Turning 65 and Medicare Enrollment

What to expect and how to choose Medicare coverage
Getting assistance through the Allsup Medicare Advisor® plan selection service
What to Expect When Turning 65

Are you about to become eligible for Medicare? Shifting from employer-sponsored healthcare to Medicare can be overwhelming 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

<table>
<thead>
<tr>
<th>Months 1 - 3</th>
<th>Eligible to enroll with no penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month 4</td>
<td>BIRTHDAY MONTH – Eligible to enroll with no penalty</td>
</tr>
<tr>
<td>Months 5 - 7</td>
<td>Eligible to enroll with no penalty</td>
</tr>
</tbody>
</table>

What are my Medicare options and the costs?

- 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 monthly premium. Most new Medicare enrollees can expect to pay a monthly premium of $104.90 in 2013. However, if your modified adjusted gross income as reported on your IRS tax return from two years ago is above a certain amount, you may pay more. (See chart below.)

Income-Related Monthly Adjustment Amount (IRMAA)

If you filed your taxes as: **Single, Head of Household, or Qualifying widow(er) with dependent child, or Married filing separately** (didn’t live with spouse in tax year)

<table>
<thead>
<tr>
<th>And your Modified Adjusted Growth Income (MAGI) was:</th>
<th>Your Part B monthly adjustment is:</th>
<th>Your Part D coverage monthly adjustment is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$85,000 - $107,000</td>
<td>$42.00</td>
<td>$11.60</td>
</tr>
<tr>
<td>$107,001 - $160,000</td>
<td>$104.90</td>
<td>$29.90</td>
</tr>
<tr>
<td>$160,001 - $214,000</td>
<td>$167.80</td>
<td>$48.30</td>
</tr>
<tr>
<td>More than $214,000</td>
<td>$230.80</td>
<td>$66.60</td>
</tr>
</tbody>
</table>

If you filed your taxes as: **Married, filing jointly**

<table>
<thead>
<tr>
<th>And your Modified Adjusted Growth Income (MAGI) was:</th>
<th>Your Part B monthly adjustment is:</th>
<th>Your Part D coverage monthly adjustment is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$170,000 - $214,000</td>
<td>$42.00</td>
<td>$11.60</td>
</tr>
<tr>
<td>$214,001 - $320,000</td>
<td>$104.90</td>
<td>$29.90</td>
</tr>
<tr>
<td>$320,001 - $428,000</td>
<td>$167.80</td>
<td>$48.30</td>
</tr>
<tr>
<td>More than $428,000</td>
<td>$230.80</td>
<td>$66.60</td>
</tr>
</tbody>
</table>

If you filed your taxes as: **Married, filing separately**

<table>
<thead>
<tr>
<th>And your Modified Adjusted Growth Income (MAGI) was:</th>
<th>Your Part B monthly adjustment is:</th>
<th>Your Part D coverage monthly adjustment is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$85,000 - $129,000</td>
<td>$167.80</td>
<td>$48.30</td>
</tr>
<tr>
<td>More than $129,000</td>
<td>$230.80</td>
<td>$66.60</td>
</tr>
</tbody>
</table>

Part C, or Medicare Advantage, combines the benefits of Medicare Parts A and B. Medicare Advantage plans often provide additional benefits, including prescription drug coverage 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. Part D plans are provided by private health insurers, which offer dozens of plans and prices.
- Medigap: Because out-of-pocket costs can be high with original Medicare (Parts A and B), many people also enroll in Medigap supplemental coverage to help minimize these costs. There are several different plans and price levels from which to choose.

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

If you’re covered under a group health plan based on current employment, you have a special enrollment period to sign up for Part A and/or Part B any time as long as you or your spouse is working, and you’re covered by a group health plan through the employer or union based on that work.

You also have an 8-month special enrollment period to sign up for Part A and/or Part B that starts the month after the employment ends or the group health plan insurance based on current employment ends, whichever happens first. Usually, you don’t pay a late enrollment penalty if you sign up during a special enrollment period.

