

## Learn to love Medicare Open Enrollment

*"I'm too young for Medicare, and too old for women to care."*

– Kinky Friedman, American singer, songwriter, humorist (1944 - )

Few people I know who have been through the Medicare enrollment process at age 65 have nice things to say about the experience. Well, actually none, come to think of it. Most describe it as a time-consuming exercise in frustration learning about all the available options, and they're happy that it's over with.

To their displeasure, I tell them that they should revisit their choices annually during the Medicare Open Enrollment (OE) period, which runs from October 15th through December 7<sup>th</sup>. They view it as akin to doing a root canal every year on the same tooth. Still, I owe it to them to point out the reasons for doing this, as the consequences of a "set and forget" Medicare program could cost them significant angst and thousands of dollars in the future. That usually gets their attention.

Medicare OE is an annual opportunity that the government gives you to adjust your Medicare coverage to reflect your current and future medical needs. It is a do-over that you can choose to ignore at your financial peril.

### Medicare ABCs (and D)

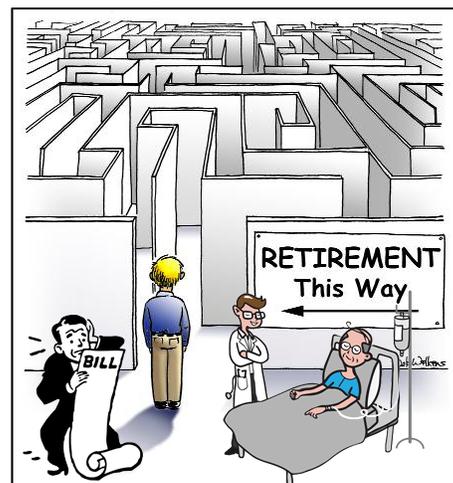
Let's revisit the basics of Medicare coverage. Medicare Part A covers hospitalization and related costs, and you receive it at no cost if you or your spouse have enough Medicare tax quarters accrued. Part B covers office visits, outpatient care, lab tests, preventive services, and other non-hospitalization charges. The cost for Part B is a function of one's income, with five different cost tiers.

Part D, which is optional, covers prescription drugs. Be aware that delaying the start of Part D because you don't need any medications when you turn 65 will result in a lifetime cost penalty of 12 percent per year of delay. This is also true for Part B, with a 10 percent per year penalty for each year of delay.

Medicare Part C, also called Medicare Advantage (MA), is an optional plan offered by private companies, typically preferred provider organizations (PPOs), that covers Medicare Parts A and B, and typically Part D. If you choose a MA Plan, all medical services must be through that insurance provider. It may actually cost less than original Medicare, though be sure that you understand which physicians and facilities are included in each plan, as the cost to go out of plan for needed services can be extremely high.

Finally, there is Medigap insurance, also optional, which is also offered by insurance companies and addresses the "gaps" in traditional Medicare coverage, the most important of which is the absence of a spending cap on Medicare. There are ten different Medigap plans, from basic to premium and priced accordingly. All Medigap plans cover 100 percent of co-insurance costs and up to a year of hospital costs after Medicare benefits are exhausted. If you or your spouse ever have an extended hospital stay, once you exceed your ninety covered days and your lifetime reserve days for Medicare, your out-of-pocket costs could damage you financially without Medigap or MA coverage.

### *Navigating the Retirement Maze*



## Why you should “feel the pain” annually

Selecting a Medicare supplemental plan and then sticking with it for life would be fine if nothing ever changed. However, this isn't the case. Plans, premiums, and your health are all moving targets. MA providers can change premiums, covered medications and their copays, and the physicians and facilities included in their plans. Medigap providers can only change their premiums, as the various Medigap plans are set by law.

Medications can be dropped from plans, or the copays for them can increase significantly, so check to see what the cost of your currently prescribed medications are for the coming year under your existing plan. Also, keep in mind that Medicare and supplemental coverages are for individuals, not couples. Thus, differences in ages and medical conditions may dictate different plans and plan providers for each spouse.

## Assessing plans

Start with the September letter from your current MA or Part D insurance provider, called the Annual Notice of Change (ANOC) or the Explanation of Benefits (EOB). This describes any meaningful changes to health care providers, hospitals, and pharmacy networks under your plan for the coming year. Medigap updates disclose premium changes (Annual Notice of Rate), as the various plans are set by law.

Next, pull together a list of your existing medications, physicians, and any supplemental medical needs. If there are significant changes to these in your current plan, you have two choices. First, your existing plan provider is required to work with you to find other physicians or hospitals in its network that are acceptable to you. These can be evaluated using the resources on Medicare.gov, as well as other online sites. Check both money (premiums, copays) and non-money (plan additions and deletions) issues.

If the results are unsatisfactory to you, contact your preferred physicians and find out which plans they work with. Then use the Plan Finder on Medicare.gov. It considers not only your geographic area, but the medications which you currently use to do a price comparison between plans. Some geographies have more choices than others. Here in Massachusetts, we are fortunate to have many plans available in most areas.

## Where to get help

While Medicare.gov is a good resource for plan evaluation and selection, not everyone is comfortable using it. Fortunately, there are some other resources to assist with your evaluation. HealthMatrix Research, Healthview Services, and SHIPtalk.org all provide help, and the latter offers telephone consultations at no cost to you. My website lists additional resources, located under the Resources/Medicare Resources tab. My firm also use a software tool with clients for a detailed situation analysis for Medicare, including costs and recommended options. Contact me if you are interested in exploring this option.

There are numerous ways to compare your Medicare options going forward. As onerous as revisiting your Medicare coverage situation may seem to you, not doing it can put both your health and your finances at risk.

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