Hardin Insurance

HOW TO AVOID THE

TOP 10

MOST COSTLY MISTAKES MEDICARE RECIPIENTS MAKE

800-866-8950
www.Medigap4U.com

Hardin Insurance

INTRODUCTION

My name is Chris G. Hardin. My family has been helping seniors sort through the ins-and-outs of health insurance since 1950. Over my 34+ years of personal experience, I've noticed that there are several costly mistakes many Medicare beneficiaries make.

Mistakes that can increase your health care costs by hundreds of dollars each month or limit your health care choices.

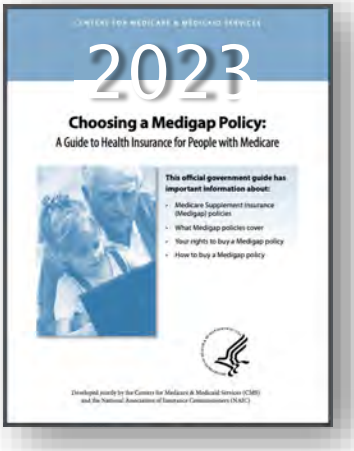
I've compiled this list of the 10 most costly mistakes and information on how you can avoid making them. Newly updated for 2023, this information is based on the thousands of hours I've spent helping my clients choose Medicare coverage that is both affordable and reliable.

If you are new to Medicare, please read this report carefully. It contains valuable information that will help you choose among the available Medicare options and probably save you money every month, too.

If you are already on Medicare, you'll learn how to reduce your monthly costs while maintaining, or even improving, the quality of your coverage.

I am an independent insurance agent and not affiliated with Medicare. I am contracted with over 30 different insurance companies, so finding the Medicare Supplement coverage **you deserve** at a price **you can afford** is easy. I am happy to answer any questions you may have. Please call my office at 800-866-8950 any time. For an instant quote, please visit my Medigap4U Quote website at https://www.medigap4u.com/request-medigap-quote

If, after reading this report, you would like more information about Medicare and Medicare Supplement insurance, please see page 19 for links to these detailed publications from the Centers for Medicare and Medicaid Services:



2023 CHOOSING A MEDIGAP POLICY

2023 MEDICARE AND YOU

A Few Definitions Before We Get Started…

Medicare Part A: Covers inpatient hospital care, skilled nursing facility care and Hospice. Part A can start when you turn 65. There is no monthly premium as long as you have worked long enough to meet your required Medicare Hours.

Medicare Part B: Covers medically necessary services or supplies. For example, doctor charges and outpatient services. You must actively enroll in Part B to be covered. The monthly premium averages around $164.90 per month for most individuals.
(Your premium may be higher depending on your income.)

Medicare Supplement Plans (also known as Medigap Plans): optional insurance plans that cover what Medicare Parts A and B do not, such as copays, deductibles, and excess charges. There are 12 different plans available, lettered A – M, each covering a different set of expenses. Monthly premiums vary according to your age, zip code, tobacco use, gender, and which company is providing the coverage. The average monthly premiums range between $80 to $180 per person, and your out-of-pocket medical expenses are generally significantly reduced.

Medicare Part D (Prescriptions): optional insurance plans that cover prescription medications.

Advantage Plans: An alternative to traditional Medicare Parts A and B offered by private insurance companies. An Advantage plan, also called Medicare Part C, replaces Medicare Parts A and B. Most are an HMO or PPO. In general, your monthly premium is low, but if you choose to use an out-of-network provider, your co-pays will be higher and will not count towards your in-network annual out-of-pocket maximums.

