might have made different choices."

When she enrolled, she thought she would save so much money on that plan. **The commercial sounded so good** . . . like everything was included and she'd be just fine.

Actually, she didn't even realize that she was joining an HMO. The advertisements seemed all the same, but **the plans are not the same!**

She doesn't like being in an HMO. She wants to **pick her own doctor and go to any specialist she chooses whenever <u>she</u> thinks it's necessary**, just like when she had insurance from work.

She cries quietly. If she could do it all over again, she would have taken more time to **find out her rights and benefit options under Medicare.** She really needed a counselor to help understand her choices.

Discover Little Known Secrets to Keeping Your Health, Freedom and Independence!

You probably started noticing it, oh . . . about six months before your 65th birthday. If you're not sure what I'm talking about, you will soon find out -- once you reach age 64 ½.

It seems like ga-zillions of **offers for products aimed at seniors** fill your mailbox each and every day – especially Medicare insurance offers.

When you arrive home each day and **your mail box is stuffed to the brim** with brochures, letters and postcards from every health care company, HMO and medical group you have ever heard of… and even some you didn't know existed.

I can't vouch for the effectiveness and value of all the products pitched at seniors but **I can definitely help you make sense out of your Medicare benefits and options**.

Should we be talking? Get a FREE consultation!
1-800-464-4941 or Ray@WeRetireSmart.com

If you feel confused by all the Medicare insurance options, join the club (a very large club!) One would think that something as universal as Medicare benefits would be **well known and easy to understand.**

Think again!

The government runs the Medicare program. That right there kills any hope of simplicity.

Add in an industry that is crowded with **competing companies that may not take the time to tell the whole story behind the promises.** You are absolutely right to look doubtfully at the offers you see on TV and in your mailbox.

It's almost funny the way **TV commercials are used to grab your attention.**

There's the 50-ish fellow who drones on in a sort of monotone, like a boring teacher (to whom the seniors in the fake TV audience listen with rapt attention).

There's the lovely scene of vibrant seniors actively enjoying a full lifestyle … like they have

all the money in the world (and no aches or pains).

And then there's the commercial that **makes you scared and worried** . . .

Well, the people in those ads are just actors but you live in the real world. And in the real world you have to **choose a plan, pay for it and live with it.**

Well, there's help on the way with this book. Read the whole thing. You no longer have to hope you pick the right plan.

What all of these pitches lack is **good, solid information you can understand** and use to make the best choice.

The old maxim still holds true today, **"An informed consumer makes the best purchase."**

My goal for this book is to **help you help yourself**. If that's what you want - to make your own decision - then read this book in full. In simple language, I will show you how to:

✓ Understand the **basic parts of Medicare**,

- ✓ Find out if you should purchase a **"Medicare Advantage" plan or "Medicare Supplement"** insurance,
- ✓ Learn **what Medicare does and does NOT cover**,
- ✓ Find out which of the alphabet **plans best fits your needs**,
- ✓ Avoid being penalized under the new **Medicare Part D prescription plan**,
- ✓ Decide which company offers **the best possible plan for YOU!**

They Snickered When I Told Them I Could Pick the Best Medicare Plan . . . But I Did It!

Wouldn't you feel great if you could confidently **answer <u>all</u> of those questions I listed above?**

Then you could look at those TV commercials with a bored yawn, **unmoved by**

their pitch. You would be able to throw away all the junk mail offers for Medicare plans **without a second thought.**

Yes, you could! **KNOWLEDGE IS POWER!** Read on….

Are You Confused by the Alphabet Soup of Medicare Benefits?

Well, let's take a look at the path all must walk once we reach age 65 – Medicare. Please accept my apology in advance if the subject is confusing. I am merely the messenger (not the creator of these laws and programs.)

First we'll review and simplify the Medicare alphabet of parts and plans. That way we can **divide up the confusion into tiny bits that make sense.**

Medicare Part A covers inpatient hospitalization, skilled nursing, blood, limited home health and hospice care.

Medicare Part B covers doctor services, tests, outpatient care, clinical lab services, blood transfusions and Chemo drugs.

Together Part A and Part B make up **"Original Medicare"** which you are entitled to because you worked at least 40 quarters (10 years) and paid into Social Security. It is quite similar to the health insurance you may have received from your employers in the past (it's like a PPO but it's not a PPO).

It is a "fee-for-service" system. **You can see any Medicare contracted doctor or specialist any time you want** - subject to deductibles, co-pays and basic restrictions like any other insurance plan.

Now, there is also something called **Medicare supplement insurance**, which is a private insurance plan you purchase voluntarily to **fill in the gaps that Medicare Part A and B together do not pay**. (It is sometimes referred to as "Medigap" or "Medsup" insurance.)

Medicare Supplement insurance comes in forms standardized by the Federal government that are **also given alphabet names**, A through

N. This may cause confusion! To keep these letter-labels straight, remember this:

Government benefits = "Parts"
as in "Part A and B".

Private Insurance Supplements = "Plans"
as in "Plans A-N".

(Note: "Modernized Medicare Plans" eliminated plans E, H, I and J in June of 2010.)

Please, get the difference between "Parts" and "Plans" firmly set in your mind early or it will be much harder to understand your options later on.

So far, so good.

WARNING! This is the first point at which I find senior's eyes begin to glaze over with non-comprehension.

