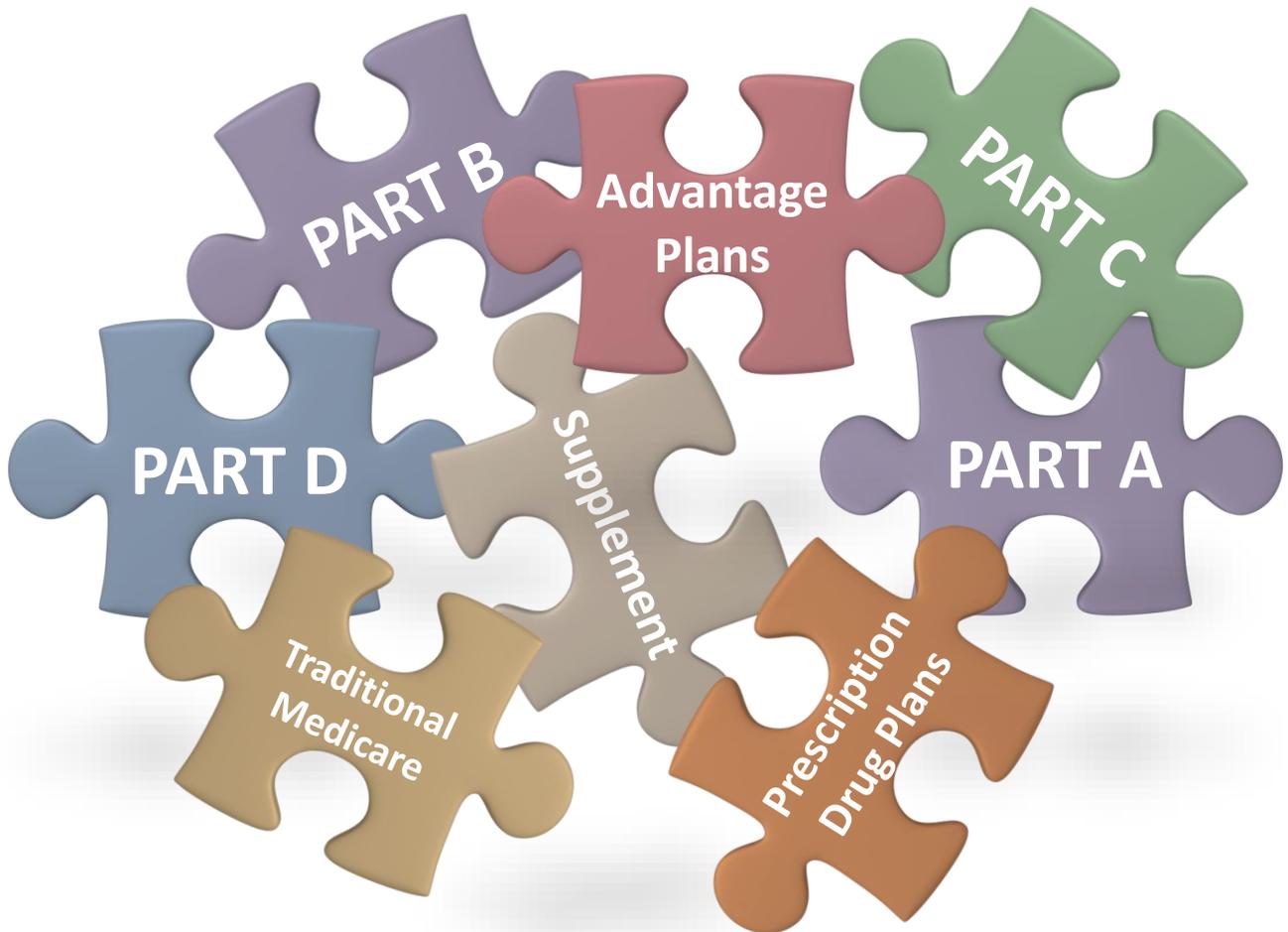


Solving The Medicare Puzzle



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Introduction

Becoming eligible for Medicare can be a very overwhelming time for most. You sort through the piles of mail you receive every day, make calls to companies and Medicare, talk to friends, all in an effort to learn more, only to find yourself more confused than when you started. If this sounds familiar, you are in the right place.

