

## MEDICARE CAN BE VERY CONFUSING - -

The **Centers for Medicare & Medicaid Services (CMS)** is the federal agency that oversees the Medicare program. There are rules regarding when you can apply, who is eligible, eligibility periods, prescription drug plans, etc. Three times a year I try to hold educational workshops to review some of this information. The next workshop will be in May- I will address that later in this newsletter.

In order to enroll in a Medicare supplement plan (Medigap) or a Medicare Advantage Prescription drug plan (MAPD), you first need to be enrolled in Medicare parts A (Hospital Insurance) and B (Medical Insurance). Again, there are strict enrollment periods in which you can enroll in parts A and B.

Since I often get asked what the difference between a Medigap and Medicare Advantage plan is, I wanted to shed some light on a few key differences. **YOU MAY NOT HAVE BOTH.**

**COST - - -** Medigap plans usually cost more (higher monthly premiums) but have fewer and lower out of pocket expenses when you seek medical services. Prescriptions are NOT included with Medigap plans, so you would also need to enroll in a stand-alone Rx plan (Part D). These plans cover what Medicare covers so they don't typically include some of the extra services that you see with Medicare Advantage plans, such as dental, vision, etc. Medicare Advantage plans usually cost less and include prescription drug coverage.

**PROVIDERS - -** With Medigap policies, you could go to any doctor, hospital or facility that accepts Medicare anywhere in the United States. They give you flexibility when you travel, need to see specialists outside of the area, etc. Medicare Advantage plans have a network of providers. The networks tend to be very extensive, but you need to check prior to enrolling to see if your providers participate. MAPDs tend to offer

HMO's and PPO's. With an HMO, you usually need to stay within the network except for emergencies. PPO's give you the option to go out of network for non-emergencies, but your cost can be more in that situation.

**UNDERWRITING-** If you enroll in a Medigap plan within 6 months of turning 65 or enrolling in part B, you can automatically enroll in a Medigap plan at a preferred rate. However, if you are outside of that window, you usually must answer medical questions to see if you qualify, and at what rate. There are some exceptions in which you may have a guaranteed issue right to apply without underwriting. With Medicare Advantage plans, there is one question that would not allow you to enroll in these plans- Do you have end stage renal disease? There is a possibility that in 2021 this may be revised as well to allow individuals with end stage renal disease to enroll.

## MEDICARE.GOV - - -

[www.medicare.gov](http://www.medicare.gov) is a good resource to use to compare various plans (Medigap, Rx-Part D, and Medicare Advantage) that are available in your area. You could also enter your prescription drugs to see which plans cover them and at what level.

If you are already on Medicare, I would strongly recommend that you create an account on this site. It will save your information, allow you to print a new card, look at claims, find out if certain services are covered, etc. If you would like assistance with creating an account, please call my office. Also, when we meet or speak over the phone for our annual review, please have your login information available so we can confirm if your medications are covered, etc.

## **Individual ACA Plans - - -**

For individuals and families who do not receive employer group coverage and are not eligible for Medicare, there are individual/family plans. There are strict enrollment periods with these plans as well. The Annual Enrollment is between November 1<sup>st</sup> and December 15<sup>th</sup>. This is when anyone can enroll in a plan, which would be effective the 1<sup>st</sup> of January. Outside of this period you would need to have a qualifying event to enroll, such as loss of group coverage, a move to a different state, aging off a parents' plan, etc. They also require proof of the qualifying event.

Basically, there are 2 ways to enroll: via the Federal marketplace or direct with the insurance carrier. The reason people go through the marketplace is to see if they qualify for help paying for their insurance, and if so, the only way to get this assistance is through this pathway.

For this upcoming 2020 open enrollment period, Pennsylvania has officially transitioned to a state-based exchange – federal platform (“SBE-FP”). Pennsylvania will remain an SBE-FP until it makes the full transition to a state-based exchange. This full conversion to an SBE is slated to occur for the beginning of the 2021 open enrollment period.

