

THE NEW FINANCIAL LONGEVITY BUNDLE®



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Understanding the Medicare Tangle

Part IV: Medicare Part A & Part B Costs and Penalties

Medicare Part A (Hospital Insurance) - Covers inpatient hospital stays, care in a skilled nursing facility, hospice care and home health care. Coverage includes semi-private rooms, meals, general nursing, drugs as part of your inpatient treatment, and other hospital services and supplies received in these facilities: acute care hospitals, critical access hospitals, inpatient rehabilitation facilities and long-term care hospitals; also inpatient care as part of a qualifying clinical research study and inpatient mental health care given in a psychiatric hospital or other hospital.

❖ **BE AWARE:** Some examples of what is not covered by Medicare Part A:

- Private-duty nursing
- Private room (unless medically necessary)
- Television and phone in your room (if there's a separate charge for these items)
- Personal care items such as razors or slipper socks

Medicare Part A: Premium Cost

You usually do not pay a monthly premium for Medicare Part A if you or your spouse paid Medicare payroll taxes throughout one's working life.

❖ **BE AWARE:**

- If you paid Medicare taxes for less than 30 quarters - You pay a standard monthly premium of \$413 in 2017.
- If you worked more than 30 to 39 quarters - The standard monthly premium would be reduced to \$ 227 in 2017.

Medicare Part A: Hospital Deductibles and Coinsurance

1. You pay a deductible for each benefit period when admitted to a hospital - - \$1,316 in 2017. (This deductible is a cost that many Medicare patients are not aware of.)
2. You begin to pay coinsurance for each benefit period following your first 60

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days in a hospital or skilled nursing facility.

Benefit periods are broken down by days in the hospital or skilled nursing facility.

- Days 1-60: Free - \$ 0 coinsurance for each benefit period
- Days 61-90: \$ 329 coinsurance per day for each benefit period
- Days 91 and beyond: \$ 658 coinsurance per each “lifetime reserve day” after day 90 for each benefit period (up to 60 days over your lifetime)
- Beyond lifetime reserve days: You pay all the costs directly.

❖ BE AWARE:

- All people with Part A are covered only when all of these conditions are met: You must be admitted by the hospital. It requires a doctor to make an official order which says you need two or more 24- hour periods of medically necessary treatment for your illness or injury.
- You need the kind of care that can be given only in the hospital.
- The hospital accepts Medicare.
- The Utilization Review Committee of the hospital approves your stay while you’re in the hospital. You are not eligible just by being in an Emergency Room or under observation. That would then be covered by Medicare Part B and includes varying deductibles, copays and coinsurance.

Medicare Part A: Late Enrollment Penalty

❖ BE AWARE:

- Your monthly premium can go up 10 percent if you do not enroll in Medicare when you are first eligible at age 65 due to the Medicare Part A Late Enrollment Penalty.
- Be sure to review our previous UWM Financial Longevity Newsletter(s) available at www.Universalwm.com for more in-depth information.

*Understanding the Medicare Tangle
Part III: Medicare Enrollment Periods Made Simple*

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Medicare Part B (Medical Insurance) - Covers outpatient care such as doctor's visits, surgeries, medical supplies (like wheelchairs and walkers, preventive and screening care, X-rays, lab work, LIMITED prescription drugs and many other services considered medically necessary to treat a disease or condition.

Medicare Part B: Premium Costs

- You pay a standard monthly premium of \$134 in 2017 (or higher depending on your income as reported on your IRSA tax return from two years prior). Important Note: Many individuals who turned 65 prior to 2015 were paying an average standard monthly premium of \$ 104.90. In 2016, their Part B standard monthly premium was increased to \$109. Those individuals who aged in and/or turned age 65 in 2017 pay the standard monthly premium rate of \$134.

❖ **BE AWARE:**

- Your standard monthly premium may vary year to year and is based on a number of factors and changes that continue surrounding Social Security COLAs, Medicare Healthcare Costs and the many moving parts being addressed daily within the Affordable Care Act and beyond.

Medicare Part B: Deductible and Coinsurance

- Your annual deductible for Medicare Part B is \$183 in 2017.
- After your deductible is met, you pay coinsurance - typically 20 % of Medicare approved charges.

❖ **BE AWARE:**

- Medicare-approved amount in Original Medicare is the amount a doctor or supplier that accepts assignment can be paid. It may be less than the actual amount a doctor or supplier charges. Medicare pays part of this amount and you are responsible for the difference.
- Actual doctor's charges, supplier charges, and negotiated contract charges can vary. This makes it almost impossible for Medicare

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subscribers to know exactly how much they are paying in actual dollar budget numbers when trying to calculate the rate of 20% coinsurance of the Medicare approved charges and lists which are constantly changing.

Medicare Part B: Late Enrollment Penalty

❖ BE AWARE:

- Your monthly premium can go up an additional 10 % for each full 12-month period that you could have had Medicare Part B coverage but did not enroll when you were first eligible
- You may also have to wait until the General Enrollment Period (January 1 to March 31) to enroll in Part B which would cause your coverage to begin July 1st of that year, not immediately.

Take some time to review our Medicare Overview information and follow the complete series of our UWM Financial Longevity Newsletter which will include more important information you need to know about Social Security and Medicare:

Health Care Unscrambled Part I: Social Security and Medicare Simplified

Understanding the Medicare Tangle Part II: Medicare Overview Made Simple

Understanding the Medicare Tangle Part III: Medicare Enrollment Periods Made Simple

Understanding the Medicare Tangle Part IV: Medicare Part A & Part B Costs and Penalties

Understanding the Medicare Tangle Part V: Medicare Part C –Costs, Medicare Advantage vs. Supplemental Plans

Understanding the Medicare Tangle Part VI: Medicare Part D – Costs and Penalties of Prescription Drug Coverage

Understanding the Medicare Tangle Part VII: How Health Care Costs Impact Your Retirement Cash Flow

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