

Medicare and Reaching Retirement Age



John, an Allsup customer.

What to expect and how to choose Medicare coverage

Getting assistance through
Allsup Medicare Advisor[®]
Plan Selection Service





What to Expect When Reaching Retirement Age

Are you about to become eligible for Medicare? Shifting from employer-sponsored healthcare to Medicare can be intimidating because it means transitioning from a simple annual selection to numerous options.

As part of the *Allsup Medicare Advisor*[®] plan selection service, Allsup regularly helps new enrollees identify the best choices given their particular health and financial situation.

Frequently Asked Questions from New Medicare Enrollees

When can I enroll in Medicare?

Most people become eligible for Medicare when they turn 65. If you're already collecting Social Security retirement benefits, you should be enrolled in Medicare automatically. If you're not, you'll need to sign up to get Medicare. You'll have seven months to enroll: three months before, the month of and three months after your 65th birthday.

Enrolling In Medicare for the First Time

Month 1	Eligible to enroll with no penalty
Month 2	Eligible to enroll with no penalty
Month 3	Eligible to enroll with no penalty
Month 4	BIRTHDAY MONTH – Eligible to enroll with no penalty
Month 5	Eligible to enroll with no penalty
Month 6	Eligible to enroll with no penalty
Month 7	Eligible to enroll with no penalty
Month 8	Enrollment period expires and penalties begin to accrue

What are my Medicare options and the costs?

Medicare has four components – Parts A-D. There's also Medigap supplemental coverage.

- Part A, which covers hospital care, is **free** to most people who paid FICA taxes while working.
- Part B, which covers outpatient services and doctor visits, charges an income-based premium. Most new Medicare enrollees can expect to pay a monthly premium of \$115.40 in 2011, but it's more for individuals with annual income above \$85,000 (or more than \$170,000 for couples).
- Part C, or Medicare Advantage, combines the benefits of Medicare Parts A and B, making it easier for you to manage your coverage. A Medicare Advantage plan also may provide additional coverage, including a Part D prescription drug plan as well as dental or vision care. Depending on where someone lives, there are dozens of different plans with varying levels of services and costs.
- Part D covers prescription drug costs. This coverage can be purchased separately or as part of a Medicare Advantage plan and is provided by private health insurers, which offer dozens of plans and prices.



- **Medigap:** Because out-of-pocket costs can be high with traditional Medicare (Parts A and B), many people also enroll in Medigap supplemental coverage to help minimize these costs. Again, there are dozens of different plans and price levels from which to choose.

Your Medicare Options

Medicare has four core components: Part A (hospital services); Part B (medical services); Part C (Medicare Advantage) and Part D (prescription drug) as well as Medigap (supplemental coverage).

The most common combinations of services are:	
1.	A + B
2.	A + B + D
3.	A + B + D + Medigap supplemental coverage
4.	C, which includes A + B; it may include D and covers many costs that would be considered supplemental

Do I have to enroll in Medicare even if I already have private coverage?

If you are working and have health insurance through your employer, or your spouse is working and has employer-provided health insurance under which you also are covered, you should still sign up for Medicare Part A. However, you can defer Medicare Part B.

To do so, you have to notify the Social Security Administration that you are seeking a deferral. If you do not do this, there are steep penalties. If you are working and receive a deferral, but then leave your job, you have eight months in which to enroll in Medicare Part B before the penalties kick in. As part of the *Allsup Medicare Advisor* program, Allsup

often works with employees making the transition from employer plans to Medicare.

What are the penalties for not enrolling in Medicare?

If you do not have an approved deferral, you may need to pay a late-enrollment penalty of 10 percent for each full 12-month period that you could have been enrolled in Part B. For example, delaying enrollment five years would result in a 50 percent penalty (10 percent x 5 years), meaning your monthly premium would be 50 percent higher than had you enrolled in Medicare Part B when first eligible. The penalty applies for as long as you have Medicare.

Likewise, Medicare Part D imposes a fine if you go for more than 63 days without coverage after enrolling in Part B. It also requires that coverage be as good as or better than the standard set by Medicare. The penalty is determined by adding up the number of months the person did not have coverage after becoming eligible and multiplying this number by 1 percent of the national average premium cost. For example, the average monthly premium for 2011 is \$32.34. Therefore, if you were eligible for five months of coverage during 2011 but had not enrolled, a \$1.61 monthly penalty would be added to your premium ($\$32.34 \text{ monthly average premium} \times 1 \text{ percent} \times 5 \text{ months}$). As premiums increase, the penalty will increase for as long as you have Medicare Part D coverage.

Is there a penalty for not enrolling in Medigap?

No, there is no penalty if you do not enroll.

However, Medigap providers are only required to guarantee people the right to coverage, regardless of pre-existing conditions, during the first six months after they enroll in Medicare Part B and turn 65. After that, they can charge higher rates or deny coverage.

Can I change my mind if I don't like my Medicare plan?

There are several enrollment periods for Medicare. The initial enrollment period is the time when someone turns 65. People also can change plans each year during annual enrollment. Annual enrollment is Oct. 15 - Dec. 7 for coverage effective 2012. There also are other enrollment periods throughout the year for other circumstances (for example, moving outside your plan's coverage area).

How can Allsup help me?

The *Allsup Medicare Advisor* plan selection service makes Medicare simple to help you easily and confidently choose the coverage that's right for you. *Allsup Medicare Advisor* offers three service options:

- *Allsup Medicare Advisor* Complete offers research and analysis of all coverage options including traditional Medicare, Medicare Advantage plans and Medicare Part D, with or without Medigap
- *Allsup Medicare Advisor* Medigap and Part D reviews options for Medigap plans in combination with traditional Medicare and Medicare Part D
- *Allsup Medicare Advisor* Part D offers a closer look at Medicare Part D plans

Allsup does not sell Medicare plans. We are a Medicare plan selection service that provides you with the expert knowledge and assistance you need to understand and choose the right Medicare coverage, based on your specific healthcare needs and preferences.

Allsup Medicare Advisor examines all your coverage options to provide an in-depth, objective analysis of real and comparable costs such as premiums, deductibles, co-pays and coverage limits. And it combines live, one-on-one personal guidance from specialists with convenient and secure access to online web features.



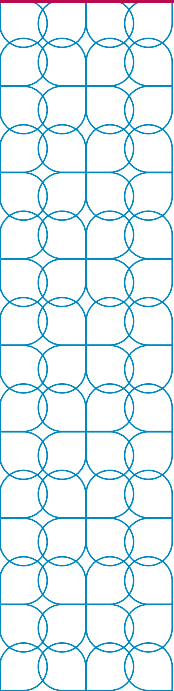
Choosing *Allsup Medicare Advisor* as your Medicare plan selection service means you'll receive:

- Access to a Medicare specialist who can answer your questions and assess your specific healthcare needs.
- Help understanding all your Medicare options and how certain types of Medicare plans can benefit you.
- Information on the plans most likely to provide the coverage you need.
- Unbiased and impartial analysis of all coverage options available in your local area.
- An easy-to-understand customized report providing you with the details needed to evaluate your coverage options and make an informed decision.
- Assistance enrolling in the Medicare coverage of your choice.

For an evaluation of your Medicare options, call an *Allsup Medicare Advisor* specialist at (888) 271-1173 or visit medicare.allsup.com

About Allsup

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