There is a whole other aspect to Medicare benefits - **Part C, referred to as Medicare Advantage.** It was formerly called "Medicare + Choice". What's that?

Many seniors think that Part C is another Medicare supplement “plan” or just more Medicare benefits.

Absolutely not true. It is a "Part" not a "Plan".

Medicare Part C or "Medicare Advantage" is comprised primarily of HMOs although in some regions a PPO is available. It is just another way for a person to get their Medicare benefits and is a substitute for a senior having these:

(1) Medicare Part A

plus

(2) Medicare Part B

plus

(3) Medicare Supplement policy.

IMPORTANT NOTE: when you choose to join Part C, you technically replace **“Original Medicare” A and B.** You join a subsidized “Medicare Advantage” plan through a private insurance company. It is an either/or proposition. (I’ll tell you more about “Medicare Advantage” later in the book.)

In addition to Medicare Part A, B and C, as if that were not confusing enough, there is something called **Medicare Part D**.

Alright, what's that?

Well, Medicare Part D is the new part of Medicare created **specifically to help seniors pay for prescription drugs.** It is the most recent addition to the alphabet soup of "parts" and "plans" and became effective January 1, 2006. (I'll go into more details on Part D later in the book.)

Whew! There it is - the most basic information you must know to make sense of your Medicare benefits. Once you grasp these, you are ready for the next step in **your quest for correct, accurate information to choose the best possible Medicare plan for you.**

The Gaps and Holes in Medicare Benefits!

By now you should have received your description of benefits ("Medicare and You")

from Medicare. It's time to take a hard look at what's NOT covered by original Medicare.

If you are hospitalized, Medicare Part A does not pay for convenience items such as telephone and televisions, a private room (unless medically necessary) or private duty nurses.

If you are in a skilled nursing facility, Medicare Part A only pays for the type of nursing home care you would need for recovering after a hospital stay of at least 3 days. Medicare does not pay for custodial services such as help with daily living activities like bathing, eating or getting dressed, etc.

Medicare Part B does not pay for outpatient prescription drugs, routine physical examinations or services not related to treatment of illness or injury (except select preventative services.)

Medicare Part B also does not pay for dental care, dentures, cosmetic surgery, routine foot care, hearing aids, eye examinations, or eyeglasses. It also does not pay for treatment outside the United States (except in certain limited cases.)

Although Original Medicare (and the American health care system) is the best quality healthcare plan in the U.S., it has gaps which can be filled by a well-chosen, quality Medicare supplement insurance**.**

If You Have to Stay in a Hospital Bring Your Wallet, Checkbook Plus your Visa Card!

Well, this is not yet the complete picture. There are restrictions as well as deductibles and co-payments that **YOU are expected to pay out-of-pocket**.

A **deductible** is the amount you must pay for your own health care **BEFORE Medicare starts picking up the tab**. The deductibles are adjusted each year, always upwards (big surprise).

Hospitalization: Medicare Part A has a separate deductible for EACH "benefit period" (A benefit period begins on the first day you receive services as a patient in a hospital or

skilled nursing facility and ends after you have been out of the hospital or skilled nursing facility and have not received skilled care for 60 days in a row.) The deductibles in **2018** are:

There is a deductible of $1,340 each time you enter the hospital for treatment (called a "benefit period"). Most everything else is paid for by Medicare during the first 60 days.

If you stay in the hospital longer than 60 days, you would have to pay **$335 per day** from day 61 to 90 of your hospital stay.

And if your hospitalization lasts past 90 days, you would pay **$670 per day** for days 91 to 150 in the same benefit period. You pay **all costs** for your stay beyond 150 days.

Could you have more than one benefit period each year?

Absolutely!

That means that you could possibly have to **pay more than one $1,340 deductible in a single year!** Ouch!

Medicare Part A has a co-pay of **$167.50 per day** (2018) in a skilled nursing facility for

days 21 through 100 of each benefit period: Ten days = $1,675, Twenty days = $3,350, etc.

Medicare Part B has an annual **deductible of $183** per year (2018). After that is paid, you are responsible for paying **20% of the Medicare-approved fee** for your services (with the exception of select preventative services).

What if your doctor charges fees higher than the "Medicare-approved" fee? These are called "excess charges"!

You are responsible for **100% of the charges which exceed the Medicare approved fee.**

Whoa! You could pay a lot of money! *(Please read on. There is a solution.)*

WARNING!
Your Wallet is at Risk!

Gee, now that you see all that is NOT covered by Medicare, it should be plain that **your back side is dangerously exposed** (not to mention your health and wealth are at risk!).

So what is a senior to do to make sure he/she gets (and can afford!) the best medical care available?

This point is crucial.

Really. I mean it.

You have this wonderful benefit (Original Medicare) but now you also **KNOW it has serious gaps in coverage.** You have to make a decision about what course you will take to cover those gaps.

This is the point when the vast majority of seniors throw their hands up in disgust overwhelmed by ads, offers and confusion. What should you do?

This is the issue that is so well **obfuscated by those heart-tugging commercials and glossy-printed color brochures.**

Will You Accidently Buy the Wrong Medicare Plan for You?

If you don't grasp the following key points you could end up in a plan that is NOT what you wanted.

