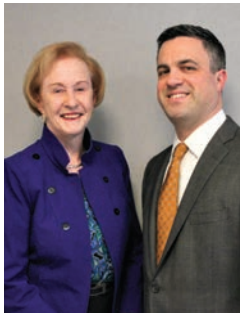


THE A, B, C and D's of Medicare

In this first of 2 articles, the basics of parts A and B are covered.

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As clients approach the magic age of 65, we field their many questions about Medicare. In order to put the puzzle together you must navigate enrollment dates and deadlines, understand the costs of the various plans and choose from a myriad of choices when it comes to supplemental and prescription drug coverage. In this article we will

cover the basics of Medicare parts A and B, along with some planning considerations. Next month, we'll dig into parts C, D and the various Medigap plans.

Medicare is a federal health insurance plan for people age 65 or older, along with some disabled individuals under 65. The original Medicare plan consisted of parts A and B, with the subsequent additions of Part C (Medicare Advantage), Part D (prescription drug coverage) and Medigap (supplemental insurance).

Medicare Part A is hospital insurance that helps pay for inpatient care in a hospital or skilled nursing facility as well as hospice care and some home health care. Part B covers outpatient and preventative care, along with a host of other services detailed below.

APPLYING FOR PART A COVERAGE

If you're receiving Social Security benefits, you're automatically enrolled in Part A coverage three months before turning age 65. If you're not receiving Social Security

benefits, you must contact your local Social Security office to apply for Medicare Part A coverage. We recommend you do this in the three months before you turn 65.

Once you've had an initial conversation with someone at the Social Security Administration, they will set up a phone interview to complete this process. You'll qualify for free coverage if:

- You are 65, are a U.S. citizen or permanent U.S. resident and you or your spouse has at least 10 years of Medicare-covered employment.
- You are 65 and are already receiving Social Security or Railroad Retirement Board retirement benefits.
- You are 65 and are eligible to receive Social Security or Railroad Retirement Board retirement benefits but have not yet filed for them.
- You are under age 65 and have received Social Security disability benefits for 24 months; or
- You are under age 65, have end-stage renal disease and meet certain requirements.

We recommend those who qualify for free Part A coverage enroll as soon as they are eligible. If you don't qualify for free coverage, in 2024 you can purchase Part A coverage for \$278 or \$505 per month, depending on your and/or your spouse's work history.

PART A COVERAGE

In 2024, Medicare Part A will pay all except your deductible of \$1,632 of hospital costs during the first 60 days. If you need to stay longer than 60 days but less than 91

Part B Coverage: The cost is based on your modified adjusted gross income, or MAGI

Single	Married Filing Joint	Part B Monthly Premium
MAGI below \$103,000	MAGI below \$206,000	\$174.70
\$103,000 to \$129,000	\$206,000 to \$258,000	\$244.60
\$129,000 to \$161,000	\$258,000 to \$322,000	\$349.40
\$161,000 to \$193,000	\$322,000 to \$386,000	\$454.20
\$193,000 to \$500,000	\$386,000 to \$750,000	\$559.00
\$500,000 or greater	\$750,000 or greater	\$594.00



days, you must pay part of the cost of your hospital stay — up to \$400 per day. If you stay 91 days or longer, you must pay the full cost of your hospital stay. You do have 60 “lifetime reserve” days that can be used, but you’d still have to pay up to \$800 per day for days 91 through 150 of a hospital stay. Once these reserve days are used, they aren’t renewed. But if you’re out of the hospital for at least 60 days and then are admitted again, a new benefit period begins and during the first 60 days of a hospital stay, Medicare would once again pay for all costs except the deductible.

PART B COVERAGE

Medicare Part B is medical insurance. It helps pay for doctors’ fees, outpatient hospital services and other medical services not covered under Part A, such as some physical and occupational therapy services and some home health care. You’re automatically enrolled in Part B coverage when you’re entitled to Part A coverage, but you can elect out of it if you wish. You may delay Medicare Part B if you maintain group insurance coverage (more on this decision below).

PART B COST

The basic premium for Part B coverage in 2024 is \$174.70 per month and is usually deducted from your Social Security check. Your Part B premium is based on your modified adjusted gross income (MAGI). MAGI is defined as adjusted gross income from your tax return two years prior, plus any tax-free interest. As you can see from the chart on the previous page, depending on your MAGI your monthly premium for Part B could be as high as \$594.

Under Part B, you have an annual deductible of \$240 in 2024. Once you’ve met the deductible, Part B pays 80% of the Medicare-approved amount and you pay the other 20%. You may have additional out-of-pocket costs if your doctor charges more than the approved Medicare amount.