Hi, my name is Dan Hoelscher, and I have been helping Medicare beneficiaries make sense of Medicare for over 26 years. During that time I noticed that almost all the material available to Medicare beneficiaries was just an attempt to sell them a product, not an attempt to help them better understand Medicare and their options. The report you now see before you is a culmination of 26 years of breaking down Medicare so that it can be easily understood. It has been presented thousands of times to my own personal clients through workshops and one-on-one meetings. Here are a few of the many responses we have received from this material:

"Your workshop has been a tremendous help to my wife and I! There are no negatives to attending this presentation! Dan is America's best kept secret to retiring individuals!"

Jack & Jo Little – Huber Heights, Ohio

"Your Solving The Medicare Puzzle workshop greatly simplifies a complicated process!"

Jim Mayo – Greenville, Ohio

"I have worked with Medicare as part of my job and your workshop was very well presented and extremely helpful!"

Cheryl Paxton – Urbana, Ohio

"The fog will be cleared after attending this workshop!"

Wendell Robinson – Dayton, Ohio

"Fear of the unknown is an awful feeling. Come in with your questions and be prepared to learn!"

Judy Torrey, Troy, OH

So let's get started!

Understanding Medicare – Four Parts

Before we proceed you will first need a basic understanding of the four parts of Medicare. They are:



Part A & Part B make up what is known as Traditional Medicare or Original Medicare. This is what most people think about when they hear the term “Medicare.”

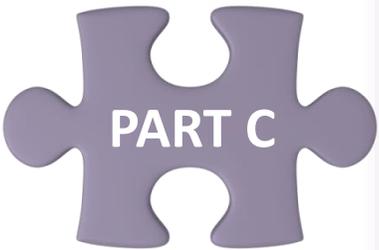
Part A of Medicare covers in the hospital services such as:

- In-patient Hospital stays
- Skilled Nursing Facility Care
- Hospice Care



Part B of Medicare covers out of the hospital services such as:

- Physician services
- Outpatient medical and surgical services/supplies
- Physical therapy
- Diagnostic tests, durable medical equipment, etc.



Part C of Medicare is what is known as Medicare Advantage. This is what causes the most confusion when it comes to Medicare. These plans are often confused with Medicare Supplement plans. What you need to know is:

- Part C is an alternative to Traditional Medicare (Parts A & B). In other words, you cannot have both. You will either choose Parts A & B, or you will choose Part C.
- These plans are offered by private insurance companies but are regulated by Medicare. Medicare doesn't offer the plans.



Part D of Medicare is what is known as the Medicare Prescription Drug program. It is important to know:

- These plans are offered by private insurance companies but are regulated by Medicare. Medicare doesn't offer the plans.

Understanding Medicare – Parts A & B

Ok, so the next question should be, what does Traditional Medicare cover and more importantly, not cover. Let's see...

PART A

Hospitalization:	<u>Medicare Pays</u>	<u>You Pay</u>
First 60 days in the hospital	All but \$1600	\$1600
Days 61 thru 90	All but \$400/day	\$400/day
Days 91 and after	All but \$800/day	\$800/day

For the 91st day and after, you only have 60 lifetime reserve days (once you use it you lose it). Once lifetime reserve days are used up, Medicare pays nothing, leaving you responsible for 100% of Medicare approved expenses.

The \$1600 you pay for the first 60 days in the hospital is known as the "Part A Deductible." It is due the first day of a hospital stay. This is not an annual deductible like most people are used to. It resets once you have been out of the hospital for 60 consecutive days. Therefore, you could have to pay this deductible more than once in a year's time.