Pay attention! This is your chance to get it right. There are strict deadlines and rules. Make the wrong choice and it could be VERY difficult (or impossible) to undo it because of new federal regulations.

There are **two basic ways you can cover your behind financially.** Each will lead you down a wholly different path.

In a nutshell you can. . . .

OPTION 1: Stay in "Original Medicare" (Part A and B) and purchase a quality Medicare Supplement policy (Medigap) from a private insurer to pay for the gaps in coverage,

OR

OPTION 2: Choose to assign your Medicare benefits to a private insurance company "Medicare Advantage" HMO or PPO plan that will take the place of "Original Medicare" entirely.

I cannot say categorically that one or the other choice is definitely "good" or "bad" for you, the reader. (I don't even know you, for gosh sakes!) **I think you need to make an informed choice** -- which is the whole purpose of this book.

Secrets of Keeping Your Freedom of Choice Without Losing Any Benefits!

The choice you make today may change your quality of life. It can drastically alter your health care options.

But here is what you must know that is not said clearly in any advertisement I have seen so far:

Once you join a Medicare Part C "Medicare Advantage" (either HMO or PPO) you leave Original Medicare. If you join an HMO plan, you MAY **lose the choice to see any doctor or specialist you want,** when you want.

In an HMO plan, you will have a "Primary Care Physician" who will act as the gatekeeper

for all your medical care. Treatment, tests, specialist visits and more **will be determined by this physician NOT YOU!** (*See note below.)

** There is one notable exception to this rule – a hybrid Medicare Advantage plan called a "Local PPO". It allows specialist visits without a referral and may cover prescription drugs. However, be aware of co-pays and deductibles so you know exactly what this plan will cost you. A professional agent can tell you if it makes financial sense to join, based upon your health. It is an attractive alternative however to taking the HMO route.*

This type of care works very well with those that have worked with the HMO model before and like it. Those people make the transition to managed care effortlessly – no snags, same old stuff, no big deal.

But for the vast majority of seniors who are accustomed to freedom of choice, well frankly… it can be **a rude shock** when they find that **the "great plan" they selected is really just a managed care HMO plan with built in restrictions.**

Truthfully, at first glance Medicare Advantage looks like such a good deal. Many people think they are saving wads of money by opting for a Medicare Advantage HMO plan.

You pay little (and sometimes zero) premiums for joining. And it looks like the services are free. **But looks can be deceiving.** Think about it. How can a Medicare Advantage plan offer free service?

They don't.

Funding Source One: What is not evident on the surface is that **there are still costs within the HMO environment.** One may gain add-on benefits but there are additional co-payments and co-insurance which **you will still pay out-of-pocket.**

Some services are only provided for an extra fee. **(Read the fine print!)** As of this writing, the NEW health care reform planned for **$500 billion in cuts to Medicare,** which if enacted, will begin hitting Medicare Advantage plans starting in 2015.

Disregard everything I wrote earlier about costs and deductibles for Parts A and B.

That only applies to original Medicare which you would no longer be a part of. The rules and fees are made by the Medicare Advantage (HMO or PPO) plan, with the oversight of CMS, (Centers for Medicare and Medicaid Services.)

Say "Goodbye!" To Original Medicare!

Do you remember how, at the beginning of this book, I spoke of the volume of offers filling your mail box from all those companies sending very expensive color brochures?

Who are they from?

I can tell you right now, sight unseen, that most, if not all, of those companies are what used to be called HMOs! That's right. The new Medicare Advantage Plan **HMOs are flooding your mailbox** and the mailbox's of every other individual in the state who is turning age 65.

How can they afford to send out such expensive advertisements? (A very good question.)

Well, the Medicare Advantage Plan HMOs are hoping that you will sign over to them all your Medicare benefits. **They also hope you're in very good health and don't have to see your doctor very often.**

If You Are 65, You Are Worth $10,000 Every Year to an Insurance Company!

They don't do it out of the kindness of their heart. They are after the dollars your represent, a huge cash flow to them.

Funding source two: There is another way they fund all those benefits that are oh-so-enticing on TV. The HMO will thereafter be **paid a per-capita (per person) fee of approximately $900 per month** for your enrollment by CMS! (The amount can vary from county to county and even zip code to zip code.)

That's around **$10,000.00 per year**, rain or shine, whether you get care from them or not. That's a lot of money!

They use that government allotment to cover the cost of medical services and **keep any profit left over.** When they enroll more seniors, they make more profit (to pay for those expensive ads you see!)

The reason the Federal Government sends the HMO over $900.00 per month is because **by signing up for their Medicare Advantage plan you actually leave the "Original Medicare" system**.

That's right. You sign over all your Medicare benefits to the HMO and then **they are completely responsible for your healthcare.**

There is a built-in, profit-motivated incentive to restrict the patient (YOU!) to less care and less expensive options. That's why it's called "managed" care!

That's just the economics of it.

The bottom line is that **seniors consume more money for health care than any other demographic group.** The medical bills roll in. And the company must remain solvent to stay in business. **The medical bills have to be paid somehow.**

Well, you can choose to have your medical bills paid for after paying a modest front-end premium (Medicare supplement insurance) or at the back end (HMO co-pays and co-insurance) -- but one way or another, they will be paid.

What hangs in the balance of the two options is your freedom of choice.

So why would someone give up such a precious freedom?