MEDICARE ENROLLMENT

The initial enrollment period for Medicare Part A and Part B begins three months before your 65th birthday and continues for seven months. If you enroll during the three months before the month in which you turn 65, your Medicare coverage will be effective starting the month of your birthday. If you enroll in the month you turn 65 or in one of the following three months, your Part B coverage may be delayed by one to three months, so it makes sense to enroll before your 65th birthday.

If you don’t enroll during your initial enrollment period, you must wait until the next general enrollment period. General enrollment periods occur each Jan. 1 through March 31, and the coverage won’t begin until the following July 1.

If you delay enrollment, in some cases the Part B premiums will increase 10% for each 12-month period during which you could have enrolled but did not. If you have to pay this premium penalty, you’ll have to pay



You'll qualify for free coverage if you are 65 and are eligible to receive Social Security or Railroad Retirement Board retirement benefits but have not yet filed for them.

it for as long as you’re covered under Medicare, so signing up in timely fashion is critical.

If you have health care insurance from your or your spouse’s current employment after age 65, you can delay your enrollment in Medicare without penalty. When either your employment or your group health insurance coverage ends, whichever occurs first, you’ll have a special enrollment period of eight months within which to enroll in Medicare Part B without penalty, including the month in which coverage or employment ended.

For those who continue to work past age 65, we recommend that you enroll in Part A insurance at age 65 since there’s no cost. It may, however, be wise to delay enrollment in Part B coverage if you have other primary health insurance that would treat Medicare as a secondary payer of benefits. This way you can delay paying the premiums for Part B coverage, while at the same time avoiding the late enrollment penalties.

MEDICARE FOR RETIREES

Most group health plans, other than the Federal Employee Health Benefit Plan offered to federal employees and retirees, require you to enroll in Medicare once you’ve retired. In general, retiree plans will cover you only if you have Medicare Part A and Part B coverage and they pay only after Medicare pays.

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The stock market has been volatile for the past few years, yet due to our smart investment strategies, we have weathered the storm and still have an impressive stock portfolio.

We recognized that we are an aging group, so one of our goals has been to bring in younger members to continue our original vision to create a mechanism through which African-American women could create a path to sustain wealth for ourselves and our families, while continuing the legacy of the founding members and those who came behind them.

As part of our growth and legacy, three of our newest

members are daughters of three of the founding members. The original number was 16, we are currently 27 members strong.

Our Partnership Agreement and governing documents are the foundation of all that we do, and our continued success is due to the level of professionalism, shared knowledge and skills that the group possesses.

Additionally, our success and longevity as a club are due to several factors, including that we genuinely care for, respect and trust one another. And we take our investment club very seriously. It is our expectation that we will be around for another 25 years and beyond. We hope to leave a legacy for other African-American women who have an interest in following our footsteps.

SCIG has been a member of BetterInvesting since inception. This organization provides investment clubs with unbiased investment education and online stock analysis tools.

FINANCIAL PLANNER

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Contact the benefits administrator or HR department at your company to find out exactly how your retiree plan will coordinate with Medicare. This includes whether you must use specific doctors for your retiree plan to cover Medicare co-insurance, whether the plan covers prescription drugs, whether you can get your retiree coverage back if you decide to drop it and what premiums you're required to pay for the coverage. Keep good records, such as proof of the date of your retirement in case you have any billing complications.

PLANNING CONSIDERATIONS

Medicare will look back two years to determine your income level and thus your Part B premium. If you are in the process of retiring, or have a significant life event that impacts your income, you don't have to wait two years for your premium to be reduced. For purposes of Medicare Part B, a life-changing event is defined as marriage, divorce, death of a spouse, work reduction or stoppage, loss of pension income, loss of income-producing property or employer settlement payment. If you experience one of these events, you can file Form SSA-44 to explain the event (i.e., retirement) and potentially reduce your Part B premiums.

If you have flexibility as to when you realize some income, pay close attention to your MAGI and the Part B premium thresholds. For example, if you're a single taxpayer with a MAGI of \$128,000 and you sold an investment realizing a \$2,000 gain, you would tip your MAGI above the \$129,000 threshold, and be on the hook for an extra \$1,260 in Part B premiums two years later. If you were to spread these sales over two tax years you could potentially avoid the premium increase.

CONCLUSION

Medicare parts A and B coverage are essentially the same for all enrollees. The primary differences arise in Part B premiums and late penalties, so it pays to enroll on time and to understand your income situation. The Social Security Administration handles Medicare eligibility and enrollment, but Medicare has a dedicated website (www.medicare.gov) with a wealth of information on the nuances not covered here. Next month we'll cover Part C and Part D, along with Medigap insurance, and put the whole puzzle together.

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