And the Top 10 Medicare Mistakes You Can AVOID This Year Are…

1 STARTING MEDICARE PART B BEFORE YOU NEED TO

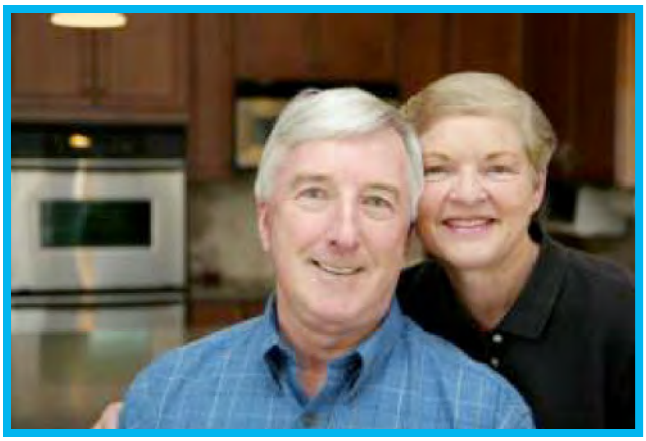
<u>If you will continue to work after age 65, AND will be covered by group insurance through your employer… Start reading here:</u>

Many people believe that when they turn 65, they should start Parts A and B of Medicare at the same time. This is not always the case

Part A (Hospital) **can start** if your Medicare hours are met and does not have a monthly premium for you to pay to maintain coverage.

Part B (Medical) **can start** and costs around $164.90 per month for most individuals. (Premiums are higher for individuals considered "high income". See high income link on page 19.)

If you are going to be actively working and covered by group insurance, **you might not need Part B yet.** Unless your group insurance recommends you sign up for Part B, you should wait until you are no longer going to be on group insurance.



Part B is too expensive to use it as a secondary insurance. Don't worry, as long as you are continually covered by a creditable group insurance after Medicare eligibility, **you will not be penalized for waiting to start your Part B until later.**

Please see page 19 - 22 of **Medicare and You** for more information.

If you are self-employed or have individual health insurance... Start Here:

If you are currently paying for your own individual health insurance, it is usually best to start both Part A and Part B when you first become eligible for Medicare. You should probably also look into a Medicare Supplement and Medicare Part D (drug) coverage. Typically, Medicare will be less expensive than your individual coverage and provide better benefits (lower out of pocket cost) for doctors and hospitals while giving similar benefits for prescription drugs.

ACTION STEPS:

If you will continue to work after turning 65, have a conversation with your benefits manager to determine the best time to enroll in Medicare Part A & B.

If you are self-employed or will retire upon turning 65, it usually makes most financial sense to enroll in Medicare Parts A & B, a Medicare Supplement, and a Part D prescription plan as soon as you are eligible.

2 BUYING A PLAN F OR G MEDICARE SUPPLEMENTWITHOUT LOOKING AT PLAN N

Many people buy a Plan F or G Medicare Supplement because they are told that it is the "best coverage". Sometimes it is. However, many times, people discover Plan N is a better option.

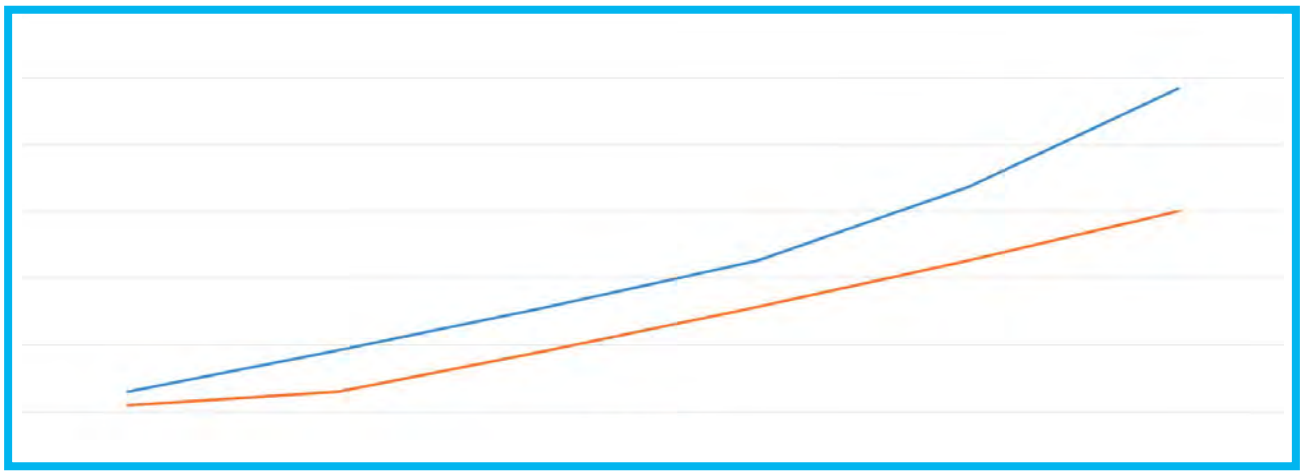
Medicare Supplement insurance is standardized, and each Medicare Supplement is a combination of certain components. If you review any of the CMS materials that compare the differences between Medicare Supplement plans, you will see Plans F, G, N next to each other on the charts. You'll notice that they include most of the same parts: basic benefits, skilled nursing coinsurance, foreign travel emergency, and Part A deductible coverage. Looking at the chart on the next page, you'll notice that the main difference between Plan F or G and Plan N coverage is the Part B deductible and Plan N can have a copay of up to $20 per visit.