Often times, **they don't know that's what they are doing.** I've never seen one 30 second commercial for these plans that even hints at this fact.

Don't get me wrong, I'm not saying that Medicare Advantage HMO plans are not good, just giving you the facts. It might be a good option but you can decide for yourself.

History of Medicare HMOs: Millions Left Without Health Care!

However, be aware that many times when you are in good health, you don't go to the doctor

much and don't use the system very often. Everything seems great.

The true test of a health care system is when you are ill and need the care. That's when you find out how good or bad the system is. By that time it may be too late to change.

Imagine going to the same doctor for 10 years or more. Your doctor knows your medical history, your family history… **he knows YOU.** And likewise, you've grown to know and trust your doctor as part of your extended family.

Now imagine your health plan (in this case an HMO) **drops service in your county or your doctor quits accepting your HMO health plan.**

What are your choices? Scramble to find another HMO? Choose a new doctor you don't even know?

Continue seeing your same doctor and **pay full price out-of-pocket?** What's the point of having a health plan if it doesn't pay your medical bills when you really need it?

The strongest link in the health care chain, that **bond between patient and doctor, is**

broken. This is especially upsetting to senior patients who, more than younger patients, depend on reliable health care from a familiar provider.

Just in case you missed the news story that day, let me tell you. On July 25, 2000, **thousands of California seniors woke up to this terrible news** on the front page of their newspaper.

"HMO's To Drop 934,000 On Medicare"

"Health plans (HMOs), complaining that the government underpays them, will drop the coverage of more than 934,000 Medicare beneficiaries next year."

Nationwide, other HMOs dropped out of Medicare as well, **leaving senior Americans stranded,** wondering where to go next for their health care.

The HMOs abandoning their plans (and patients) complained that Medicare did not allow them enough money (hospital and doctor's fees) to continue operating at a profit. Others speculated that the **HMOs tried to provide too much service at too low a cost.** You know the

old saying: **If it seems too good to be true, it probably is.**

In spite of this, Medicare HMOs continue to exist under "Medicare Advantage" and in some locations even prosper, so it can be a valid choice for some seniors. And now CMS has initiated a Five-Star rating System too.

If you still feel an HMO plan suits your needs or you prefer the low monthly premium, call me first for a less expensive alternative that many seniors are not aware of, but still gives you freedom of choice. (*See note below.)

** There are now selected local PPO plans with lower premiums which can be a good match for very healthy seniors looking to save money on their premiums by not over-insuring.*

There is still a tremendous amount of valuable information you can learn in this book if you keep **reading.**

How to Pay Your Medical Bills for Pennies on the Dollar!

Do you value your freedom of choice?

If you want **complete freedom of choice** -- any doctor, any specialist, any hospital, anytime, you should **buy a superior Medicare Supplement policy** and stay in Original Medicare. Think long and hard before joining Medicare Advantage.

Your "Golden Years" will remain golden and you will **keep your freedom and independence.**

As I said earlier, Medicare Supplements are called "plans" and each is given a letter-name, A, B, C, D, F,G, K, L, M and N. The obvious **purpose of purchasing a policy is so it helps pay for the gaps (**coinsurance, copayments and deductibles) **in Medicare so you don't have to.**

IMPORTANT NOTE: You must be signed up for Medicare Part A and B to purchase a Medicare Supplement policy. [Call Social Security toll-free at (800)772-1213 to enroll] You have **three months before** your 65th birthday, your birthday month, and three months after your 65th birthday to enroll in Original Medicare. Don't wait. Call before you turn 65!

Here's how the plans work: Plan A is the basic, core plan. **The other plans build onto Plan A by adding** [or subtracting] **more benefits.** Every company who offers Medicare supplement insurance MUST offer standard "Plan A". They may also offer some, none or all of the other plans.

For simplicity sake, instead of giving you a long-winded description of each plan, I've provided **a simple chart on the next page** for you to visually follow along. (I don't want to bore you or make it more confusing than it already is.)

First thing we'll do toward simplification is eliminate plans K and L from the conversation and the chart. These plans were added in 2006 (They didn't exist before then.) and they leave you paying 50% to 75% of the medical bills! I'm sure you'll agree with me, with so little coverage, K and L are not attractive choices for most people!

O.K, so what is the difference between all these various Medicare Supplement plans? The chart makes it obvious that each plan, A, B, C, etc., adds more benefits.

To get the best value for your money, you have to look at this with your wallet shut and your eyes open. So, let's review your options with the chart on the following page.

Easy Chart of Medigap Plans A – N

If a checkmark appears in a column of this chart, the Medigap policy covers 100% of the described benefit. If the column lists a percentage, the policy covers that percentage of the described benefit. If a column is blank, the policy does not cover that benefit. The Medigap policy covers the co-insurance only after you have paid the deductible unless the Medigap policy also covers the deductible.

Foot Notes for the following Chart:

* Medigap Plan F also offers a high-deductible option. You must pay for Medicare covered costs up to the high-deductible amount ($2,240 in 2018) before your Medigap policy pays anything.

\# You must also pay a separate deductible for foreign travel emergency ($250 per year).

@ Plan N pays 100% of the Part B coinsurance except up to a $20 co-payment for office visits and up to a $50 co-payment for emergency room visits and excess charges.