If you have COBRA or a retiree health plan, they are not considered coverage based on current employment. You would not be eligible for a special enrollment period when that coverage ends.
It’s important to check with your plan administrator to determine how the plan coordinates with Medicare. Typically, Medicare becomes primary payer for small employers and secondary payer for larger employers.

**What happens to coverage for my spouse and dependents if I enroll in Medicare?**

If your employer plan provides coverage for your spouse and dependents and you leave the plan to enroll in Medicare, this could leave your family without coverage. Your employer may continue to provide coverage to your family or you may need to purchase COBRA coverage or private coverage. It’s important to check with your plan administrator and address this before you leave your employer plan for Medicare to ensure your family is not left without healthcare coverage.

**What are the penalties for not enrolling in Medicare?**

If you do not have creditable coverage, 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 penalty 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 2013 is $31.17. Therefore, if you were eligible for
five months of coverage during 2013 but had not enrolled, a $1.56 monthly penalty would be added to your premium ($31.17 monthly average premium x 1 percent x 5 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 don’t enroll. However, Medigap providers are only required to guarantee people aging into Medicare the right to coverage—regardless of pre-existing conditions—during the first six months after they enroll in Medicare Part B. After that, they can charge higher rates or deny coverage.

When can I make Medicare changes?
You can make changes to your coverage during annual enrollment, which lasts Oct. 15 - Dec. 7. But, if your plan is discontinued or other circumstances change, such as moving, you may be eligible for a special enrollment period. If you want to change your Medigap coverage, you will need to work with your Medigap carrier to find out when and if you can adjust your coverage.

How can Allsup Medicare Advisor 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 based on your specific healthcare needs. Allsup Medicare Advisor offers a number of service options, each at a flat fee:

- Allsup Medicare Advisor Complete provides research and analysis of all coverage options and plan types including original 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 original Medicare and Medicare Part D.
Allsup Medicare Advisor Part D offers a closer comparison of Medicare Part D plans.

We do not sell Medicare plans or accept any fees or commissions from insurance plans. Our plan selection service 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.

**Allsup Medicare Advisor** means you’ll receive:

- Expert guidance from a Medicare specialist who can answer your questions.
- Information on the plans most likely to provide the coverage you need.
- Help understanding all your Medicare plan options and how they can benefit you.
- Unbiased and impartial analysis of all coverage options available in your local area.
- An easy-to-understand guidebook with the details needed to evaluate plan options.
- Help enrolling in your choice of coverage.

**About Allsup**

Allsup is the nationwide provider of Social Security disability, veterans disability appeal and Medicare plan selection services. Founded in 1984, Allsup employs more than 800 professionals who deliver specialized services supporting people with disabilities and seniors so they may lead lives that are as financially secure and as healthy as possible. Allsup’s headquarters are located in Belleville, Ill., near St. Louis.
The information provided is not intended as a substitute for legal or other professional services. Legal or other expert assistance should be sought before making any decision that may affect your situation.

The analysis and results produced by Allsup Medicare Advisor are heavily based on the information provided by individual subscribers to the service. As such, Allsup assumes no liability resulting from inaccurate, incomplete, or invalid information provided by Allsup Medicare Advisor subscribers. Subscribers are also solely responsible for coordinating their Medicare coverage with any benefits and health insurance coverage offered through an employer or otherwise. Additionally, plan information provided in the report is obtained from the Medicare plans and the Centers for Medicare & Medicaid Services, which manages the plan data. Allsup is not liable for inaccurate, incomplete or invalid information supplied by Medicare or participating Medicare plans.

Allsup does not provide tax, legal, investment, financial planning or medical advice or counsel under the Allsup Medicare Advisor and related services. You are responsible for making all decisions with respect to the products or services you utilize under the Allsup Medicare Advisor, including but not limited to selecting a Medicare plan that best matches your needs, and for obtaining any personal tax, legal, investment, financial planning, medical or other advice or counsel that you believe is necessary or advisable with respect to such products or services. To review the full Allsup Medicare Advisor terms and conditions, visit www.amaterms.com. If you would like to have the terms and conditions mailed to you, please let us know and we will be happy to send you a copy.

For an evaluation of your Medicare options, call an Allsup Medicare Advisor specialist at (866) 521-7655 or visit medicare.allsup.com