



PTAVISE

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Top 9 Most Costly Mistakes That Medicare Beneficiaries Make

Keeping Your Part D Plan on Autopilot

Open enrollment for Medicare Part D and Medicare Advantage plans runs from October 15 to December 7 every year, and it's a good time to review all of your options. The cost and coverage can vary a lot from year to year—some plans boost premiums more than others, increase your share of the cost of your drugs, add new hurdles before covering your medications, or require you to go to certain pharmacies to get the best rates. And if you've been prescribed new medications or your drugs have gone generic over the past year, a different plan may now be a better deal for you.

It's easy to compare all of the plans available in your area during open enrollment. Go to the Medicare Plan Finder and type in your drugs and dosages to see how much you'd pay for premiums plus co-payments for plans in your area.

Buying the Same Part D Plan as Your Spouse

There are no spousal discounts for Medicare Part D prescription-drug plans, and most spouses don't take the same medications—one plan may have much better coverage for your drugs while another may be better for your spouse's situation. You need to look at the coverage for your specific drugs. You can each type in your drugs and dosages at the Medicare Plan Finder to estimate out-of-pocket costs for each of you under the plans in your area. Just be careful if you and your spouse sign up for plans with different preferred pharmacies—some plans only give you the best rates if you use certain pharmacies, so you could end up paying a lot more if you get your drugs somewhere else.

Not Price Comparing Your Medicare Supplement Plan

The rules for Medicare Supplement companies are standardized and regulated by the Federal government to provide simplicity and uniformity to make understanding and comparing the plans easier for you, the consumer. Although all Medicare Supplement plans are standardized and must follow these rules, each insurance company still sets its **own prices** for its Plans, and these prices can vary dramatically from one company to the next.

The reasons for why one company may charge a higher or lower rate than another company range from the size of the company and how many insureds they have, to the marketing and branding strategy of the company, to the restrictiveness of their underwriting and how efficiently they operate the company. Regardless, the significant difference in price that companies charge for the exact identical plan creates a huge need to compare prices from the marketplace and determine which carrier is going to provide you with the most cost efficient solution.

Going Out-of-Network in Your Medicare Advantage Plan

If you choose to get your coverage through a private Medicare Advantage plan, which covers both medical expenses and prescription drugs, you usually need to use the plan's network of doctors and hospitals to get the lowest co-payments (and some plans won't cover out-of-network providers at all, except in an emergency). As with any PPO or HMO, it's important to make sure your doctors, hospitals and other providers are covered in your plan from year to year. You can switch Medicare Advantage plans during open enrollment each year from October 15 to December 7, and you can compare out-of-pocket costs for your medications and general health condition under the plans available in your area by using the Medicare Plan Finder. After you've narrowed the list to a few plans, contact both the insurer and your doctor to make sure they'll be included in the network for the coming plan year.

If you get your coverage through a private all-in-one Medicare Advantage plan, which covers both medical expenses and prescription drugs, you usually need to use the plan's network of doctors and hospitals to get the lowest co-payments. For that reason, it's important to make sure your doctors, hospitals and other providers are covered from year to year. You can switch Medicare Advantage plans during open enrollment each year from October 15 to December 7. After you've narrowed the list to a few plans, contact both the insurer and your doctor to make sure they'll be included in the network for the coming plan year.

Not Switching Medicare Advantage Plans Mid-Year If Needed

Even though open enrollment for Medicare Advantage plans runs from October 15 to December 7, you may still be able to change plans during the year. For example, you can switch plans outside of open enrollment if you have certain life changes, such as moving to an address that isn't in your plan's service area (see Special Enrollment Periods for more information). And if you have a Medicare Advantage plan in your area with a five-star quality rating, you can switch into that plan anytime during the

year (you can use the Medicare Plan Finder to see whether a five-star plan is available in your area). Also, you can switch from a Medicare Advantage plan to traditional Medicare (plus a Part D prescription-drug plan and/or Medicare Supplement) from January 1 to February 15 (although you could be denied Medigap coverage or charged more for it). See our FAQs on "Switching from Medicare Advantage Plans" for more information about your options.

Not Understanding the Costs of the Different Parts of Medicare

Medicare is divided into parts. Part A, which pays for hospital services, is free if either you or your spouse paid Medicare payroll taxes for at least ten years. (People who aren't eligible for free Part A can pay a monthly premium of several hundred dollars.) Part B covers doctor visits and outpatient services, and it comes with a monthly price tag -- for most people in 2014, that monthly cost is \$104.90. Part D, which covers prescription drug costs, also has a monthly charge that varies depending on which plan you choose; the average Part D premium is \$31 a month. In addition to premium costs, you'll also be subject to co-payments, deductibles and other out-of-pocket costs.

Not Knowing What Medicare Does Not Cover

While Medicare covers your health care, it generally does not cover long-term care -- an important distinction. Under certain conditions, particularly after a hospitalization to treat an acute-care episode, Medicare will pay for medically necessary skilled-nursing facility or home health care. But Medicare does not cover costs for "custodial care" -- that is, care that helps you with activities of daily living, such as dressing and bathing. To cover those costs, you will have to pay out of pocket or have long-term-care insurance. Traditional Medicare also does not cover routine dental or eye care and some items such as dentures or hearing aids. For more on tests, items or services that Medicare doesn't cover, check www.medicare.gov/coverage/your-medicare-coverage.html.

Not Contesting the High-Income Surcharge for the Year You Retire

Your Part B and Part D premiums are higher if you earned more than \$85,000 if single or \$170,000 if married filing jointly. The Social Security Administration uses your most recent tax return on file (generally 2013 for 2015 premiums) to determine whether you're subject to the surcharge. But you may be able to get the surcharge reduced if your income has dropped since then because of certain life-changing events, such as marriage, divorce, death of a spouse, retirement or a reduction in work hours. In that case, you can ask Social Security to use your 2014 income instead (you'll need to provide evidence of the life-changing event, such as a signed statement from your employer that you retired). See [How to Avoid the Medicare Surcharge and the Social](#)

Security Administration's Medicare Premiums: Rules for Higher-Income Beneficiaries for more information.

Making Financial Moves That Boost Your Medicare Premiums

Most people pay \$104.90 per month for Medicare Part B premiums. But if you're single and your adjusted gross income is more than \$85,000 (or more than \$170,000 for joint filers), you'll have to pay from \$146.92 to \$335.70 per month. And you'll have to pay a high-income surcharge for your Part D prescription-drug coverage, too, which can boost your premiums by \$12.10 to \$69.30 per month.

If you're near the income cutoff, be careful about financial moves that could increase your adjusted gross income and make you subject to the surcharge, such as rolling over a traditional IRA to a Roth or making big withdrawals from tax-deferred retirement accounts. To stay below the limits, you may want to spread your Roth conversions over several years or withdraw money from Roth accounts rather than just from tax-deferred accounts.