Skilled Nursing Facility Care:	<u>Medicare Pays</u>	<u>You Pay</u>
First 20 days	All	Nothing
Days 21 thru 100	All but \$200/day	\$200/day
Days 101 and after	Nothing	All

PART B

	<u>Medicare Pays</u>	<u>You Pay</u>
First \$226 of Medicare approved amounts	None	\$226
Remainder of Medicare approved amounts	80%	20%

The \$226 you pay first is known as the "Part B Deductible." This is an annual deductible; therefore, it only needs to be met once per year.

IMPORTANT: THERE IS NO OUT OF POCKET MAXIMUM PER YEAR WITH TRADITIONAL MEDICARE. Many people are used to their company health plan, which limits the amount you would have out-of-pocket in a year's time. This is not the case with Traditional Medicare; therefore, you are responsible for the above expenses regardless of the amount.

Understanding Medicare – Part C

Now on to Medicare Advantage or Part C of Medicare...

If you remember, we said that the Medicare Advantage program was an alternative to the Traditional Medicare system (Parts A & B) and that these plans, though regulated by Medicare, were offered through private insurance companies such as Anthem, Humana and United Healthcare to name a few.

With that said, each company is allowed to design its plans as they want. The only requirement by Medicare is that each plan has to be “at least as good as” Traditional Medicare. Keep in mind that these plans are an alternative to Traditional Medicare, therefore, Parts A & B are no longer paying for your healthcare services...the Advantage plan is.

Since the numbers of plans vary as well as their benefits, let’s look at an example of how a Medicare Advantage plan might work (we will get more specific when we look at your personal situation)...

Sample Medicare Advantage PPO Benefits

	<u>You Pay (In Network)</u>
Inpatient Hospital:	\$315 per day for days 1-6
Skilled Nursing:	\$0/day for days 1-20, \$200/day for days 21-100
Office Visits:	\$10 copay PCP/ \$40 specialist
Ambulance:	\$300 copay
Outpatient Services:	\$295 copay or 20%
DME and Outpatient Drugs:	20%
Diagnostic Tests:	\$0 - \$265 copay, some services 20%

Out of Network services have higher copays and coinsurance.

Annual Out of Pocket limit (for Medicare covered Services): \$5000+ In Network; \$10,000 In & Out of Network. \$1000 deductible on Out of Network services.

Keep in mind that these are NOT Medicare Supplement plans. Medicare Supplement plans help supplement Traditional Medicare (Parts A & B); therefore, you can’t have a supplement with a Medicare Advantage plan.

IMPORTANT:

1. Medicare Advantage plans may only cover you out of state in case of emergency.
2. You can always leave a Medicare Advantage plan and go back to Traditional Medicare, but you may not be able to get a Medicare supplement policy based on your health status at that time.

Understanding Medicare – Part D

OK, on to the final part of Medicare, the Prescription Drug Plans or Part D of Medicare...

Like Part C of Medicare (Medicare Advantage), the prescription drug plans are regulated by Medicare but are offered by private insurance companies. Once again, each company is allowed to design its benefits as they want as long as they are at least as good as Medicare's Standard Benefit Model. So let's look at Medicare's Standard Benefit Model (once again, we get more specific when we look at your personal situation)...

CMS Part D Standard Benefit Model

	<u>You Pay</u>
Stage 1 (Deductible Period)	100%
Stage 2 (Initial Coverage Level)	Copay based on drug tier
Stage 3 (Coverage Gap/Donut Hole):	25% Brand Name or 25% Generic
Stage 4 (Catastrophic Coverage):	Approximately 5%

Stage 1: Lasts until the deductible is met. Plans are allowed to set their deductible at any amount as long as it doesn't exceed \$505.

Stage 2: Lasts until you reach \$4660 in total drug costs. This is not your out-of-pocket cost, but the total drug cost. So if you get a medication that has a full cost of \$100 but your copay is only \$25, it is the \$100 that chips away at the \$4660 amount. Once you hit \$4660 you go into the donut hole.