Unfortunately, the number of carriers providing individual ACA plans is limited. In Western PA, the 2 carriers are Highmark and UPMC. As you know, I can assist with Highmark plans, both on and off the exchange. I am unable to help with the individual UPMC plans. In Ohio, there are a few carriers that provide coverage in limited areas, so it would depend on the county in which you reside. I can assist with all the Ohio carriers, such as Med Mutual, Ambetter, Oscar/Cleveland Clinic, etc.

## **WHAT IS an HSA- - -**

A Health Savings Account (HSA) is a tax-deductible savings account that allows you to save toward your healthcare expenses. It is not an FSA (Flexible Spending Account)- where you use it or lose it. The money in your HSA rolls over from year to year. Your account grows

through interest and investments. It is your account and you can take it with you if you change employers. The main thing to understand is that in order to open and contribute to an HSA, you must be enrolled in a qualified high deductible health plan (QHDHP). Not all high deductible plans are HSA compatible, so you would need to confirm prior to putting money in an HSA.

Both employer plans and individual/family plans may offer HSA compatible plans. One important thing to note- if you are enrolled in Medicare part A and/or B, you MAY NOT contribute to an HSA.

Basically, an HSA is an account that you can open (there are limits as to how much you can contribute, which I will discuss shortly), to pay for your deductible, coinsurance, and overall medical expenses. The money you put in is pre-tax, either deducted from your pay, or if you are not working, you can write off the contributions when submitting your taxes.

The annual contribution limits change each year. In 2020, the annual contribution limit for an individual is \$3550 and \$7100 for a family. In addition, if you are 55 years and older, there is a catch-up contribution of \$1000 annually. These numbers are the most you can contribute on an annual basis. If you only are enrolled in a HDHP plan for 6 months, you can contribute half of that amount.

It is very important to understand that the money in this account can only be used for medical expenses, including dental and vision expenses. While you can pay for prescriptions medications, you MAY NOT pay for over-the-counter medications. If you were to use this HSA for non-medical expenses, you will be taxed and charged a 20% penalty.

These accounts are often said to have a triple tax advantage- you don't get taxed when you put the money in, there are no taxes on earnings or interest, and you don't get taxed when you use the money for qualified medical expenses.

You can open an HSA through different facilities such as a bank, credit union, etc. Make sure you inquire as to what their fees are- some charge if your balance is below a certain amount, while others charge on a monthly basis. Also, they vary on their investment opportunities, and what your balance needs to be to select this option.

## TOPICS OF INTEREST TO YOU - - -

I write these newsletters to try and provide helpful information. I usually pick the topics I think might be something you would be interested in, but I often find that some of you are not reading the newsletters. Now, I know the topic of insurance, especially health insurance, can be extremely boring. I am trying to make it as exciting as possible. Unfortunately, that is not easy to do. I would like to include some articles that you would like to learn more about. I am listing some possible topics below. Please let me know your thoughts.

Silver Sneakers

Annual Wellness Visit through Medicare

Medicare Enrollment Periods

Good Rx

Long-term care insurance

OTHER IDEAS?????

## UPCOMING MEDICARE EDUCATIONAL WORKSHOP - - -

I will be holding an educational workshop on **Monday, May 11<sup>th</sup> from 1pm to 2:30 pm** at the Peters Township Library, 616 E. McMurray Road, McMurray, PA 15317. I will be reviewing the different parts of Medicare- parts A, B, C and D, how to apply, eligibility periods, late enrollment, income-related monthly adjustments, the prescription drug plan and coverage gap, and Medigap as well as Medicare Advantage plans. **No plan specific information will be provided.** My goal is to help you navigate the confusing world of Medicare and learn what options are available.

I am hoping to hold another workshop in September which will cover the same information. No date has been scheduled in September yet.

If you are interested in attending or know of family or friends who may be interested, please let us know. This will be especially helpful for individuals who are aging into Medicare or who are leaving group coverage.

Visit my updated website at  
[www.bluepeakinsurance.com](http://www.bluepeakinsurance.com)



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[nglicksman@bluepeakinsurance.com](mailto:nglicksman@bluepeakinsurance.com)

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