

Courtesy of: Royalty Owner Help Desk



Eldercare

By the numbers

"... older Americans spent twice the amount of other Americans on out-of-pocket health expenditures. On average, Americans under 65 **spent \$1,232 per year on health care costs**, while individuals **over 65 spent \$2,487 yearly**.

In addition to the amount of money spent on health care, the portion of income spent on health expenses increased as respondents aged. Individuals under 65 spent **2% of their incomes** on health care costs, while older individuals spent six times as much, or an average of 12% of their income on health expenses."

Source: Analysis from the Consumer Expenditure Survey, September 2007

Facing the complexities of Medicare

There is no denying it: Medicare is a complicated insurance program that beneficiaries often find as challenging as it is helpful. It is important to use a guide when trying to work within the system. This brief "Medicare map" gives you an overview of what to expect from Medicare, as well as the steps you can take to ease your journey toward securing the **maximum benefits due you.**

This planning sheet offers an introduction to Medicare, with information on eligibility, enrollment, coverage, and new Medicare health plan options, as well as helpful tips. Ask your financial advisor for additional literature on Medicare, including the latest information about gaps in Medicare coverage and special programs for people with low incomes.

Who is eligible?

You are eligible for Medicare if you are a U.S. citizen or legal immigrant who has lived in the United States for at least five years and meets one or more of the following criteria:

- You are age 65 or older and eligible for Social Security or railroad retirement benefits.

- You have been receiving Social Security disability income for at least 24 months.
- You qualify for disability insurance due to ALS (Lou Gehrig's disease).
- You have end-stage renal disease.

If you are eligible for Social Security retirement benefits but do not take them at age 65, or if you are working after age 65, you can still receive Medicare benefits.

If you are not eligible for Social Security or railroad retirement, you are eligible for Medicare, but you must pay Part A premiums.

How Medicare works

Medicare is the federal health insurance program available to older Americans and to many adults with disabilities. You may qualify regardless of income.

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Key points

- Understanding the basics of Medicare A, B, and D gives you good standing to take necessary steps on schedule. It also helps you deal with problems in the system when you must.
- Begin the enrollment process in advance of your 65th birthday, or immediately after any other qualifying event, in order to become eligible for benefits as soon as possible.
- Always find out whether providers take assignment and insist that doctors, pharmacists, nursing homes, and other vendors bill Medicare directly to make certain that you pay minimum copays or other out-of-pocket costs.

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Medicare is divided into three parts: Part A, Part B, and Part D.

Medicare Part A covers in-patient hospital, skilled nursing facility, home health, and hospice services. Medicare Part B covers almost all reasonable and necessary medical services, including physicians' services, outpatient hospital care, durable medical equipment, laboratory tests, X-rays, therapy, mental health, and ambulance services. Medicare Part D is the outpatient prescription drug benefit available only through Medicare private drug plans or Medicare private health plans.

The more you understand about Medicare, the better you will be able to enjoy the full benefits of the program.

A snapshot of the basics

How and when to enroll

For most people, enrollment in Medicare is automatic and does not require you to file an application.

- If you already get Social Security retirement or railroad retirement benefits when you turn 65, enrollment is automatic.
- If you are under 65 and receive Social Security Disability Insurance (SSDI), you will automatically be enrolled in Medicare during the 24th month you receive SSDI. If you are under 65 and have ALS, you will automatically be enrolled in Medicare the first month you receive SSDI or, if you are a railroad worker, a railroad disability annuity check.

Other people will need to actively enroll in Medicare and file an application with their Social Security or Railroad Retirement Board office.

For example:

- if you qualify for Social Security retirement or railroad retirement benefits but are not receiving them when you turn 65
- if you qualify for Medicare because you have end-stage renal disease

If you need to actively enroll in Medicare, there are three times you can do it:

Initial enrollment

If you are turning 65, you can file an enrollment application with your local Social Security office during a seven-month period beginning three months before the month of your 65th birthday. If you are under 65 and are eligible due to other criteria (see page 1), you can file during a seven-month period beginning three months before the month of your entitlement date.

General enrollment

If you are eligible for Medicare and miss your initial enrollment period, you may enroll between January and March 31, but you may pay a penalty for late enrollment. If you apply during the general enrollment period, your Medicare coverage will start on July 1 of the year you enroll.

Special enrollment

If you or your spouse has coverage under an employer group health plan

(GHP) because you still work, you can enroll in Medicare at any time while you are covered by the GHP. If you or your spouse end your GHP coverage or stop working, you have a special eight-month enrollment period beginning when you lose the GHP coverage or stop working, whichever comes first. If you still get coverage from a former employer after you retire, it is considered retiree coverage and pays after Medicare pays, so it is important to sign up for Medicare.