\+ After you meet your out-of-pocket yearly limit and your yearly Part B deductible ($183 in 2018), the Medigap pays 100% of covered services for the rest of the calendar year. The out-of-pocket limit (Plan K: $5,240 and Plan L: $2,620) is the maximum amount you would pay for co-insurance and co-payment.

Medicare Benefit Description	A	B	C	D	F	G	K	L	M	N
Footnotes →			#	#	*#	#	+	+	#	@#
Medicare Part A co-insurance hospital costs up to an addition 365 days after Medicare benefits are used up.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medicare Part B co-insurance or co-payment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Blood (first 3 pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A hospice care co-insurance or co-payment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled nursing facility care co-insurance			✓	✓	✓	✓	50%	75%	✓	✓
Medicare Part A deductible *		✓	✓	✓	✓	✓	50%	75%	50%	✓
Medicare Part B deductible			✓		✓					
Medicare Part B excess charges					✓	✓				
Foreign Travel Emergency (up to plan limits) #			✓	✓	✓	✓			✓	✓
Medicare preventative care Part B co-insurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Now, if you study the chart closely, you'll see that Plans F and N offer nearly the same in benefits. They also seem to have the most coverage, right? But, there are two important differences between these plans you should know about.

While Plan N is a few dollars cheaper, it also has three extra co-payments that Plan F covers completely.

So here are the differences stated simply:

Under Plan N, you must pay the $183 annual Part B deductible first, before other benefits are paid. You also have up to a $20 per office visit co-payment and up to a $50 co-payment per emergency room visit. The differences in premium could be 30% less for Plan N but that savings could be entirely wiped out if you see the doctor regularly and have an urgent care visit or two.

I suggest you get a professional opinion on whether Plan F or Plan N is a better choice for your circumstances.

What about the preventative care benefits that used to be in the old standardized supplement

plans? Good news! An expanded list of those services has been moved from the supplement plans to Medicare (but still subject to the Part B deductible). All Medicare supplements now pay the part B co-insurance for preventative services. And, don't forget, you also get a free one-time 'Welcome to Medicare' preventative check up

Keep in mind, if you already have a medical condition like high blood pressure, diabetes, or just arthritis, your treatments and tests are **medically necessary and hence covered by Medicare** Part A and B as well as Plans A through N.

Are You Choosing the Right Medicare Supplement for Your Needs?

It's pretty obvious that the more benefits you add on top of the Basic Plan A, the more it would cost you.

Take a moment to consider, "Which of those add-on benefits has the **greatest positive impact on your wallet**?"

If you said, Plan F, you'd be right.

Why? Because **Plan F covers everything that plans A, B C, D & G cover PLUS it will also pay for excess charges** if you use a doctor who does not accept the Medicare fee schedule.

What's not obvious is the difference in price between Plan A and Plan F is less than a dollar a day! Really!

Why not have the maximum coverage for only a few dollars more!

Plan F has add-on benefits with the highest monetary value. You could pay pennies on the dollar for your medical bills!

So, in the absence of a detailed discussion of your specific needs and requirements, it's my professional opinion you'd be **very safe to choose to purchase a Medigap Plan F.**

Right now, about **45% of seniors** who buy a Medicare Supplement, purchase Plan F so you'll be in good company. It wins hands down

as **the most popular supplement available on the market.**

Earlier we reviewed what Medicare does not cover. By looking over the chart provided you can more fully appreciate how these plans will **fill in the gaps to help pay medical bills that Medicare doesn't.**

See! You are already a more informed consumer!

There you go. I bet you know more about your rights and benefits than when you opened this book. But believe it or not, there is information that you still **DON'T KNOW that could trip you up and cost you your hard earned retirement dollars.**

So, that said, let's plow into the next subject **every informed senior must know** about… Medicare Part D.

Millions Now Have Valuable Prescription Drug Coverage!

The **Medicare Prescription Drug Improvement and Modernization Act of 2003** (referred to as Medicare Modernization Act or MMA) made sweeping changes to the Medicare system. One of those changes was to add a new component to Medicare benefits, **Medicare Part D**.

Medicare Part D is the prescription drug plan that went into effect on January 1, 2006. Here's a thumb-nail sketch of the **core benefits set up by CMS**…

If you enroll in the basic Medicare Part D plan, you would pay the **first $405** (2018) of prescription costs as your deductible. After your deductible has been met each year, you pay **25%** of your prescription costs (Part D plan would pay 75%) between the $405 deductible and the $3,750, the initial coverage maximum for the year.

Once you exceed the annual maximum ($3,750) you enter the 'donut hole' and pay the retail cost with a 60% discount on Brand Name drugs until your out-of-pocket costs hit $5,000 in a single calendar year. After the "True-out-of-

pocket-threshold" (TROOP) of $5,000 in a calendar year, your share of the drug costs is $3.30 for generic drugs or $8.25 for brand name drugs or a 5% co-insurance, whichever is greater.

Keep in mind, you can purchase an upgraded Part D plan which **will waive the annual deductible** and include co-payments **as low as $7 to $45**. Use the enclosed "Prescription Drug Plan Analysis" request form to find out which Part D plan is most suited to your personal situation and needs.

While that is fairly simple and straightforward, the Part D prescription benefit is administered entirely by **private companies**, not Medicare.

