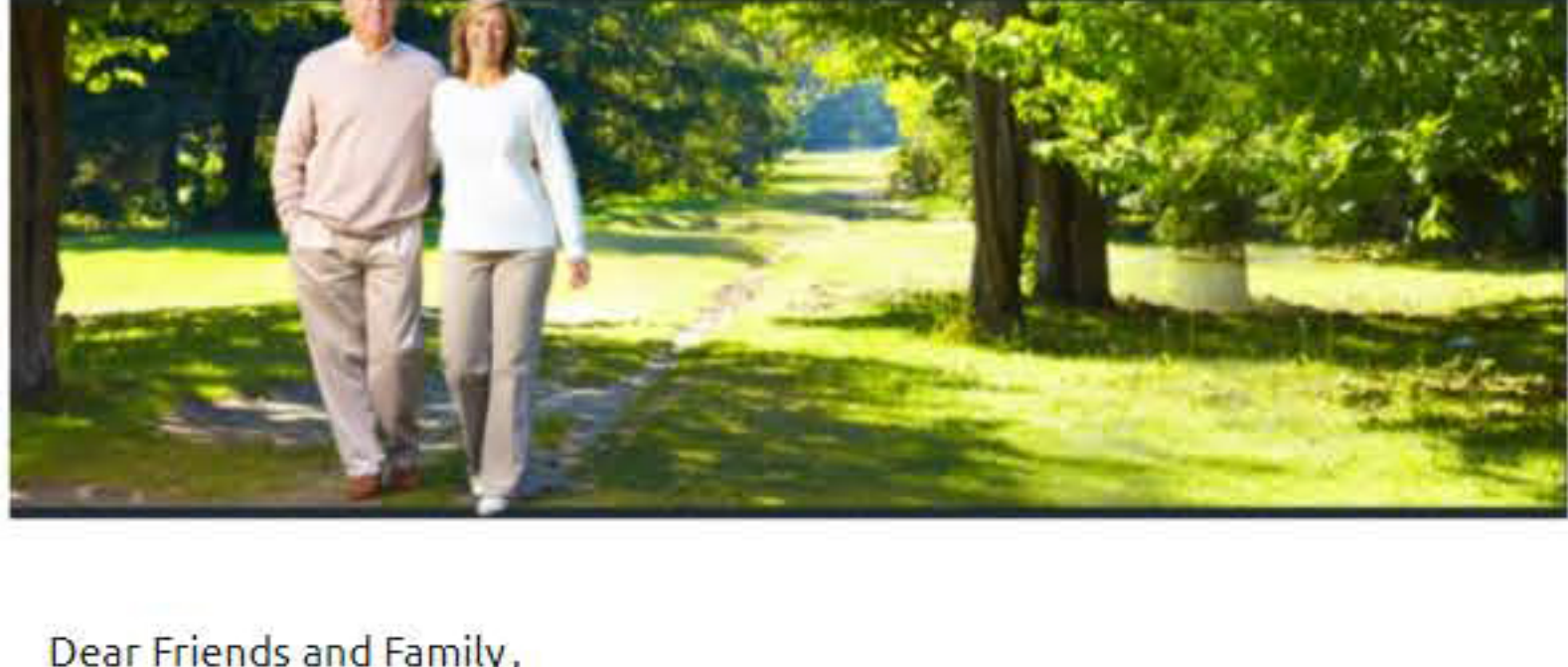


THE *Senior* EDITOR



Dear Friends and Family,

I hope July has been memorable for you so far and that you are making it through the heat ok. We are so excited to have a brand new web site up and running. Check it out at www.elderlaw-info.com! By next month we should have a new design for this newsletter that matches the look and feel our our new web site. Please tell us what you think!

As I am sure you know, Medicare is a significant aspect of most senior's stability. Therefore, we wanted to give you some things to watch for as you or those you serve approach Medicare eligibility, or are making decisions about Medicare supplements and advantage plans during the upcoming open enrollment period from October 15 to December 7.