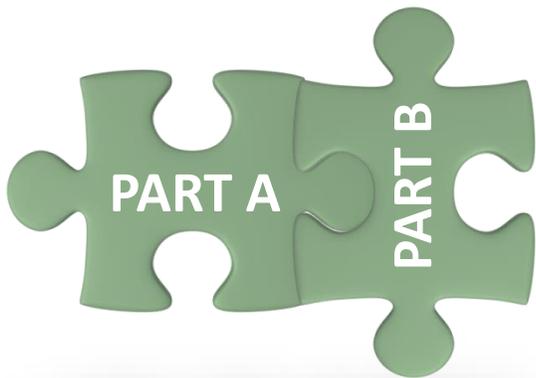
Stage 3: Lasts until you reach \$7400 in total out of pocket cost, at which time you will enter Stage 4.

Stage 4: Lasts until the end of the calendar year, at which time the plan will reset to Stage 1 beginning on January 1st.

3 Options

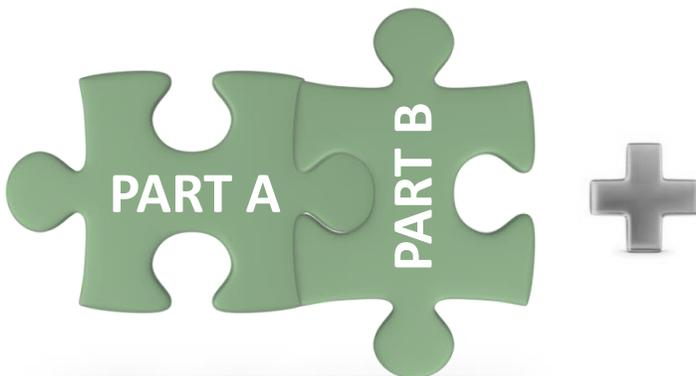
Now that you have a basic understanding of Medicare, the next question should be, “OK, what are my options?” Good question! All of the mail you have been receiving over the past months make it look like you have thousands of options. The truth is you only have 3 options and you only have 1 choice to make. So let’s take a look at those 3 options...

OPTION 1: Traditional Medicare Alone



Although going with Traditional Medicare Alone is an option, it is never an option we recommend due to the fact that there is no Out-of-Pocket maximum or cap on the expenses you could pay. A 120 day stay in the hospital would cost you \$37,600 or a 100 day stay in a Skilled Nursing Facility would cost you \$16,000 to name a few. So if you do choose this option you cannot say you were uninformed.

OPTION 2: Traditional Medicare + Supplement

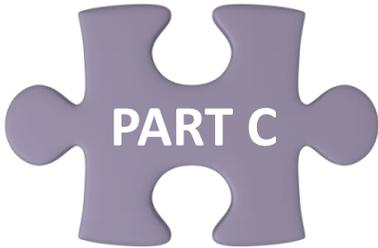


MEDICARE SUPPLEMENT PLAN
9 Plans Available. These plans cover the gaps in Traditional Medicare to different degrees depending on the plan.

This option is by far the best choice when it comes to medical coverage and freedom. With a Medicare supplement you have the freedom to choose any doctor or hospital (as long as they accept Medicare), you are covered out of state the same as you are in your home state and it provides you with predictable healthcare expenses. On the flip side, you have to pay an additional premium for the coverage (from \$50 - \$145/month depending on the plan you choose).

3 Options

OPTION 3: Medicare Advantage Plan



As discussed earlier, these plans are an alternative to Traditional Medicare. In other words if you choose Part C of Medicare, it replaces Parts A & B as the payer of your healthcare expenses. These plans typically (but not always) save you money on the premium, but you then pay as you use it. For example, you may have a plan with a low to no premium, but then you will have copays (set dollar amount) or coinsurance (a percentage of the cost) based on the services you receive. The plan will then set a maximum out of pocket per year that you could be responsible for, ranging from \$3400 on a HMO plan or up to \$4900 or higher on a PPO plan.

