

PLAN AHEAD FOR MEDICARE

As we look ahead to retirement, we realize that we have to sign up for Medicare, but we may not know where to start or which plan options are best for our situation. The good news is, at Mariner Wealth Advisors, we can help you assess your needs and offer guidance on enrollment.

Who is Eligible & How Enrollment Works

Individuals must meet one of three criteria to be eligible for Medicare. First, if you are a U.S. citizen 65 or older, you are entitled to enroll in Medicare. Second, if you are younger than 65 with certain disabilities or illnesses, you may be eligible to enroll. Finally, regardless of your age, if you have kidney failure requiring dialysis or a kidney transplant, then you're also eligible for Medicare benefits.

If you're already receiving Social Security benefits, you will be automatically enrolled in what's called Original Medicare. Look for a Medicare card in your mailbox within three months before you turn 65. You'll be able to use it beginning on the first day of the month of your 65th birthday. The rules may differ for individuals receiving disability benefits, so refer to the "Medicare and You" booklet listed at the end of this article for more information.

If you're not getting Social Security payments already, you should consider enrolling in Medicare three months before you turn 65, assuming you want to use the benefits as soon as you reach your age 65 birthday month. The Social Security Administration (SSA) handles the enrollment process for Medicare. Call SSA at (800) 772-1213, visit the website (www.ssa.gov) or apply at your local Social Security office. Once enrolled, you don't have to sign up each year, but you can review your health and prescription drug coverage and make changes each year.



Enrollment Periods

Initial Enrollment Period:

For those who have not yet started collecting Social Security payments, if you want to take advantage of Medicare coverage as soon as you turn 65, then you'll need to sign up three months before your birthday month.

Conversely, individuals who haven't started receiving Social Security payments have a seven-month window to enroll in Medicare: three months before your birthday month, during your birthday month and three months following. If you wait until your 65th birthday or up to the three months following it to enroll, your coverage will be delayed by anywhere from one to three months.¹

If you don't enroll by the end of the seven-month period, you may have to pay a higher Part A and/or Part B premium for late enrollment.

General Enrollment Period:

If you choose not to enroll during the initial seven-month period, you can enroll during the general enrollment period, which is from January 1 to March 31 each year, and coverage starts on July 1 of that year. Keep in mind, if you choose this option, you will be subject to a late enrollment period for the remainder of your life. The late enrollment penalty may go up to 10% for each 12-month period that you didn't have Part B coverage, and you may have to wait until General Enrollment Period to sign-up.²

Understanding Parts A & B

Original Medicare includes Parts A and B. Part A covers inpatient hospital and skilled nursing care, hospice and home health care coverage. Part B covers doctor visits, lab tests and other outpatient services. With this coverage, you can go to any doctor who accepts Medicare, and generally, no referrals are needed to see a specialist. While some individuals will not pay a premium for Part A, most will pay a premium for Part B. Additionally, copayments, coinsurance and deductibles may apply to Part A and Part B services.

Evaluating Part C

Medicare Advantage, also known as Part C, works like an HMO or PPO. These plans that bundle Parts A and B, and often D, are offered by private companies approved by Medicare. They generally cover all Medicare services. In addition to your Part B premium, you usually pay a monthly premium for a Medicare Advantage Plan. Different plans may have different out-of-pocket costs and different rules. As you evaluate, keep in mind, you generally must stay in network, may need a referral for a specialist, out of pocket costs may vary, and you may need to pay premiums for the plan and for Part B (varies by plan).

Part D: Prescription Drug Coverage

Medicare offers prescription drug coverage (Part D) via private insurance companies that follow

Medicare rules. Similar to A and B, you could pay a late enrollment fee if you wait to enroll, so it's best to sign up for it during the seven-month enrollment period even if you don't take many prescriptions. During open enrollment, anyone can join, switch or drop a Medicare drug plan, and the change will take effect in the new year.

Coordinating Group Insurance with Medicare

If you have retiree insurance (insurance from you or your spouse's former employer), Medicare pays first. If you're 65 and older, have group health plan coverage based on your or your spouse's current employment, and the employer has 20 or more employees, your group health plan pays first. If you're 65 and older, have group health plan coverage based on your or your spouse's current employment, and your employer has fewer than 20 employees, Medicare pays first. Enrollment is available while you have group health coverage and for eight months after you lose your group health coverage, or you (or your spouse) stop(s) working, whichever comes first.

Potential Next Steps: Talk with Your Wealth Advisor

Because there are so many variables to deciding which type of Medicare coverage and potential supplemental coverage to choose, it's a good idea to talk to your wealth advisor. Mariner Wealth Advisors will serve as your advocate and can help you develop strategies for Medicare as part of your overall financial plan.

Resources:

1. Review and compare Medicare plans: www.medicare.gov/find-a-plan
2. Ask Medicare questions by phone: Call 800-Medicare (800-633-4227)

Primary source for article: "Medicare & You" Official U.S. Government Medicare Handbook, <https://www.medicare.gov/Pubs/pdf/10050-Medicare-and-You.pdf>

¹ "When Will My Coverage Start?" <https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b/when-will-my-coverage-start>

² "Part B Late Enrollment Penalty," <https://www.medicare.gov/your-medicare-costs/part-b-costs/part-b-late-enrollment-penalty>

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