

# BOSTON RETIREMENT ADVISORS, LLC

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SPECIALIZING IN INVESTMENT & RETIREMENT PLANNING

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## The A, B, C, & D of Medicare Breaking down the basics & what each part covers.

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Whether your 65th birthday is on the horizon or decades away, you should understand the parts of Medicare – what they cover, and where they come from.

**Parts A & B:** Original Medicare: America created a national health insurance program for seniors in 1965 with two components. **Part A is hospital insurance.** It provides coverage for inpatient stays at medical facilities. It can also help cover the costs of hospice care, home health care and nursing home care – but not for long, and only under certain parameters.

Seniors are frequently warned that Medicare will only pay for a maximum of 100 days of nursing home care (provided certain conditions are met). Part A is the part that does so. Under current rules, you pay \$0 for days 1-20 of skilled nursing facility (SNF) care under Part A. During days 21-100, a \$157.50 daily coinsurance payment may be required of you.

If you stop receiving SNF care for 30 days, you need a new 3-day hospital stay to qualify for further nursing home care under Part A. If you can go 60 days in a row without SNF care, the clock resets: you are once again eligible for up to 100 days of SNF benefits via Part A.

If you have had Medicare taxes withheld from your paycheck for at least 40 calendar quarters during your lifetime, you will get Part A coverage for free.

**Part B is medical insurance** and helps pick up some of the tab for outpatient care, physician services, expenses for durable medical equipment (scooters, wheelchairs), and other medical services such as lab tests and varieties of health screenings.

Part B isn't free. You pay monthly premiums to get it and a yearly deductible (plus 20% of costs). The premiums vary according to the Medicare recipient's income level; in 2015, most Medicare recipients pay \$104.90 a month for their Part B coverage. The current yearly deductible is \$147. Some people automatically get Part B, but others have to sign up for it.

**Part C: Medicare Advantage plans.** Insurance companies offer these Medicare-approved plans. Part C plans offer seniors all the benefits of Part A and Part B and a great deal more: most feature prescription drug coverage and many include hearing, vision, dental, and fitness benefits. To enroll in a Part C plan, you need have Part A and Part B coverage in place. To keep up your

Part C coverage, you must keep up your payment of Part B premiums as well as your Part C premiums.

To say not all Part C plans are alike is an understatement. Provider networks, premiums, copays, coinsurance, and out-of-pocket spending limits can all vary widely, so shopping around is wise. During Medicare's annual Open Enrollment Period (Oct. 15 - Dec. 7), seniors can choose to switch out of Original Medicare to a Part C plan or vice versa, although any such move is much wiser with a Medigap policy already in place.

How does a Medigap plan differ from a Part C plan? Medigap plans (also called Medicare Supplement plans) emerged to address the gaps in Part A and Part B coverage. If you have Part A and Part B already in place, a Medigap policy can pick up some copayments, coinsurance and deductibles for you. Some Medigap policies can even help you pay for medical care outside the United States. You have to pay Part B premiums in addition to Medigap plan premiums to keep a Medigap policy in effect.

Medigap plans don't feature prescription drug coverage anymore. Medigap policies have been sold without drug coverage since 2005.

**Part D: prescription drug plans.** While Part C plans commonly offer prescription drug coverage, insurers also sell Part D plans as a standalone product to those with Original Medicare. As per Medigap and Part C coverage, you need to keep paying Part B premiums in addition to premiums for the drug plan to keep Part D coverage going.

Every Part D plan has a formulary, which is a list of medications covered under the plan. Most Part D plans rank approved drugs into tiers by cost. The good news is that Medicare's website will determine the best Part D plan for you. Go to [medicare.gov/find-a-plan](https://www.medicare.gov/find-a-plan) to start your search; enter your medications and the website will do the legwork for you.

Part C & Part D plans are assigned ratings. Medicare annually rates these plans (one star being worst, five stars being best) according to member satisfaction, provider network(s) and quality of coverage. As you search for a plan at [medicare.gov](https://www.medicare.gov), you also have a chance to check out the rankings.

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