

Medicare Open Enrollment: Don't Miss Your Chance!

Planning Commentary - October 2024

The Medicare **Open Enrollment Period** is here, running from **October 15 to December 7**. This is a crucial time to review your Medicare coverage to ensure it suits your healthcare needs for 2025. Changes made during this period will take effect on **January 1, 2025**.

WHAT YOU CAN DO DURING OPEN ENROLLMENT:

- Switch between Medicare Advantage plans
- Switch from Original Medicare to a Medicare Advantage plan, or vice versa
- Join, drop, or switch Medicare drug plans
- Add or drop drug coverage

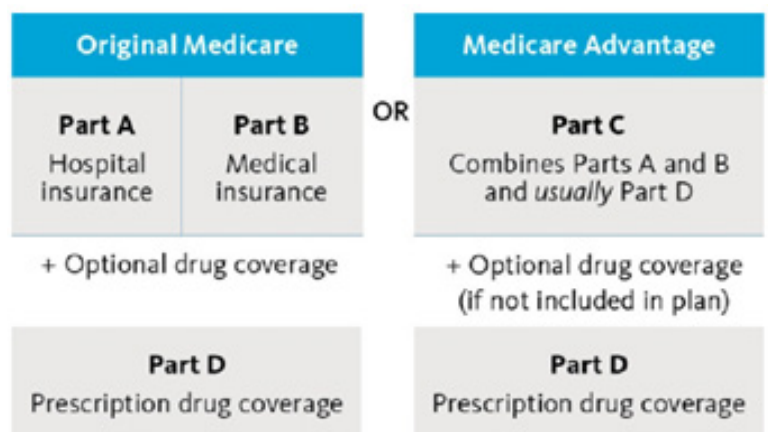
This is your annual opportunity to evaluate whether your current plan continues to serve your needs or if a switch might better align with your health and financial goals for the coming year.

MEDICARE BASICS: WHAT YOU NEED TO KNOW

Medicare is a federal program that provides health insurance to retired individuals, regardless of their medical condition, and certain younger people with disabilities or end-stage renal disease. Here are some basic facts about Medicare that you should know.

Medicare is divided into several parts:

- **Part A (Hospital Insurance)** covers inpatient hospital stays, skilled nursing facility care, hospice care, and some home health services.
- **Part B (Medical Insurance)** covers doctor visits, outpatient care, preventive services, and some home health care. Laboratory tests, physical therapy or rehabilitation services, and ambulance service are also covered.
- **Part C (Medicare Advantage)** is a private insurance option that bundles Parts A and B, often with additional benefits like dental and vision coverage. Most also offer prescription drug (Part D) coverage.
- **Part D (Prescription Drug Coverage)** helps cover the cost of medications.



When choosing coverage, compare the costs and benefits. Here are a few things to consider.

Original Medicare	Medicare Advantage
You can go to any doctor who accepts Medicare, and in most cases don't need referrals to see specialists	You'll generally need to use a doctor in the plan's network and may need referrals to see specialists
There's no limit on out-of-pocket costs	Plans have a yearly limit on out-of-pocket costs
You pay a monthly premium for Part B	You pay a monthly premium for the plan and a monthly premium for Part B, but some plans have a zero premium or will pay all or part of your Part B premium
You pay extra for Part D prescription drug coverage	Most plans include Part D prescription drug coverage

ARE YOU ELIGIBLE FOR MEDICARE?

Most U.S. citizens or permanent residents aged 65 or older qualify for Medicare Part A (hospital insurance) without needing to pay a monthly premium. You are eligible at 65 if:

- You receive, or qualify to receive, Social Security or Railroad Retirement Board benefits based on your own work record or someone else's (such as a spouse, divorced spouse, widow/widower, divorced widow/widower, or parent), or
- You or your spouse worked long enough in a government job where Medicare taxes were paid.

Additionally, if you're under 65, you can receive premium-free Part A if you've been receiving Social Security or Railroad Retirement Board disability benefits for at least 24 months, or if you're undergoing kidney dialysis or are a kidney transplant recipient.

If you're not eligible for free Part A, you can still purchase it by paying a premium. For more details, contact the Social Security Administration (SSA) at (800) 772-1213.

Although Medicare Part B (medical insurance) is optional, most people choose to enroll. If you want to join a Medicare managed care plan or a private fee-for-service plan, you'll need to be enrolled in both Parts A and B. Unlike Part A, Medicare Part B is never free; you'll have to pay a monthly premium for it, even if you're eligible for premium-free Part A.

WHEN AND HOW TO ENROLL

If you've been receiving Social Security or Railroad Retirement Board benefits for at least four months before you turn 65, you will be enrolled automatically in Original Medicare Parts A and B.

The Social Security Administration will notify you that you've been enrolled, and you'll get your Medicare card in the mail three months before your 65th birthday. If you are not already receiving Social Security or Railroad Retirement Board benefits and want to sign up for Medicare, you'll need to apply online, by phone, or by visiting your local Social Security office.

Your initial enrollment window opens three months before the month you turn 65 and closes three months after that month. The date your coverage begins will vary based on when you sign up.

If you have been automatically enrolled but decide to decline coverage or do not enroll in Medicare Part B during the initial enrollment period, you can enroll later during the annual general enrollment period that runs from January 1 to March 31 each year, with coverage beginning on the first day of the month following the month you sign up. However, late-enrollment penalties may apply in some situations.

