

Committee on Ministerial Care
Pastoral Care Subcommittee
A Brief on Medicare
(Revised February 15, 2021)

Navigating Medicare seems impossible when we consider all of the islands, shoals, backwaters, eddies, channels, rocks, and currents in the ocean of a federal program. In a brief paper such as this, we can't hope to chart every feature that creates all of the twists and turns. However, we will endeavor to mark the basics that will start the retired, or soon to be retired, minister on the right course in the main channel.

Medicare: What is it? How does one sign up? How does one pay for it and what does it cost? How does one use it? Are there alternatives? These are questions we'll answer in brief. Please be sure to read the entire paper to understand some important options.

What Is Medicare?

Medicare is usually thought of as federal health insurance for the elderly. It does indeed provide health insurance for those who are 65 years of age or older, but also for those with certain kinds of disabilities, and anyone with end stage kidney failure or Lou Gehrig's Disease (ALS). It is subsidized and administered by the federal government. In order to pay for the program, the government withholds Medicare taxes from tax-payer income, and charges those on Medicare vastly lowered monthly premiums for parts of the coverage. It is labeled an entitlement program since all Americans are entitled to it when they meet the eligibility requirements. Because of this, many insurance companies that extend coverage to those under the age of 65 automatically discontinue coverage when an insured person reaches that age.

Medicare consists of Part A which is coverage for hospitalization. This coverage is free of charge to the insured; it is completely government subsidized. It also consists of Part B, medical coverage, and Part D, prescription drug coverage, for which the government charges premiums that are reduced from those of private insurance companies that insure younger people. There is a Part C, which we'll address in the last heading of this paper.

Signing Up for Medicare

The basic eligibility requirements are simple; you must be 65 or older, or be disabled as determined by Social Security (Medicare eligibility begins 24 months after Social Security disability benefits start), or be an end-stage renal failure patient (on dialysis) or an ALS patient. You must be an American citizen or someone who has been granted work privileges in the U. S. Whether or not you are eligible to receive the fully discounted premium price depends on whether or not you paid Medicare taxes via federal withholding for the requisite number of quarters (see Paying for Medicare). But if you meet the other requirements, you are still eligible for the coverage extended by Parts A, B, D.

Enrollment in the plan does not have to be complicated. You can sign up online on the Medicare.gov website (especially if you turn 65 but are not ready to apply for Social Security), or go to your local Social Security office. There are open enrollment periods that are important to note. Your initial enrollment period includes the 3 months before the month in which you turn 65, the month in which you turn 65, and the three months after you turn 65. It is a total of 7 months long. You must sign up during your initial enrollment period or you will pay a penalty for late sign-up. The earlier during that period that you sign up, the better, so that you will have no gap in coverage between the termination of your previous insurance plan and the beginning of your Medicare coverage.

When you enroll, you will need to decide which coverages you want. Part A for basic hospitalization is provided at no charge to the insured and should be carried by all recipients. Part B is for medical services, including doctor's appointments, lab tests, etc. There is a premium cost for Part B, but it is advisable for every recipient to enroll in it, too, to receive inexpensive comprehensive coverage and avoid a penalty for signing up sometime later when the coverage is more necessary. Part D prescription drug coverage is also optional, but if you decide that you want to add it sometime after your initial enrollment, you will be penalized with a higher premium cost. If you are already taking prescription drugs, or believe it is possible you will need them later, it is best to enroll in Part D from the beginning.

Summary of the Parts of Medicare:

Part A	Hospitalization
Part B	Medical Care Coverage
Part C	Medigap and Medicare Advantage Plans
Part D	Prescription Drug Coverage

Paying for Medicare

Paying the premiums for Medicare Parts B and D, or Part C if one chooses that option (see below), is usually a simple matter of having the cost deducted automatically from your Social Security check if you begin drawing it between the ages of 62 and 65.

However, many ministers are waiting until full retirement age or later to begin drawing Social Security. (If you were born after 1938, there is a formula by which full retirement age is now calculated; e.g., if you were born in July of 1957, your full retirement age is 66 years and 6 months.) Even if you wait until after the age of 65 to draw Social Security, you must still sign up for Medicare at the age of 65. Medicare will simply send you a bill that you can pay through the mail; or, you can choose to pay online by setting up an account on Medicare.gov; or, you can set up automated bill pay through your bank; or, you can set up an automatic deduction from your checking or savings account by Medicare.

