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In This Issue

[Time Equals Money](#)

[What Are They Talking About?](#)

[Medicare Is Not Free](#)

[The Period of "Open Enrollment" Might Be Limited](#)

[Get Additional Help](#)

Quick Links

[Our firm's website](#)

[Read an excerpt from Patrick Malone's book:](#)

The Life You Save: Nine Steps to Finding the Best Medical Care -- and Avoiding the Worst

Welcome to Medicare: How to Make the Most of Turning 65

Greetings!

One of the perks of aging is qualifying for Medicare when you turn 65. But successfully joining the ranks of the universally insured is not simply a matter of having a birthday -- if you want to make the most of your government coverage, you must understand the choices you will need to make during the enrollment period.

This month, I'll review what you need to know when signing up for Medicare for the first time, and how to maximize its potential in subsequent years.

Do NOT put off reading this. One of our main messages is that delay in signing up will cost you money.

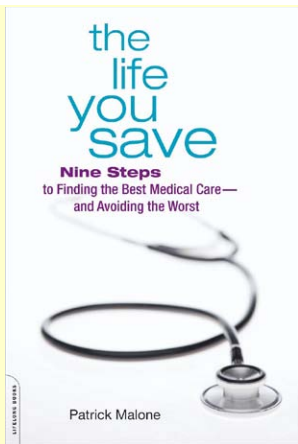
As noted by [KaiserHealthNews.org](#) and [The Washington Post](#) (KHN/Post), enrolling in Medicare can be confusing. The terminology might be different from what you're accustomed to with previous insurance coverage, and there are a lot of coverage options you must consider.

U.S. residents generally start receiving Medicare insurance information months before their 65th birthday because insurance carriers want your business just like that of younger folks. And it's best to start thinking about it well in advance.

Time Equals Money

Remember, the government does not enroll you in Medicare automatically unless you're drawing Social Security benefits. And if you don't sign up on time, you'll pay a penalty, which I'll discuss later.

A lot of people choose to delay receiving Social Security payments until they're at least 66 in order to qualify for the maximum monthly payout, but you'll regret making that choice for Medicare enrollment. The first window for enrollment is three months before your birthday to three months after you turn 65. Miss that chance, and unless you



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have job-related health coverage (yours or your spouse's), you will be penalized.

If you're on a COBRA insurance plan, you still must apply for Medicare at 65. (COBRA is the program in which you purchase the health coverage offered by your employer if you've been laid off or retired.) You also must apply if you are entitled to the military's Tricare coverage for life.

After your initial birthday enrollment, you re-enroll in your plan or change plans during the annual open enrollment period every Oct. 15 through Dec. 7.

For newbies (and re-enrollers as well), the first thing to do is visit the [Medicare.gov website](#) and review the "Medicare and You" booklet, available through the mail or online.

There's also toll-free Medicare phone assistance at (800) 633-4227 (MEDICAR). You have the option to wait for a live representative, or leave your number for a return call.

More information and one-on-one help is available from the [State Health Insurance Assistance Program](#) (SHIP). The national program funded by federal grants directed to states provides free counseling by telephone or in person.

What Are They Talking About?

Being familiar with Medicare terminology is key to making the right choice for you. Here's a glossary.

- [Part A](#) of traditional Medicare covers inpatient hospital services, skilled nursing home care and hospice, among other things.
- [Part B](#) of traditional Medicare helps cover preventive care and physician and outpatient services, among other things.
- [Part D](#) (there is no Part C) signifies private insurance plans that cover prescription drugs.
- [Medicare Advantage](#) is an alternative to traditional Medicare. It's private insurance subsidized by the federal government to provide equivalent coverage.
- [Private Medigap plans](#) supplement traditional Medicare and help pay some out-of-pocket costs, such as co-payments and deductibles, and sometimes emergency medical expenses overseas. These policies are optional, but if you think they're for you, KHN/Post suggests you buy one when you first sign

up for traditional Medicare because you're not guaranteed coverage and might have to undergo medical underwriting. That means you could be denied coverage or charged a higher rate for pre-existing conditions, practices that were outlawed for other kinds of coverage by the Affordable Care Act ("Obamacare").

Medicare Is Not Free and the Cost Goes Up if You Delay Signing Up

A lot of people think Medicare is like Social Security -- a benefit you get because you've been a taxpayer and you reach a certain age. But like traditional health insurance, Medicare comes with an annual deductible (this year, it's \$147 for Part B), and there are monthly premiums. For individual coverage, they range from \$104.90 to \$335.70, indexed to your income claimed on the tax return you filed two years earlier.

If you fail to sign up during your initial enrollment period or when your job-based coverage ends, you will pay a penalty reflected in higher premiums for Medicare Part B and Part D ... for the rest of your life. Every year you delay signing up for Part B, your monthly premium increases by 10%.

Even if you miss the deadline by only a month, that's considered a one-year delay.

Also, there's a waiting period for coverage to become effective, so you could be without any insurance for several months of a year if you miss the deadline.

Part D is a bit different, in that the penalty is 1% for every month's delay. So if you wait a year, you'll pay 12% more for the monthly drug premium. Its base today is \$32.42.

Don't assume your coverage at 65 is what you had with your plan at 64. Turning 65 can bring a host of changes to insurance coverage.

