



BayCrest
Insurance Services

Allan S. Eckmann
0473892

Lic. No. OB18073

1275 S. Winchester Blvd., Suite #B
San Jose, CA 95128
408-249-4611
408-243-9695 Fax
info@baycrestinsurance.com
www.baycrestinsurance.com

Medicare 2024

What is Medicare?

Medicare is a Health Insurance Program for:

- * People age 65 or older
- * People under age 65 with certain disabilities
- * People of all ages with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant).

Medicare has Two Parts:

Part A (Hospital Insurance) - Most people do not have to pay for Part A.

Part B (Medical Insurance) - Most people pay a monthly premium for Part B.

When you first receive Medicare, you are in Original Medicare. You may want to consider a Medicare (Part D) Prescription and a Supplemental Plan. Or, you may want to consider a Medicare Advantage Plan (an HMO or PPO) that provides Part A, Part B, and often Part D coverage. Each year you may review your health and prescription needs and switch to a different plan in the fall.

Part A (Hospital Insurance)

Helps Pay For: Care in hospitals as an inpatient, critical access hospitals (small facilities that give limited outpatient and inpatient services to people in rural areas), skilled nursing facilities (not custodial or long-term care), hospice care, and some home health care.

Cost: Most people apply for Part A when they turn age 65. They do not have to pay a monthly payment if they or their spouse paid Medicare taxes while they were working.

If you do not automatically receive premium-free Part A, you may be able to buy it if:

- * You (or your spouse) are not entitled to Social Security because you did not work or did not pay enough Medicare taxes while you worked and you are age 65 or older, or
- * You are disabled but no longer receive premium-free Part A because you returned to work.

If you have limited income and resources, your state may help you pay for Part A and/or Part B. For more information, visit www.socialsecurity.gov on the web or call Social Security at 1-800-772-1213. TTY user should call 1-800-325-0778. If you get benefits from the Railroad Retirement Board, call your local RRB office or 1-877-772-5772.

Part B (Medical Insurance)

Helps Pay for: Doctors' services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapist, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary.

Cost: Most Medicare beneficiaries will pay \$174.70 for Part B.

If your income is over \$103,000 (single) or \$206,000 (married couple) *Modified Adjusted Gross (MAGI)**, then your Medicare Part B premium may be higher than \$174.70 per month.

In some cases this amount may be higher if you did not choose Part B when you first became eligible at age 65. The cost of Part B may go up 10% for each 12-month period that you could have had Part B but did not sign up for it, except in special cases. You will have to pay this extra 10% as long as you have Medicare Part B.

Enrolling in Part B is your choice. You can sign up for Part B anytime during a 7 month period that begins 3 months before you turn 65. Sign-up by going to [Medicare.gov](https://www.Medicare.gov).

Medicare Part A Premiums

Most beneficiaries do not pay a monthly premium for Medicare Part A coverage if they or their spouse paid Medicare taxes while working. In fact, according to CMS, approximately 99 percent of Medicare beneficiaries do not have to pay Medicare premiums on Part A because they have more than 10 years (or 40 quarters) of Medicare-covered employment.

Starting January 1, 2024, if you have to pay for Part A, your amount each month is below:

\$505.00 if you **do not** have at least 30 work credits

\$278.00 if you have 30-39 work credits

Late Enrollment Penalty: If you are not eligible for premium-free Part A, and you do not buy it when you were first eligible, your monthly premium may go up 10%. You will have to pay the higher premium for twice the number of years you could have had Part A, but did not sign up.

Medicare Deductible and Coinsurance Amounts for 2024:

For each benefit period you pay:

- * A total of \$1,632 for a hospital stay of 1-60 days.
- * \$408 per day for days 61-90 or a hospital stay.
- * \$816 per day for days 91-150 of a hospital stay (Lifetime Reserve Days).
- * All costs for each day beyond 150 days.

Skilled Nursing Facility Coinsurance

- * 1st 20 days are paid by Medicare
- * \$204 per day for days 21 through 100 each benefit period.

Hospice Care paid at 100%.

Part B: (covers Medicare eligible physician services, outpatient hospital services, certain home health services, durable medical equipment)

(Note: you pay 20% plus Medicare pays 80%, of the Medicare-approved amount for services after you meet the \$240.00 yearly deductible). Doctors may charge an additional 15% referred to as excess charges). Details of Part B can be found in a Medicare publication entitled "Medicare 2024."

2024 Part B Premium Amounts for Persons with Higher Income Levels

Most Medicare beneficiaries will pay \$174.70 for Part B in 2024. Beneficiaries who currently have the Social Security Administration (SSA) withhold their Part B premium.

If your income is above \$103,000 (single) or \$206,000 (married couple), then your Medicare Part B premium may be higher than \$174.70 per month, *MAGI*.

Social Security will use the income reported two years ago on your IRS income tax return to determine your premium (if unavailable, SSA will use income from three years ago). For example, the income reported on your 2022 tax return will be used to determine your monthly Part B premium in 2024. If your income has decreased since 2022, you can ask that the income from a more recent tax year be used to determine your premium, but you must meet certain criteria.

The following chart, shows the Part B monthly premium amounts based on income. These amounts change each year. There may be a late enrollment penalty.