Since Medicare plan options change each year, we generally advise our clients review their options each year to make sure they are getting the best coverage at the best price. If you need a good referral to someone who can help with that, please give us a call.

Sincerely,

Eric B. Barnes

Beware of Medicare Penalties For Late Enrollment

People generally become eligible for Medicare at age 65, when they can receive benefits under Part A (hospital coverage), Part B (medical coverage) and Part D (prescription drug coverage). But Medicare doesn't want you to delay enrollment. If only those who needed insurance signed up on time and healthier people waited, the healthy beneficiaries' premiums would not be available to help underwrite the costs of the less healthy ones.

For this reason, Medicare imposes fairly significant penalties for those who postpone enrolling. To encourage everyone to sign up when they first become eligible, the program increases premiums based on how long a beneficiary waits to enroll. There are also consequences for delaying enrollment in Medicare supplemental coverage, called Medigap.

The penalties differ for the different "parts" of Medicare, and it's important to be aware of them and how they can be avoided. Here's a rundown:

Part A

Those receiving Social Security or Railroad Retirement Board benefits when they first become eligible for Medicare will automatically be enrolled in Part A starting the first day of the month they turn 65. If you aren't already receiving these benefits as you approach age 65, you'll need to sign up for Part A on your own.

You generally won't pay a monthly premium for Part A coverage if you or your spouse paid Medicare taxes while working. If you aren't eligible for premium-free Part A, and you don't buy it when you're first eligible, your monthly premium may go up **10 percent** for every 12 months you didn't have the coverage. You'll have to pay this higher premium for twice the number of years you could have had Part A but didn't sign up. For example, if you were eligible for Part A for two years but didn't sign up, you'll have to pay a 20 percent higher premium for four years.

If you are still working and have an employer or union group health insurance plan, you may not need to sign up for Medicare right away. You will need to find out from your employer whether the employer's plan is the primary insurer. Also, be aware of Part A's impact on Health Savings Accounts. For more information on Part A, [click here](#).

Part B

You can sign up for Part B at the same time that you become eligible for Part A. You can sign up during your Initial Enrollment Period, which is the seven-month period that includes the three months before the month you become eligible (usually age 65), the month you are eligible and three months after the month you become eligible.

If you do not sign up for Part B during this period, your Medicare Part B premium may go up **10 percent** for each 12-month period that you could have had Medicare Part B, but did not take it. In addition, you will have to wait for the general enrollment period to enroll. The general enrollment period usually runs between January 1 and March 31 of each year. Coverage doesn't start until July of that year, which may create a gap in your coverage.

However, if you are still working and have an employer or union group health insurance plan (your own, a spouse's, or if you're disabled, a family member's), it is possible you do not need to sign up for Medicare Part B right away. You will need to find out from your employer whether the employer's plan is the primary insurer. If Medicare, rather than the employer's plan, is the primary insurer, then you will still need to sign up for Part B. If the employer's plan is primary, you can sign up for Part B anytime you're still covered by the group health plan or during the eight-month period that begins the month after the employment ends or the coverage ends, whichever happens first. Note that COBRA coverage does not count as employer coverage. For more information on Part B, [click here](#).

Part D

As with Part B, you can sign up for Part D during your Initial Enrollment Period. If you postpone signing up past this seven-month period, the Medicare Part D premium will increase at least **1 percent for every month** you wait. For example, if the premium is \$40 a month, and you delay enrollment for 15 months, your premium penalty would be \$6 (1 percent x 15 x \$40 = \$6), meaning that you would pay \$46 a month, not \$40, for coverage that year and an extra \$6 a month each succeeding year.

Beneficiaries are exempt from these penalties if they did not enroll because they had drug coverage from a private insurer, such as through a retirement plan, at least as good as Medicare's. This is called "creditable coverage." Your insurer should let you know if their coverage will be considered creditable. You may owe a late enrollment penalty if at any time after your Initial Enrollment Period is over there's a period of 63 or more days in a row when you don't have Part D or other creditable prescription drug coverage. You'll generally have to pay the penalty for as long as you have Part D coverage. For more about Part D, [click here](#).