Job-based retiree plans often end, and even if you're still working, some employer coverage ends, especially if you or your spouse is employed by a company with fewer than 20 employees, as the rules for smaller outfits are different.

Be careful not to make Medicare choices solely on what friends or family recommend or have done. Everyone's needs are different; people require not only different kinds of providers, but medications, and in terms of the latter, Plan D options cover different meds.

The least expensive plan isn't necessarily the best one for you. The "cost" of Medicare Advantage or Medigap involves more than just the monthly premium ... like all health insurance coverage. Review each option's co-payments and deductibles, and review the underwriting company's complaint records and financial stability.

Your rates can rise on a plan you renew from one year to the next, but only for everyone in that group; rates for individuals in a group plan may not increase.

For Medicare Advantage plans and drug plans, the [Centers for](#)

[Medicare & Medicaid Services](#) (Medicare) offers a five-star rating that's partly based on member satisfaction surveys.

According to KHN/Post, customer satisfaction ratings for Medigap plans are harder to find, but the report identified one that was useful - the Missouri state [Complaint Index](#) for Medigap issuers. Many of the companies listed are national.

For financial stability, two common rating firms that don't charge for basic information are [Weiss Ratings](#) and [A.M.Best](#). You also might find news articles that report company ratings.

The Period of "Open Enrollment" Might Be Limited

Once you sign up for Medicare, you'll be notified about the autumn enrollment period during which you may switch plans, just like Obamacare plans. But it's easy to switch only for certain plans, something to consider when you turn 65.

For example, you can't move freely from one Medigap plan to another. Although some plans (and some states) guarantee the ability to make a change, Medicare plans are permitted to evaluate your health if you try to switch, unlike Obamacare plans, which must accept you no matter what your medical history is. Under Medicare, if you've developed a medical problem, you can be rejected for coverage or covered only for a really expensive premium.

So if you didn't select coverage for a certain benefit initially, you might not get it or be able to afford in the future.

That's true as well if you want to change from a Medicare Advantage plan to traditional Medicare with a Medigap plan.

Here's a scenario where that could be a problem: If you develop diabetes and want to switch to traditional Medicare with Medigap from Medicare Advantage, you'll have difficulty finding an affordable Medigap plan. But if you had signed up for traditional Medicare with a Medigap plan originally, you're not charged extra for getting sicker.

Bottom line: If you have a Medicare Advantage plan, you can switch to another plan. You can also switch Part D drug plans annually. But remember, because both Medicare Advantage and the drug plans change premiums, benefits and providers regularly, you should review your plans yearly.

So, because your health status is likely to change, and because it's often not easy to switch Medigap plans, if you do choose a Medigap policy, get the best coverage you can afford when you first sign up.

Once you settle on a plan, confirm its coverage and costs. Sometimes, the information online is inaccurate or out of date.

You also might discover additional discounts. The KHN/Post reporter narrowed her search to two Medigap companies, then learned that if she chose the plan her husband had, both would get discount of 5% on premiums. The discount was not mentioned in the material she used for her original research.

Get Additional Help

In addition to advice from Medicare and your state's health-insurance assistance program, these resources can help you sort out your options.

- The National Council on Aging's [MyMedicareMatters](#)
- AARP's [Medicare Question and Answer Tool](#)
- Fact sheets from the [Medicare Rights Center](#)
- Consumer Reports article, "[Managing Medicare](#)."

Independent insurance agents also might be helpful, but keep in mind that they don't represent every plan, and will be most knowledgeable about the ones they represent (and promote) because they get a commission from selling those policies.

Outfits that provide assistance for a price include:

- [65Incorporated.com](#), about \$300 for an initial enrollment consultation, \$500 for a couple
- [Allsup Medicare Advisor](#), \$500 to \$850 for a complete initial assessment
- [Goodcare.com](#), \$585 initial consultation, \$195 for each additional hour
- [Healthcare Navigation](#), consultation fees from \$750 to \$1,250.

Recent Health Care Blog Posts

Here are some recent posts on our patient safety blog that might interest you.

- We had three recent reports about the misguided efforts to shut down patients' ability to hold hospitals and doctors accountable for medical errors that hurt and kill patients. One, from [Public Citizen, pointed out how there is no uptick in medical malpractice claims](#) that would justify the persistent "tort reform" attacks on patient rights.
- A series of new studies found that ["tort reform" actually hurts quality of care](#), by removing penalties from preventable mistakes.
- The third report found that [immunizing emergency room doctors from lawsuits](#) in three states has done nothing to cut down on expensive and allegedly wasteful testing, which the medical industry contends happens as a result of "defensive medicine" and doctors ordering tests to cover their own rears rather than help the patient. We've long said that "defensive medicine" is mostly a myth trotted out to reduce medical accountability for substandard care. Now there's statistical evidence that if you take away the threat of lawsuits, medical testing remains about the same level.
- Generic drug prices are [skyrocketing, and lawmakers want to know why](#).

Past issues of this newsletter:

Here is a quick [index of past issues of our newsletter](#), most recent first.

Here's to a healthy rest of 2014!

Sincerely,

A handwritten signature in black ink that reads "Patrick Malone". The signature is fluid and cursive, with the first letter 'P' being particularly large and stylized.

Patrick Malone
Patrick Malone & Associates

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