WHAT IF YOU ALREADY HAVE HEALTH INSURANCE THROUGH AN EMPLOYER?

You can usually delay enrolling in Medicare beyond age 65 if you have group health insurance through your or your spouse's employer. Most employers cannot require employees or their covered spouses to enroll in Medicare to maintain group health benefits. However, some smaller employers might have different rules, so it's important to check with your plan's benefits administrator to find out if you need to enroll in Medicare at 65 and how it interacts with your existing coverage.

If you have both Medicare and group health insurance, both providers may share responsibility for covering your medical expenses according to "coordination of benefit" rules. The primary insurer will pay first, up to the policy's limit, and the secondary insurer will only cover what the primary insurer didn't pay, but not all remaining costs may be covered.

Since Medicare Part A is free for most individuals, it may be beneficial to enroll in it even if you have employer coverage to cover any gaps. However, Medicare Part B requires a premium, so it's worth comparing its costs and benefits against your employer's plan.

If you didn't enroll in Medicare when first eligible due to having group health insurance through an employer, late-enrollment penalties typically do not apply. You can sign up for Medicare Part A and/or Part B at any point while you're covered by your or your spouse's employer plan. If you stop working or lose coverage, you'll have an eight-month window to enroll without facing penalties.

FILLING THE GAPS: MEDIGAP COVERAGE

Medicare doesn't cover all healthcare costs, and many retirees purchase a **Medigap** policy, which helps cover out-of-pocket expenses not paid by Original Medicare (Parts A and B). Medigap policies are sold by private insurers and help fill the coverage "gaps," such as deductibles, copayments, and coinsurance.

When's the Best Time to Buy a Medigap Policy?

The best time to buy a Medigap policy is during your **6-month Medigap open enrollment period**. This begins when you are both 65 years old and enrolled in Medicare Part B. During this time, you can't be denied coverage or charged higher premiums due to pre-existing conditions. If you miss this window, insurers may charge more or deny coverage based on your health.

In some special cases, such as when other health coverage ends, you may have guaranteed issue rights to purchase a Medigap policy without increased premiums, even if you have health issues.

What's Covered by a Medigap Policy?

Under federal law, 8 standardized Medigap plans are available to those new to Medicare: Plans A, B, D, G, K, L, M, and N. Each plan offers different levels of coverage, helping to pay for out-of-pocket costs like:

- Medicare coinsurance
- Part A deductibles
- Skilled nursing facility care
- Emergency medical care during foreign travel

Plans C and F are available only to those eligible for Medicare before January 1, 2020. These plans cover the Medicare Part B deductible, which newer plans are not allowed to cover.

Medigap **does not cover** certain expenses such as long-term care, dental or vision services, or prescription drugs (for drug coverage, you'll need a Medicare Part D plan).

Are All Medigap Policies the Same?

Medigap policies are standardized, meaning that a Plan G from one insurer will offer the same benefits as a Plan G from another insurer in your state. However, premiums can vary widely between companies and states. While the coverage remains the same, factors like an insurer's reputation, financial strength, and customer service may influence your choice.

Do You Need a Medigap Policy?

Not everyone needs Medigap. If you are covered under a Medicare Advantage plan, Medicaid, or an employer-sponsored health plan, a Medigap policy may not be necessary. It's also illegal for insurance companies to sell you a Medigap policy if you already have duplicative coverage.

If you're still working past age 65 and have employer-sponsored health coverage, you may not need to buy a Medigap policy immediately. However, if you delay enrolling in Medicare Part B, remember that your 6-month Medigap open enrollment window starts when you do enroll in Part B. After this period, your options may be more limited.

PLAN COMPARISON TOOLS

It's essential to shop around for both Medicare and Medigap policies, as plans vary by state and insurer. To make this easier, [medicare.gov](https://www.medicare.gov) offers a [plan comparison tool](#) that allows you to compare Medicare and

Medigap plans in your area. You can view benefits, premiums, and plan details, making it easier to select the option that best fits your healthcare and financial needs.

Additionally, you can call 1-800-Medicare for personalized help with comparing plans or seek the advice of a Medicare counselor.

HAVE QUESTIONS ABOUT MEDICARE OR MEDIGAP?

This is a general overview of Medicare coverage. For more information, visit [medicare.gov](https://www.medicare.gov). You can also get free, personalized help from a trained counselor by contacting your State Health Insurance Assistance Program (SHIP). Your SHIP counselor can help you review your Medicare options or help explain Medicare coverages and guidelines. To find your local SHIP, visit the SHIP National Network at shiphelp.org or call 877-839-2675.

Navigating Medicare and Medigap can be complex, but we're here to help. Whether you're evaluating your options during this open enrollment period or seeking advice on Medigap, don't hesitate to reach out. We're committed to helping you make the best healthcare choices as part of your retirement planning.

OTHER RESOURCES:

Pallas Perspective - [Planning for Medicare - What to Know](#)

Pallas President, Chief Operating Officer and Director of Planning James Landry speaks with Michael McCarthy, Pallas Senior Vice President, and Medicare planning expert Brad Carlson regarding planning for Medicare.

Wall Street Journal - [Medicare Plans are Making Big Changes for 2025. Here's How to Navigate Them](#)

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