

Signing up for Medicare is daunting, but it's best not to delay

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KAISER HEALTH NEWS

"Welcome to America's hottest talk line. Ladies, to talk to interesting and exciting guys free, press 1 now. Guys, hot ladies are waiting to talk to you . . ."

Wait! I thought I was calling Social Security. It's the first hour of my mission to sign up for Medicare and already I'm making mistakes. In this case, it's minor (and amusing). But it serves as a warning: There are many missteps I can make, some of them serious, if I'm not careful.

Enrolling in Medicare is a daunting task. The terminology is confusing and the options seem infinite, based on the amount of promotional material in my mailbox. Letters from insurance carriers began appearing six months before my 65th birthday, and after three months, they weighed 1.5 pounds. Thank the data brokers: Names and birth dates are for sale to anyone.

Enrolling is a task I'd like to put off, but I can't. I no longer have job-based insurance, and my health insurer says my policy will soon expire, on the first of the month in which I turn 65.

I know my decisions may differ from those made by friends, relatives, and even my husband. Yet we share many of the same frustrations. Here are some lessons I've learned since I embarked on my Medicare sign-up:

Just do it!

Turning 65 is the time to deal with this. The government will not automatically enroll you, unless you already draw Social Security benefits.

Many people delay Social Security until at least age 66 to ensure the full monthly payout. But you'll be sorry if you do that with Medicare, because there's a strict enrollment period that runs from three months before your 65th birthday to three months after it. If you miss that, you will be penalized, unless you have health insurance through your job or your spouse's.

First stop: the Medicare.gov website and the "Medicare and You" booklet, available by mail or online. Medicare is also easy to reach by phone at 800-MEDICARE. If there's a long wait, leave a number and someone will call back. Really.



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For health plans, cheapest isn't always best.

More free information — even one-on-one guidance — is available from your State Health Insurance Assistance Program (SHIP).

Get to know the lingo

Here are some of the terms you might see:

Part A of traditional Medicare covers inpatient hospital services, skilled nursing home care, and hospice, among other things.

Part B of traditional Medicare helps cover preventive care and physician and outpatient services, among other things.

Part D plans are private insurance plans that cover prescription drug costs.

Medicare Advantage is an alternative to traditional Medicare. In this program, private insurance plans are paid by the government to provide coverage that is equivalent to original Medicare.

Private Medigap plans supplement traditional Medicare and help pay some out-of-pocket costs, such as copayments and deductibles and sometimes emergency medical expenses overseas. These policies are optional, but if you want one, it's best to buy it when you sign up for traditional Medicare. Otherwise, you won't be guaranteed coverage and may be subject to medical underwriting, through which you could be denied coverage or charged more for preexisting conditions.

Failing to sign up can be costly

You may be in for a surprise if you believe Medicare is free. It's not. Not only is there an annual deductible (\$147 for Part B in 2014), but there are monthly premiums, from \$104.90 to \$335.70 for individuals. (The exact premium is pegged to your income.)

If you don't sign up in your initial enrollment period or when job coverage ends, you'll pay a penalty that will raise premiums for Medicare Part B and Part D forever. Every year you delay signing up for Part B, your premium rises 10 percent. There is also a waiting period for coverage to kick in, so you could lack insurance for months if you miss the deadline. For Part D, the penalty is 1 percent for every month's delay.

Don't make assumptions

Perhaps the biggest mistake is assuming your insurance will stay the same when you turn 65. Retiree plans can end, and even coverage from some workplace plans ends, especially if you or your spouse is employed by a company with fewer than 20 employees. You also need to apply for Medicare at 65 if you are on COBRA, the program that lets you buy health coverage offered by your employer if you're laid off. You also need to apply even if you are entitled to the military's Tricare coverage for life.

'Open enrollment' may be a misnomer

Once signed up for Medicare, you should be notified each fall about an open season when you can switch plans. This year, it's Oct. 15 to Dec. 7. But open enrollment allows easy switching only for certain plans, not all of them. Open enrollment does not give you a free pass to move from one Medigap plan to another, for instance.

Medicare allows plans to evaluate your health if you try to switch. So if you've developed an illness, you may be rejected or face a sharp rate increase. (If you stay with your existing plan, your rates can always rise — but only if they are rising for the plan or group as a whole.)

"If you didn't pick a benefit you wanted initially, you may not be able to get it in the future," says Diane Omdahl, cofounder of 65 Incorporated, a

for-fee consulting firm near Milwaukee.

That's also the situation you could face want to change from a Medicare Advantage to traditional Medicare with a Medigap plan.

So what does open enrollment really mean if you're on a Medicare Advantage plan, you switch to another plan. You can also switch D drug plans annually. And since both Medicare Advantage and the drug plans change prerogatives, and providers regularly, it's important to review your plans yearly.

Consider your health over the long term

Since it may not be easy to switch Medicare plans, many advisers suggest that when choosing a Medigap policy, buy the best coverage you can afford when you sign up.

Cheapest is not necessarily best

Consider more than the premium for a Medicare Advantage or Medigap plan. Look at deductibles and deductibles. The cheapest plan might not provide the cheapest overall plan. Review a company's complaint records as a sign of its financial stability.

For Medicare Advantage and drug plans, look for the Centers for Medicare & Medicare Services' helpful five-star rating system.

Make calls and ask questions; you'll be surprised by what you learn. You may also discover added discounts. For instance, I learned I could get a 5 percent discount on my Medigap plan my husband and I both get a 5 percent discount on prerogatives.

Don't be afraid to seek help

Tools include the National Council on MyMedicareMatters and AARP's Medicare Matters and Answer Tool. Consumer Reports' "aging Medicare" article is a valuable primer.

You might seek an insurance agent's help. But typically, they talk only about plans that are available — and they usually get a commission.

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