What has made this new benefit unnecessarily confusing is that each insurance company has the freedom to enhance the above core benefits in **countless ways and to offer multiple variations.** The number of plans and their corresponding prices has made choosing a prescription drug plan a daunting challenge to most seniors.

Then there is also the nagging question, **"Do I need to purchase a Part D prescription drug plan?"**

To that I say, **"No", "No" and "Yes".** Here are the ins and outs of making that decision:

"No" you do not need to purchase a Medicare Part D prescription plan **IF** you have group health insurance through your or your spouse's employer that includes prescription drug coverage.

"No" you do not need to purchase a Medicare Part D prescription plan **IF** you are enrolled in a Part C Medicare Advantage plan HMO that includes prescription drug coverage. Most HMOs do cover prescriptions but check with your insurer just to be sure.

BEWARE!: You CANNOT be enrolled in Medicare HMO with prescription coverage and a Part D prescription plan! If you enroll in Part D it could result in your being dis-enrolled from your Medicare Advantage plan (Part C). Yikes!

"Yes" you absolutely should enroll in Medicare Part D if you are not covered by the two exceptions above.

Why? For two very important reasons:

REASON #1: There is a "Lock In" provision to the Medicare Modernization Act which imposes a huge penalty you must know about. Anyone who is eligible to enroll in Medicare Part D, but does not, must **pay a 1% per month penalty for every month they delayed enrollment.**

That doesn't sound too bad, does it? Maybe you could procrastinate for a month or two, sign up later and only pay a 1 or 2% penalty, right?

WRONG!

You are given only two opportunities to enroll. The first is when you become a new Medicare recipient, or leave the group health plan through your employer.

The other open enrollment period is from October 15th – December 7th of each year for benefits beginning January 1st.

That means that if you don't enroll when you begin your Medicare benefits, you must wait until the Annual Enrollment Period (AEP) come

October 15th – December 7th to sign up for benefits to begin the following year.

How is the penalty calculated, you ask?

Well, count the months between your birthday and the end of the year and that is the penalty that will be tacked onto your premiums each month **FOR THE REST OF YOUR LIFE!**

And it gets worse. Let's say you don't sign up your first year at all because, well, **you're healthy and don't take any medication.** Perhaps you wait three years to sign up for a Medicare Part D Prescription Drug Plan.

What happens then?

In that case, assuming you wait exactly 36 months, you would **pay 36%** more than national Part D average premium **EVERY MONTH FOR THE REST OF YOUR LIFE!**

That's a big penalty which would be foolish to ignore.

REASON #2: What if a detailed analysis of your current medication use shows that **you use so few medications** that it doesn't seem cost

effective to purchase a Part D prescription plan at this time? What should you do?

Statistically, that good luck may not continue. If your medication usage increases (which it probably will) and drug prices go up later on (and they usually do), **having a prescription plan may be vital to maintaining your health and quality of life.**

When you need it most, years down the road, **you may not be able to afford it**. You will be hit with higher prices AND a huge penalty for having waited to buy Part D.

Buying even the lowest priced plan now, when you sign up for Medicare, **preserves your participation in Part D benefits without penalties later.**

I cannot stress enough that the down side of **waiting to enroll is far too costly**.

Don't allow yourself to be paralyzed by too many choices. Your best bet is to buy a plan now to lock in your participation. At this writing, **premiums range from $19 - $100 plus a month.**

See! You don't have to give up your freedom of choice by joining an Medicare Advantage HMO just so you can have some prescription drug coverage. Now there is even more reason to **take out a Plan F** supplement **and have prescription drug coverage with a Part D plan** too!

Well, we've covered a lot of ground so far. I hope I haven't lost you along the way. Okay, you're almost done. There's just a little more you should know.

If You are 64 Years Old, You MUST KNOW This Deadline!

Why must you confront and handle all these important decision right now?

Yes, RIGHT NOW!

The most important fact you must know is this: **They don't bend the rules!** If you miss the deadline to join Medicare, (three months before you turn age 65, your birthday month, and three

months after your 65th birthday) you will pay the price.

Period. End of story. Timing is everything.

Here's the other VERY important thing you must know!

When purchasing a Medicare Supplement you also have a narrow window of opportunity. When you turn age 65 you have a 6 month deadline from the effective date of your Medicare Part B to enroll in any Medicare Supplement plan you want with **NO MEDICAL UNDERWRITING.**

That's important. Let me repeat it.

You don't have to worry about any pre-existing conditions when you buy a Medicare Supplement within 6 months of your Part B effective date. There will be NO MEDICAL UNDERWRITING. You can buy any Medicare Supplement you want guaranteed to be issued!

Later on, if you want to change plans, you might not have the same choice you have right now as a new enrollee for Medicare benefits.

The best time to buy a Medicare Supplement policy is during your initial open enrollment period which is (1) when you turn age 65 or (2) when you leave a company health plan. At these times, y**ou cannot be turned down or charged higher premiums** because of poor health.

Once your initial open enrollment period ends, **you will have to accept whatever policy an insurance company is willing to sell you.**

Holy Cow! Talk about losing freedom of choice!!

The insurance company will look at your medical history IN DETAIL to determine **IF they want to insure you.** The company can:

- **Restrict** which plans they will offer you,
- Or even **reject** your application altogether!

Yikes!!