Medigap Coverage

With all the deductibles, copayments and coverage exclusions, Medicare pays for only about half of the medical costs of America's senior citizens. Much of the balance not covered by Medicare can be covered by purchasing a "Medigap" insurance policy. The best time to buy a Medigap policy is during your Medigap Open Enrollment Period, which is a six-month period that begins on the first day of the month in which you're 65 or older and are enrolled in Part B. (Some states have additional Open Enrollment Periods.) After this enrollment period, you may not be able to buy a Medigap policy, and if you're able to buy one, it may cost you more.

Also, your eligibility for a Medigap plan could be jeopardized if you join a Medicare Advantage plan when you first become eligible for Medicare or you decide to return to original Medicare from a Medicare Advantage plan. Those in Medicare Advantage plans generally don't need Medigap policies, which can't be used to pay Medicare Advantage plan copayments, deductibles, and premiums. If you joined a Medicare Advantage plan when you were first eligible for Medicare and decide you want to return to original Medicare, you can choose from any Medigap policy within the first year of joining the Advantage plan.

If you had a Medigap plan but switched to Medicare Advantage, you have the right to go back to the same Medigap policy you had before you joined the Medicare Advantage plan, if the same insurance company you had before still sells it. If the policy is no longer available, you have a guaranteed right to buy a Medigap policy designated A, B, C, F, K or L that is sold in your state by any insurance company as long as you had Medicare Advantage for less than a year. In these cases the insurers cannot refuse you coverage as long as you apply for the Medigap policy no later than 63 days after coverage from your Medicare Advantage plan terminates. The insurance company is required by law to sell or offer you a Medigap policy even if you have health problems (called "pre-existing conditions"). If you had Medicare Advantage for a year or more or wait longer than 63 days, you can apply but you aren't guaranteed acceptance.

The 2016 *Medicare & You* handbook explains Medicare's rules in greater detail. The handbook can be downloaded online at: <https://www.medicare.gov/medicare-and-you/medicare-and-you.html>

For AARP's Medicare article, "Enrolling at the Right Time," [click here](#).

Watch for Mistakes in Medicare Advantage Providers

Medicare Advantage plans are a popular alternative to regular Medicare because the plans often offer lower out-of-pocket costs, but buyers need to make sure they know what they are paying for. A government review of Medicare Advantage plans revealed that their provider directories were often riddled with errors, causing those plans to face serious fines.

Medicare Advantage plans are provided by private insurers, unlike original Medicare, which is provided by the government. The government pays Medicare Advantage plans a fixed monthly fee to provide services to each Medicare beneficiary under their care. These plans are usually health maintenance organizations (HMOs) or preferred provider organizations (PPOs) that only cover care provided by doctors in their network or charge higher rates for out-of-network care. The plans often look attractive because they offer the same basic coverage as original Medicare plus some additional benefits and services that original Medicare doesn't offer.

Because Medicare Advantage plans have different coverage rules for out-of-network care, it is important to know which doctors and hospitals are in a plan's network. However, the Centers for Medicare & Medicaid Services (CMS) conducted a review of online provider directories for Medicare Advantage plans and found that there was incorrect information for half of the 5,832 doctors listed in directories for 54 Medicare Advantage plans that represented a third of all Medicare Advantage providers.

As a result of the review, CMS warned 21 Medicare Advantage insurers to fix the errors by February 6, 2017, or face serious fines. In 2016, CMS enacted a rule requiring plans to contact doctors and providers every three months to update their online directories. A Medicare Advantage plan can face a penalty of up to \$25,000 a day per beneficiary if errors aren't corrected.

Before purchasing a Medicare Advantage plan, you should double check with the doctors and hospitals you use that they are covered by the insurance.