Coverage and costs

Medicare covers most reasonable and necessary health care costs. It covers a portion of most outpatient prescription drugs as well (for more information on this benefit, see page 3). However, it does not cover routine checkups, dental services, custodial or long-term nursing home care, or experimental procedures.

Medicare Part A costs

Most people get Medicare Part A for free. Your Part A premium is free if

- you are 65 or older and eligible for Social Security or railroad retirement benefits
- you have received Social Security disability income for at least 24 months
- you qualify for disability insurance due to ALS or Lou Gehrig's disease
- you have end-stage renal disease



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Medicare will not cover

- private duty nursing
- private hospital room
- custodial care in a nursing home
- custodial care in home
- annual checkups
- most chiropractic services
- experimental procedures
- cosmetic surgery and treatments
- most care outside of the United States
- routine dental care
- acupuncture
- long-term care
- hearing aids
- nonmedical services
- most eyecare

If you do not qualify for free Part A, you can pay for it. How much it costs depends on your work history. Call Social Security for individual information (1-800-772-1213) or go to www.socialsecurity.gov.

If you or your spouse have worked 40 quarters (10 years) or more, which means you are eligible for Social Security retirement benefits, you do not have to pay a Part A premium. For 2009, if you have worked between 30 and 39 quarters, your Part A premium is \$244 per month. If you have worked less than 30 quarters, the premium is \$443 per month. In both cases there may be a surcharge for delayed enrollment.

Medicare coverage tips

- Medicare covers most health care services that you or your doctor think you need. If you get a service and Medicare denies coverage, you can challenge the denial through a simple appeal process.
- If you have questions about Medicare, you can get free help from your State Health Insurance Assistance Program. You can get the number by calling 1-800-MEDICARE.
- Most doctors accept Medicare. Doctors do not have to treat Medicare patients, but if they do, they are legally bound to file claims with Medicare and to charge no more than state and federal laws permit.

- It is always a good idea to ask doctors whether they will take Medicare assignment. Doctors who take assignment have to accept the Medicare-approved amount as payment in full. Medicare will pay the doctor 80% of its approved amount, and you are responsible only for the remaining 20%. (Doctors who do not take assignment can charge you up to 15% more than Medicare’s approved amount.)
- If you have Medicaid, make sure you see doctors that will bill Medicaid for your out-of-pocket costs.

Medicare Part B premiums

Everyone pays a monthly premium for Medicare Part B. For 2009, the standard Part B premium is \$96.40 per month. (Note: If you have very high income you will pay a higher Part B premium. In 2009, people with income higher than \$85,000 — \$170,000 for couples — will pay more for Part B.) If you do not enroll when initially eligible, you may have to pay a 10% premium penalty for each 12-month period you delay your enrollment (unless you had employer insurance through your or your spouse’s current job). For example, if you were eligible for Medicare Part B at age 65, but you did not choose to enroll until age 70, you would pay a 50% penalty.

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Medicare Part D

Medicare recipients can get prescription drug coverage Medicare Part D. This coverage is only available through Medicare private drug plans. Most people must actively sign up if they want this coverage.

- Enrollment in the benefit is optional for most people (although the vast majority of people with both Medicare and Medicaid must get their drug coverage this way). Whether Medicare drug coverage will help you depends on your current drug coverage and drug needs.
- If your current drug coverage is as good as or better than Medicare's ("creditable"), you can keep it without penalty. If you do not have coverage as good as Medicare's and do not enroll when you are first eligible, you will pay a penalty if you enroll later. Find out from whoever provides your coverage — for example, your employer or union — whether it is creditable.

- If you want Medicare drug coverage, you must pick a plan that works with your current Medicare health benefits. If you have Original Medicare and want to stay with it, choose a standalone plan that offers just drug coverage (PDP). If you have a private Medicare health plan, you should generally get your Part D coverage as part of your plan's benefits package.
- Each plan has different costs, a different list of drugs that it covers, and works at different pharmacies.
- You can first enroll in the Medicare drug benefit when you become eligible for Medicare. You can enroll in or change plans during the Annual Coordinated Election Period (Nov. 15 to Dec. 31).
- If you have low income, you may qualify for Extra Help — federal assistance that can help pay for most of the costs of the Medicare drug benefit. You can get an application for Extra Help by calling Social Security at 1-800-772-1213 or going online to www.socialsecurity.gov.

Adapted from the 2009 publication *Medicare Basics*, created by the Medicare Rights Center. Used with permission.

Additional resources

www.medicare.gov
www.medicareinteractive.org

Contact your financial advisor for more information, or visit mfs.com.

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