Now you know why I wrote this book. It is so heartbreaking when a senior comes to me for

help who has passed the deadline. There is only so much I can do. **I want you to know now what your rights and benefits are so I can help YOU!**

If you do not buy a Medicare supplement policy, **you are putting yourself at huge financial risk.**

The Two Rules for Leaving a Medicare Advantage HMO Without Penalty or Underwriting!

I've already written at great length the pitfalls of Medicare Advantage HMOs and we don't know how the ACA [Affordable Care Act, aka Obamacare] will affect future HMO benefits. If you are already in that kind of plan or know someone who is, wouldn't you like to know if and how you could re-gain your freedom of choice with a Medicare Supplement policy?

It's tricky but it may still be possible. [Get advice!] Ready?

There are **certain situations when one may have the right to get a Medicare Supplement plan after the open enrollment period ends.** In these specific cases, the insurance company cannot deny you coverage or change the price of a plan because of past or present health problems:

- **You are involuntarily terminated** from your Medicare Advantage HMO, Medicare Supplement or employer health plan, **through no fault of your own** for example, the company goes broke, you retire or the Medicare Advantage plan is terminated.
- You join a Medicare Advantage PPO, HMO, PFFS plan for the first time and **within one year of joining you decide to leave** managed care and go back to a Medicare Supplement.

In both of those circumstances, there is only a **63-day "open window"** to make the new application and it requires a "letter of termination" from the employer and/or insurance company.

The rules for what plan you can choose are:

- If you were new to Medicare when you joined the plan, you are able to choose any Medicare Supplement plan the supplement company sells.
- If you already had a Medicare Supplement plan before you joined the MA (Medicare Advantage), you may be able to get the same plan back.

What if this doesn't apply to you? What are your options?

The bad news is **if you are in poor health, you may be locked into your first choice. Period**. Only an experienced advisor can tell you if you have a chance of making it through a medical underwriting review of your health history. (Call us for a professional evaluation of your personal situation.)

You Have to Pick the Right Company, NOT Just the Right Plan

Which is "the best" company? It's simply mind-boggling. Which one should you choose?

All right. You **understand the reasons** why you should sign up for a Medicare Supplement and a Part D prescription drug plan.

You now have the vital information to make sure you **choose the absolute best Medicare Supplement and keep your freedom and independence.**

You now know **the deadline to sign up for Original Medicare,** for the **supplement insurance** as well as the prescription drug (Part D) coverage.

What do you do now?

Because the Modernized Medicare supplement plans are standardized, that really leaves just **two major criteria for deciding which company** to buy from: company stability and monthly premium!

With any kind of insurance, **what you buy today might not be what you have tomorrow.** If an insurance carrier runs into financial trouble, they can increase rates, leave the area or go out of business . . . either way you lose.

Be careful! In the next few years, many carriers will have difficulties because of the increasing costs.

A strong carrier should be your first concern.

You want to purchase your policy from **the strongest companies in California**; one who has been rock solid for decades. Stability of the company means **rate stability and coverage reliability** in the future.

The major advantage to a Medicare Supplement policy is that you don't have to deal with physician, specialist and hospital networks. There are NO NETWORK LIMITATIONS as long as the providers are contracted with Medicare. Period. That gives your freedom of choice real meaning.

I hate to do this too you but, in the framework of this printed work, I cannot make a recommendation to a specific company for you right now. *(And legally, I cannot name names. But you know them. They are widely-known insurance companies in your area. I can offer almost all of these to you.)*

Why? Well for one thing **the prices are in a state of flux.** They always are. Prices can and will change, but when we talk, I will tell you the ones that change the least over time for the county and zip code you live in.

Variations in annual premiums between two companies may be **as high as $300 to $500 per year for the exact same plan!** Who will have the best price when you buy? I don't know.

There is one plan that I am recommending to my clients right now but I hesitate to mention it here or the insurance company who offers it. Why?

Who knows what changes in the market place will occur between the day I write this book and the day you hold it in your hands? Maybe their premiums will increase or **some other company will have a more competitive Medigap policy**.

I am an independent insurance broker. That means **I represent you first, not the insurance company.** (As opposed to an agent who represents a company to obtain it's customers.)

What this means to your wallet is that I am not beholden to any one company. **I place my clients (YOU) in the best policy at the best price.**

And I only work with the **best, strongest, highest rated companies.**

If there is a particularly good plan offered which is well-priced at the time this book was mailed to you, I will have that information for you along with this book.

If not, then you'll need to call our office. Don't worry, there'll be no hard-sell. I'll mail you solid, factual data on what plan meets your needs best AND is the **lowest priced, most cost-effective available.**

That's the best I can do in a market that is ever changing and I believe it is better than you will get anywhere else.

Hundreds Are Now Happy with Their Medicare Supplement

Because They Worked Personally with an Expert Advisor!

That's another good reason to deal with a real person, not a TV commercial or brochure – **EXPERT ADVICE** plus excellent customer service for decades to come!

This is your first time purchasing a Medicare Supplement. Even if you consult all your **golf buddies** or the entire **Bridge Club**, each person has only been down this road ONE TIME!

I have been a financial advisor and insurance professional for over 24 years. I help people like you day after day, week after week. I have hundreds of satisfied clients – all seniors just like you!