So, there is the first choice you need to make. If you agree with us that Option 1 is not a choice, then you are left with Option 2 or Option 3. If you haven't already beaten me to the next question, it should be, "What is each option going to cost me?"

3 Options – The Cost

OPTION 1: Traditional Medicare Alone

As we have said before, we don't recommend going with Traditional Medicare by itself due to the fact that there is no annual out-of-pocket maximum. In our opinion, a Medicare Advantage plan would be a better choice over Option 1. If you still choose Option 1, the only premium is the premium you pay for Part B of Medicare, which is \$164.90/month for most individuals (indexed for higher incomes).

Part B Premium - \$164.90/month

OPTION 1 Total: \$164.90/month

OPTION 2: Traditional Medicare + Supplement

By far this option gives you the best coverage and freedom, but you also pay additional premium for this luxury. Let's look at the cost:

Part B Premium - \$164.90/month

There are 9 Medicare Supplement plans to choose from, ranging in premium from approximately \$50-\$145 per month. One popular plan is Plan G. With Plan G, the only out-of-pocket cost you would have in a year's time would be the Part B deductible of \$226 for the year (assuming everything was Medicare approved). For a 65-year-old, Plan G runs \$110/month for a male and \$100/month for a female. That averages out to \$105/month for a Medicare supplement plan.

Medicare Supplement Premium - \$105/month

OPTION 2 Total: \$269.90/month

Keep in mind that if you want prescription drug coverage you will need to add a Part D prescription drug plan to this option. Part D plans start at \$5.10/month and go up from there. The national average Part D premium for 2023 is \$32.74/month.

3 Options – The Cost

OPTION 3: Medicare Advantage Plan

Even though this option is an alternative to Traditional Medicare, you still have to pay for Part B.

Part B Premium - \$164.90/month

Medicare Advantage plans come in all shapes and sizes, but for this cost example we will use a \$59/month premium plan.

Medicare Advantage Plan Premium - \$59/month

OPTION 3 Total: \$223.90/month

Some Medicare Advantage plans include drug coverage; some do not. You will want to be aware if your plan covers your medications or not.

Keep in mind that Medicare Advantage plans are pay as you use it, so even though you may have a low premium plan, you will have cost associated with services used...so the plan is not FREE.

Medicare Advantage plans are government subsidized, so they are surrounded by government regulation, and as such, you should consult a professional before entering into a plan. You don't want to make a mistake that could cost you dearly down the road.

Conclusion

I hope that this information proved as helpful to you as it has for thousands of other we have helped!

Our job at Senioremark is not to sell you a Medicare Health Plan, but to help you decide which plan is the best for you based on your personal situation. We know that everyone's needs and resources are different.

With that said, we also owe you our professional opinion on the pros and cons of each of the plans available to you. There is a big difference between a salesperson and an advisor. Not everyone you talk to is an advisor!

Remember that a monthly premium doesn't tell the whole story, so a low premium doesn't always mean it is a better plan for you. It's vital that you look at your total situation which includes any employer health plans that are available to you, your medical history, the prescriptions you take, etc. I have counseled many clients to stay on their employer health insurance even though they were paying close to \$400/month for it. The premium for a supplement and drug plan was only \$125/month, but their drug costs would have been \$350/month because of the Medicare Drug Plan Donut Hole. Moral of the story...don't just look at the monthly premium!

I have attached a brief history of our company and qualifications. What we will do for you:

- If you have an employer plan, we will help you determine if you should keep it or go with a plan of your own (Advantage or Supplement)
- We will help you determine whether you want Traditional Medicare or Medicare Advantage
- If Medicare Advantage, we will help you choose which plan best fits your needs
- If Traditional Medicare, we will help you determine which of the 9 supplement plans best fits your needs
- We will help you determine which of the 24 drug plans will provide you the lowest annual cost
- **We do not charge a fee for our services**

If you would like to schedule a one-on-one consultation, please contact us at:

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