Please reference page 11 of the 2022 Choosing a Medigap Policy handbook for more information. (Note: As of January 1, 2020, the newly enrolled in Medicare will no longer have access to Plans F or C.)

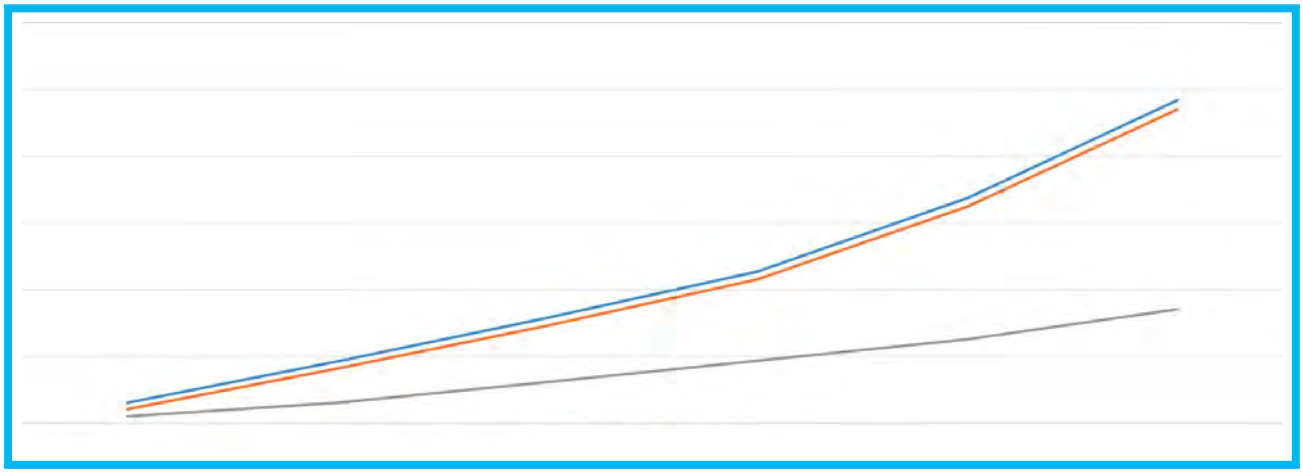
Many times, Plan F is $240 - $300 **more expensive than Plan G for the year. Would you want to pay $240 (or more) per year to get a $233 annual deductible covered? Certainly not!**

Going forward from 1/1/2020, consider Plan N because Plans F and G will increase faster. Any new purchases of F and G tend to attract beneficiaries with more health issues. In turn, this leads to possible faster and higher rate increases (as a result of changes in regulations). Please see the graphs on the next page to demonstrate this theory.