A big decision you must make is, **"Where do I get my advice?"** Who are you going to trust for advice?

The **paid actors** on the TV commercial?

The **copywriter** at the ad agency for an insurance company?

Should we be talking? Get a FREE consultation!
1-800-464-4941 or Ray@WeRetireSmart.com

Or the independent advisor who literally "wrote the book" (this book!) on your rights and benefits as a Medicare beneficiary?

I wrote this book so I could **help you help yourself**. Now you can help yourself further by availing yourself of a **No-risk, No-obligation private telephone consultation** to answer ALL your questions.

Warmest Regards,
Raymond T. Martin

P.S. I won't come to your home and park myself at your kitchen table pressuring you to buy. You don't want me to do that and I don't like doing that either. **Give me 30 minutes of your time by phone or you may come visit me at my office.** I or one of my highly-trained, caring associates will make sure that you are **well taken care of and very happy** with your Medicare Supplement and Part D policy.

P.P.S. If you are not **100% satisfied** with your policy you can return it for a **full refund** in the first 30 days after delivery!

P.P.P.S. Thanks for the opportunity to help you protect your health and freedom of choice. Enjoy your golden years!

Call Today for a FREE Complimentary, No-Obligation Medicare Benefits Consultation! (800) 464-4941

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About the Author

Ray Martin is an insurance and financial professional who works exclusively with those who are age 55 years and older. He is a unique financial advisor because he has studied the social, medical, legal and financial aspects of aging. His creative, but tried and true, retirement planning strategies reflect more than 29 years of knowledge and experience.

Ray helps his clients first by educating them on their rights and benefits so they are informed consumers who are not likely to be taken in by the gimmicks, tricks and scams aimed at seniors. Second, he works closely with his clients to help them meet their own personal and financial retirement goals.

Ray said, “The needs of seniors are best served by a planner who keeps abreast of the laws and products suitable for older Americans.” He further explained his approach, “Each client is unique. It is only by having a full understanding of their priorities and goals that I can help. No cookie-cutter approach would work with today’s retirees”

Unlike many advisors, Ray will help you with all your retirement planning issues to create a unified plan that leaves no holes or gaps that could wreak financial havoc. Retirement planning is both an art and science. It takes a tremendous amount of education plus extensive experience to make a successful retirement plan and, better yet, make it work.

Should we be talking? Get a FREE consultation!
1-800-464-4941 or Ray@WeRetireSmart.com

Ray counts his satisfied clients in the hundreds. In the words of one, *"When I met Ray for the first time I was truly impressed. It was like meeting with an old friend. He really makes caring for his clients his business. With Ray's help we know we can make our plans come true."*

When you meet Ray, you'll find out what his clients already know; he gives genuine care along with full-service retirement planning. Warm, friendly and low-key, these describe Ray's relationship with those he helps.

Ray began his career in financial services in 1988 after graduating from Pepperdine University School of Business. As an independent financial advisor, Ray is not controlled by any particular financial institution so he can truly serve the best interests of his clients.

Ray is the featured speaker at numerous financial education workshops, college campuses and publishes the newsletter, "Ray's Report: Prudent Planning for Peace of Mind".

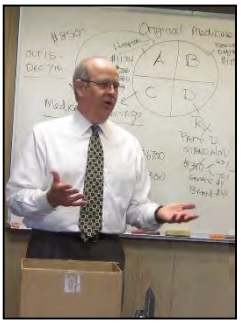
It was his personal experience after his mother needed long term care that led Ray to specialize in the needs of seniors. He discovered an alarming lack of correct, unbiased financial expertise available to retirees. Helping his clients achieve their own financial goals gives Ray his greatest professional satisfaction.

Ray Martin is a Southern California native and has lived in Irvine for 28 years with his wife and four children. He is active in the community volunteering his time in both Little League Baseball and the Boy Scouts of America.

Should we be talking? Get a FREE consultation!
1-800-464-4941 or Ray@WeRetireSmart.com

Services Available from Ray Martin

1. "Ray's Retire Right Report" newsletter, a fun yet informative publication on topics of interest to seniors. Get your FREE subscription!
2. Pre-retirement and post-retirement financial planning: Find out if **your retirement savings is headed for disaster** – and how to keep that from happening.
3. Invitation to **FREE educational workshops** covering information vital to retirees such as how to:



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You need to **find out your rights and benefits** before you sign up for any Medicare (Medigap) policy! If you want to know which plan gives you the **best coverage at the lowest price**, this book is a "must read". Understand your Medicare Options in 30 minutes or less, including these "inside secrets":

- Find out the **gaps and holes** in Medicare that will **empty your wallet fast**,
- How to **avoid falling prey** to slick advertisements for the wrong plan,
- How can you keep your health care freedom of choice AND **pay for medical bills with pennies on the dollar!**
- Learn the one deadline that you must know or **lose benefits**,
- Find out which plan left **millions of seniors without health care coverage.**

By the time you turn the last page of this book, you will have the knowledge to **make sense of your Medicare benefits** and choose the best plan for yourself!

Raymond T. Martin
Retirement Coach

Ray Martin is an insurance and financial professional who works exclusively with those who are age 55 years and older. He is unique because he has studied the social, medical, legal and financial aspects of aging. His creative, but tried and true, retirement planning strategies reflect more than 24 years of knowledge and experience.

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