The cost for Medicare coverage can vary depending on your situation. However, for those who have paid Medicare taxes by means of federal withholding for 40 quarters, Medicare Part A is provided without any premium cost. For those with 30-39 quarters, it is \$259 per month. For those with less than 30 quarters, it is \$471 per month. Part B, for most people, is \$148.50 per month in 2021. Part D drug coverage is provided through insurance companies and will be discussed in the final section of this paper.

For those ministers who have opted out of Social Security, or are contemplating that option, it is important to remember that, a) opting out of Social Security also means you will not accumulate quarters for Medicare purposes, b) the ideal is to make sure one spouse has at least 40 quarters, and c) to note that the cost between having 29 (or fewer) quarters and 40 (or more) quarters is \$11,304 per year (currently) for a married couple.

Using Medicare

The original Medicare plan allows you to use any doctor, lab, hospital, or other medical service that accepts Medicare. There are some who don't accept it, so you should ask a provider before receiving services.

Technically speaking, Medicare is an 80% - 20% plan, in which, after a \$203 annual deductible, Medicare pays 80% of most services and the patient is responsible to pay 20%. However, most providers who accept Medicare also accept assignment. This means that they will accept what Medicare pays for a given service, such as a doctor office visit, for the amount that Medicare pays for that service without additional co-pay from the patient. You should ask whether the provider accepts Medicare assignment before receiving medical treatment and services.

Providers are required to file the necessary claims paperwork for covered services for you and receive payment directly from Medicare.

Medigap and Medicare Advantage Plans

Medigap plans are also popularly known as Medicare Supplement Insurance. These plans are offered by insurance companies and are generally designed to cover the 20% co-pays for Medicare covered services. The premium for such a plan is charged and paid separately from Medicare. You must have Medicare Part A and Part B to purchase a supplement plan. While these plans cover a number of additional costs of providers who do not accept assignment, they do not cover prescription drugs. They do not usually cover vision care, dental care, hearing aids, or long term care.

For those who stay on original Medicare and purchase supplement insurance in addition, there are also Medicare drug plans that may be purchased to cover drug costs under Medicare Part D. You must have Medicare Part A and Part B to purchase a Medicare drug plan.

Part C of Medicare deals with Medicare Advantage Plans. If you think that Medicare has sounded too complex so far, and you realize that we have only explained the basics, not the finer points, then a Medicare Advantage Plan could be for you. These are bundled plans that are “all-in-one” alternatives to original Medicare, providing Parts A, B, and D in one plan. These plans are offered by for-profit insurance companies. They bill Medicare for your Part B premium and any additional premium that the plan requires. They are paid for by the same means as Original Medicare. They often cover many services that Original Medicare does not cover. They can sometimes lower your out-of-pocket costs from Original Medicare’s costs. Many, if not most, of these plans are set up as PPO’s or HMO’s (see the Individual Health Insurance Brief), in which cases you would choose doctors and other providers from their plan’s list of approved providers. A note of caution is in order, though. Advantage Plans are offered by many different companies with many different options and cost structures. You should consider the available plans in your state carefully to ensure that you choose one that fits with your health condition, medical providers, and financial circumstances.

If perhaps you find that the Advantage Plan you have chosen is not ideal for you, there are open enrollment periods each year during which you may change from one plan to another, or one insurance company to another. From October 15 - December 7 each year, you may join, switch, or drop any of the plans. If you are in a Medicare Advantage Plan, you may switch plans, or switch from your Advantage Plan to Original Medicare (and join a separate prescription drug plan if you do) from January 1 - March 31 each year. Be sure to research and make such decisions prayerfully, carefully, and wisely.

For Further Information

It is important to note, once again, that this brief only covers the basics. There are other details and factors that may figure into the course you choose. But at least you can start the voyage. For further information on Medicare, you can access two U. S. Government websites:

www.medicare.gov (You can sign up for Medicare here.)

www.usa.gov/medicare