(Observed) Industry Trends 2006-2019



Predicted Industry Trends After Jan 1, 2020



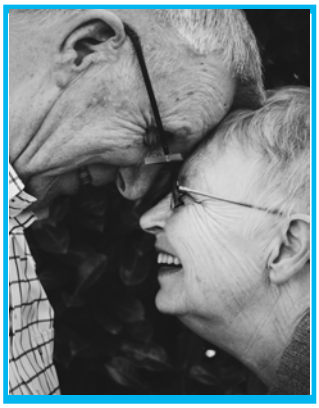
	Medicare Supplement Insurance (Medigap) Plans									
Benefits	**A**	**B**	**C**	**D**	**F***	**G***	**K**	**L**	**M**	**N**
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100% ***
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	50%	100%
Part B deductible			100%		100%					
Part B excess charges					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%

2020 *Choosing A Medigap Plan*, Centers for Medicare and Medicaid Services, p. 11

ACTION STEPS:

Many times, Plan F will be 20% more and Plan G will be 20% more than Plan N. Plan N can have a copay of UP TO $20 per visit. You are primarily trying to safeguard against large rate increases going forward. (see #8 on page 16)

3 NOT SHOPPING YOUR MEDICARE SUPPLEMENT RATES EVERY FEW YEARS



Medicare Supplement plans are standardized. Plans with the same letter have the same benefits **regardless of the company.** So, Plan G with one company provides the exact same coverage as Plan G with any another company; **the only difference is the premium.**

If you are in good health and can save at least $20 monthly, it is usually a good idea to consider changing the company who you buy your Medicare Supplement from because the coverage will stay the same, but you will pay a lower monthly premium. A good agent will be able to help you with this process and make sure you're just not chang- ing to the newest company offering a low teaser rate when you sign up, only to increase it soon after.

Please see page 18-19 of Choosing a Medigap Policy for more info on plan pricing.

ACTION STEPS:

Make it a habit to compare the Medicare Supplement premium you pay with the premiums offered by other companies at least once every three or four years - or whenever you have a large rate increase. Remember, you can change your supplement at any time during the year not just during the open enrollment season. If the plan letter is the same (F or G, for example), you'll get the exact same coverage, but at a lower price. I recommend you shop your supplement rates **between March and August** for the most reliable rates. When switching plans, you will have to go through medical underwriting, but are often able to still save money – especially if you are in relatively good health.

4 ENROLLING IN A PART D PLAN (DRUG COVERAGE) WITHOUT SHOPPING THE DIFFERENT OPTIONS

Many people buy their Medicare Part D plan based on the company or the premium thinking that if it's a well-known company or if the premium is higher, it should be a better plan. **Nothing could be further from the truth!**

Part D plans must be evaluated based on the **specific medications you take.** The most important thing to consider is a plan's formulary – the list of medications included in the plan. It should include all your prescription drugs at a low co-pay. In general, the better the formulary is for your combination of drugs, the better the customer service, too.

For more information about Part D plan formularies, Please see page 79 of Medicare and You.

ACTION STEPS:

Make a list of all the prescriptions you take and check it against the formulary of each Part D plan you are considering. Remember, the most expensive plan or the one from the most well known company is not always the best. Choose a plan that includes ALL of your prescriptions.

Medicare has a free tool to help you find Part D plans that include your medications. Go to Medicare.gov and click this button.

If you cannot find one plan that covers all of your medications, have a conversation with your doctor or pharmacist about the possibility of switching one or more of your medications to ones covered by the plan you think is best.

5 NOT SHOPPING PART D PLANS EVERY YEAR

Many people assume that their Part D Prescription Drug Plan will remain just as good as it was the previous year. **The reality is each plan can adjust its formulary, co-pays, and premiums every year.** So just because you liked your plan this year does not mean your plan is going to suit you next year.

Since these plans can change each year, the details are important. **This is especially true for people who take brand-name prescriptions.** You might have a very reasonable co-pay for your brand-name prescription this year, but you must confirm that it is going to remain the same next year. This holds true for generics as well, but since they cost less the price changes are smaller.

It is wise to run the report at Medicare.gov every year during open enrollment to confirm your drug plan is going to do what you expect. You can also simultaneously compare other Part D plans to make sure you are getting the best possible benefits.

ACTION STEPS:

Between October 15th and December 7th, carefully examine your Part D plan and new drug formulary every year during open enrollment. Even small increases in copays add up over the course of a year. It's worth your time to do the research.

6 UNDERESTIMATING THE IMPACT OF ENROLLING IN A MEDICARE ADVANTAGE PLAN

When a person enrolls in a Medicare Advantage plan, they are no longer on traditional Medicare Part A and Part B. Many people enroll in a Medicare Advantage plan without fully understanding what they have done.

Why are Medicare Advantage plans so attractive?

They have a low monthly premium (or no monthly premium at all) and typically offer low doctor visit co-pays. Many Advantage plans also offer goodies like gym memberships, discount plans, and a nurse hotline. But these goodies are just shiny bait to attract the highest number of people to the plan. When you dig into the facts, Medicare Advantage plans leave a lot to be desired.

With an Advantage Plan, there are significant tradeoffs...

- **You lose a lot of predictability and stability when you choose an Advantage plan.**
  Advantage Plans leave a lot up in the air when it comes to anything outside of a regular check-up. **Every test, scan, x-ray, specialist visit, and service comes with its own copay.** And you'll keep paying those copays until you reach your Out-Of-Pocket maximum. (For doctor and hospital charges, that's usually over $6,000 per year in-network + $11,000 out of network.
  It is very difficult for the average consumer to read the list of co-pays and understand just how expensive a potential claim can get. Many of my clients have confided in me about the significant burden of unexpected out-of-pocket costs from their Advantage plans.
  The worst part is that it is nearly impossible to predict how many copays you may have or where they may come from until you are already in the middle of a health issue. And by then, it will be too late to do anything about it.

- **You have to stay in-network to maintain your benefits.** Advantage plans have such a low monthly premium because Medicare pays THEM a fee each month for each person on the plan, essentially covering your premium.

  With a Medicare Advantage HMO or PPO, you will have a more restricted network of doctors and hospitals that will allow a favorable co-pay. If you want to go outside of this network, they might not take you at all, or your co-pays will be much higher AND will not count towards your out-of-pocket maximum.

  With many plans, if you need to see a specialist, you must first go to your primary care physician to get a referral. That means you have to travel to TWO doctor offices, wait for TWO appointments, and pay TWO co-pays. The extra co-pay aside... what is your TIME worth? And if you need a specialist because you are ill, having to fool with referrals and extra doctor visits is even more of a hassle.

  In my opinion, the "network" is the **greatest loss of coverage.**

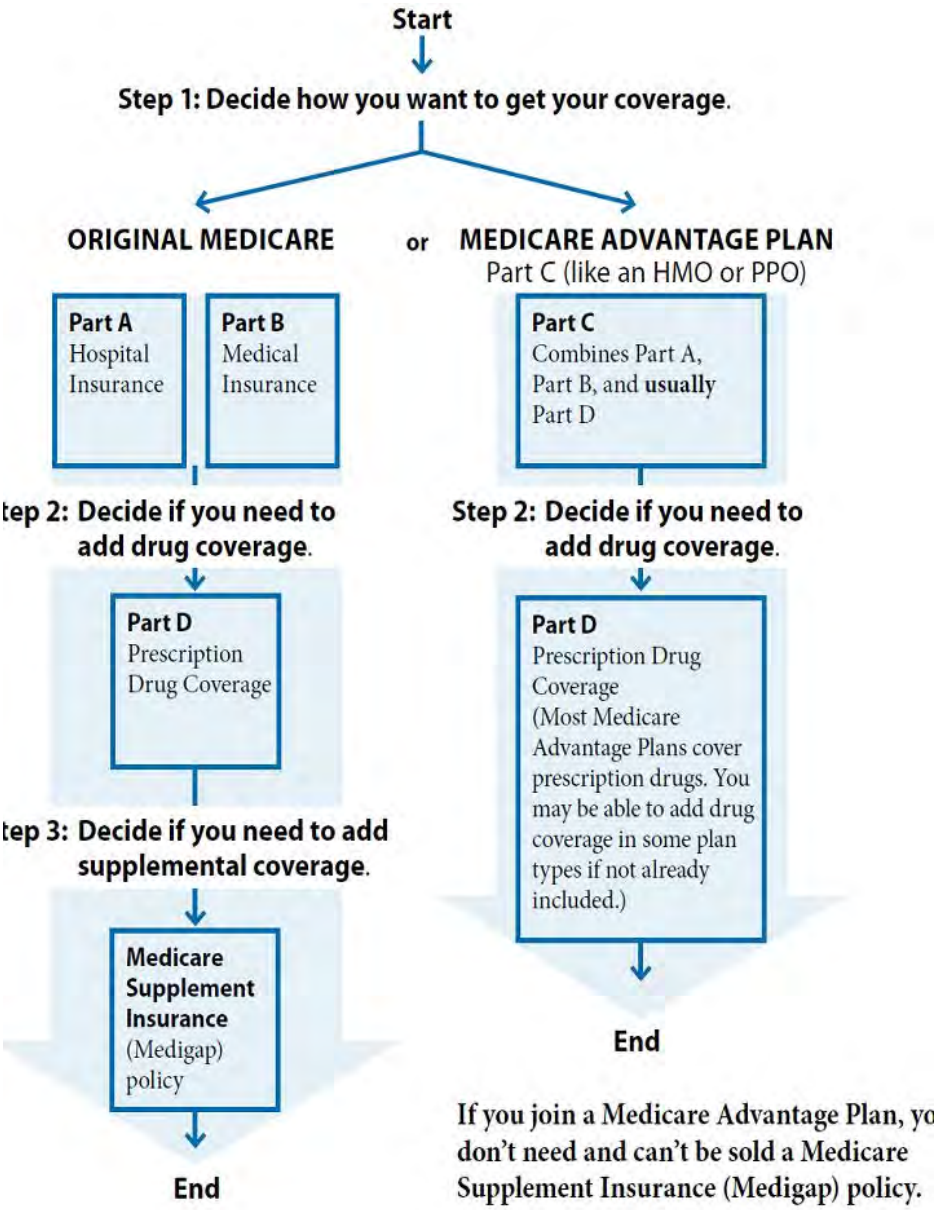
  And remember, you usually **cannot get out of an Advantage plan until the end of the year.** If you have an illness and you want to see a specialist that does not take your Advantage plan, you will be forced to find someone else, because you cannot change plans until the following January.

- **Finding an Advantage Plan that covers BOTH your doctor AND the medicines you take can be extremely difficult.** Most Advantage plans include prescription coverage, which sounds like a convenient arrangement, until you realize that the list of medications covered may be very limited. In my opinion, **you should not have to choose between being able to see the doctor you want and being able to afford the medications that work best for you.** With traditional Medicare and a Supplement, you can choose your Part D prescription coverage separately to ensure the best possible match for your medications.

- **Your doctor can drop your Advantage plan any time he or she chooses.** That whole relationship goes out the window and you have to start over again with a new doctor – or pay high out-of-network fees that don't count towards your out-of-pocket maximum for the year.

The bottom line is that **Medicare Advantage plans are allowed to reduce your coverage** any time they want in far too many ways.

I have seen countless people that take Medicare Advantage plans instead of Medicare Supplements and end up having to make significant payments to doctors and hospitals to fill in the gaps left by the Advantage plan. Please see page 57 of Medicare and You for more information.



Adapted from 2018 Medicare and You, Centers for Medicare and Medicaid Services, p. 17

ACTION STEPS:

Run the numbers! Advantage Plans always look nice on the surface, but once you dig into the real numbers, you may end up paying a lot more than you have to for coverage that pays for less than you thought it would.

Call my office any time at 800-866-8950 and I'll be happy to answer your questions.

7 ASSUMING THAT YOUR HEALTH CARE NEEDS WILL REMAIN THE SAME

Many people either look at their health care costs over the past 10 years or the costs for caring for a relative to gauge their future medical costs. While this can be a good indicator, it doesn't include individual situations. I have seen people in great health develop medical conditions that needed immediate attention; for instance, a very healthy and athletic person who now needs a joint replacement. When these things happen,you're going to want options without having to spend a fortune.

ACTION STEPS:

Play a few rounds of "What If" with yourself.
What if you hurt your back and need surgery?
What if you develop diabetes? What if you have a heart attack?

When it comes to your healthcare and all the costs that come with it, you can't just hope for the best. Plan for the worst, and enjoy the peace of mind knowing you are adequately covered, no matter what happens.

8 DON'T PREDICT THE FUTURE

It is impossible to predict your future healthcare needs. Many think:

"Medicare Advantage plan now and I will get more coverage later when I need it".

Many people buy Medicare Advantage Plans and believe that when they develop health issues they can change to traditional Medicare and get a Medicare Supplement. Often this process will not work. Once you've been on a Medicare Advantage plan for more than 12 months, a Medicare Supplement will require health questions/underwriting. Many also think they have an annual enrollment period for Medicare Supplements, but that is not the case. The health condition that makes you want out of the advantage plan is often the same health condition that will make you uninsurable for a Medicare Supplement.

ACTION STEPS:

Advantage Plan $0 per month: If an annual $6,000 in-network/out-of-network, $10,000 average out of pocket max is acceptable in good health, but unacceptable with health conditions that might be ongoing,

THEN CHOOSE

Medicare Supplement High Deductible G (with traditional Medicare A+B): $40+ per month. This lowers the annual out of pocket max to $2,700 and eliminates the in network restrictions.

THINKING YOU CANNOT CHANGE YOUR MEDICARE SUPPLEMENT IN THE MIDDLE OF THE YEAR

Unlike Advantage plans, **Medicare Supplements can be changed any time of the year.** The annual open enrollment timeline DOES NOT APPLY to Medicare Supplements. So, if you get hit with a rate increase in the middle of the year, you are not stuck paying those higher rates for the rest of the year.

If you already have a Medicare Advantage plan or a Part D Prescription Plan, you can only make changes to them during the annual open enrollment period between October 15th and December 7th.

ACTION STEPS:

If the monthly premium you pay for your Medicare Supplement increases, start making some phone calls! You are not stuck with that plan until the end of the year. Chances are you can find the same plan at a lower price through a different company.

If you need assistance exploring your options to lower your Medicare Supplement costs, please give me a call at 800-866-8950. I can coordinate your transition so that you do not have overlapping premiums or a gap in your coverage.

BUYING A MEDICARE SUPPLEMENT FROM A COMPANY JUST BECAUSE IT IS WELL KNOWN

It is a popular idea that the more well known a company is, the better access you'll have to health care providers. But, when buying a Medicare Supplement, name recognition is not necessarily important.

Why? Because Medicare is the primary provider and pays the claim first.
The supplement is a secondary provider. This means that access to doctors and hospitals is based on whether the provider accepts Medicare, not whether they will take your Medicare Supplement.

If a doctor or hospital will accept Medicare, they will always file your Medicare Supplement.

ACTION STEPS:

Don't pay more for a Medicare Supplement because you think that more doctors and hospitals will accept it. If your doctors accept Medicare, they'll accept your Supplement, too.

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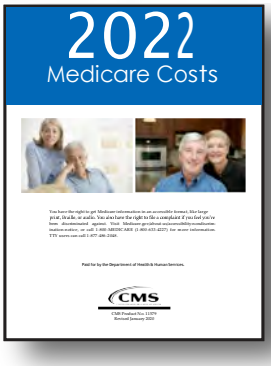

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2022 Medicare Costs

https://www.medicare.gov/Pubs/pdf/11579-Medicare-Costs.pdf