If your Yearly Base Premium Plus IRMAA Income in 2022 was:

		You Pay
File Individual Tax Return	File Joint Tax Return	
\$103,000 or below	\$206,000 or below	\$174.70
\$103,000-\$129,000	\$206,000-\$258,000	\$244.60
\$129,000-\$161,000	\$258,000-\$322,000	\$349.40
\$161,000-\$193,000	\$322,000-\$386,000	\$454.20
\$193,000-\$500,000	\$386,000-\$750,000	\$559.00
Greater than \$500,000	Greater than \$750,000	\$594.00

If you have questions about your Part B premium, call Social Security at 1-800-772-1213. TTY users should call 1-800-325-0778.

Note: If you do not get Social Security, RRB, or Civil Service benefit payments and choose to sign up for Part B, you will get a bill. If you choose to buy Part A, you will always get a bill for your premium. You can mail your premium payments to the Medicare Premium Collection Center, P. O. Box 790355, St. Louis, MO 63179-0355. If you get a bill from the RRB, mail your premium payments to RRB, Medicare Premium Payments, P. O. Box 9024, St. Louis, MO 63197-9024.

If You Have Other Information About Your Income

The law allows use of other information about your *Modified Adjusted Gross Income (MAGI)* under certain circumstances. If any of the situations in the list below apply or if they occur later this year, you should contact Social Security and explain that you have new information about your Medicare income-related monthly adjustment amount. You can call Medicare at 1-800-772-1213 (TTY 1-800-325-0778 for the hearing-impaired) or visit any Social Security office to discuss the following situations:

Your *MAGI* goes down at least one range in the table above and:

- You marry, divorce, or become widowed or your marriage is annulled,
- You or your spouse stopped working or reduced work hours,
- You or your spouse lost income-producing property due to a disaster or other event beyond you or your spouse's control.

You or your spouse experienced a scheduled cessation, termination, or reorganization of an employer's pension plan, or

You or your spouse received a settlement from an employer or former employer because of the employer's closure, bankruptcy, or reorganization.

You have an amended tax return for 2022, and your *MAGI* from your amended tax return is lower than the *MAGI* information received from the IRS.

Medicare Prescription Drug Coverage (Part D) Medicare offers prescription drug coverage to everyone with Medicare. Even if you do not take a lot of prescriptions now, you should still consider joining a Medicare drug plan. To get Medicare prescription drug coverage, you must join a plan run by an insurance company or other private company approved by Medicare. Each plan can vary in cost and drugs covered. If you decide not to join a Medicare drug plan when you are first eligible, and you do not have other creditable prescription drug coverage, you will likely pay a late enrollment penalty.

Who Can Get Medicare Drug Coverage? To join a Medicare Prescription Drug Plan, you must have Medicare Part A **or** Part B. To join a Medicare Advantage Plan, you must have Part A **and** Part B. You must also live in the service area of the Medicare drug plan you want to join.

What You Pay Your actual drug plan costs will vary depending on the prescriptions you use, the plan you choose, whether you go to a pharmacy in your plan's network, whether your drugs are on your plan's formulary (drug list), and whether you get Extra Help paying your Part D costs.

Monthly premium Most drug plans charge a monthly fee that varies by plan. You pay this in addition to the Part B premium. If you belong to a Medicare Advantage Plan (like an HMO or PPO), the monthly premium you pay to your plan may include an amount for prescription drug coverage.

NEW – Starting January 1, 2011, your Part D monthly premium could be higher based on your income. This includes Part D coverage you get from a Medicare Prescription Drug Plan. If your modified adjustment gross income as reported on your IRS tax return from 2 years ago (the most recent tax return information provided to Social Security by the IRS) is above a certain amount, you will pay a higher premium.

Yearly Deductible The amount you must pay before your drug plan begins to pay its share of your covered drugs. Some drug plans do not have a deductible.

Copayments or coinsurance Amounts you pay at the pharmacy for your covered prescriptions after the deductible (if the plan has one). You pay your share, and your drug plan pays its share for covered drugs.

Coverage Gap Most Medicare drug plans have a coverage gap (also called the "donut hole"). This means that after you and your drug plan have spent a certain amount of money for covered drugs, you have to pay all costs out-of-pocket for your prescriptions up to a yearly limit. Not everyone will reach the coverage gap. Your yearly deductible, your coinsurance or copayments, and what you pay in the coverage gap all count toward this out-of-pocket limit. The limit does not include the drug plan premium you pay or what you pay for drugs that are not covered.

Catastrophic Coverage Once you reach your plan's out-of-pocket limit, you automatically get "catastrophic coverage".

Example below shows costs for covered drugs in 2024 for a plan that has a coverage gap. Ms Smith joins the XYZ Prescription Drug Plan. Her coverage begins on January 1, 2024. She does not get Extra Help and uses her Medicare drug plan membership card when she buys prescriptions.

Monthly Premium – Ms Smith pays a monthly premium throughout the year.

<i>Yearly Deductible</i>	<i>Copayment or Coinsurance (what you pay at the pharmacy)</i>	<i>Coverage Gap</i>	<i>Catastrophic Coverage</i>
<i>Ms Smith pays the first \$545 of her drug costs before her plan starts to pay its share.</i>	<i>Ms Smith pays a copayment, and her plan pays its share for each covered drug until their combined amount (plus the deductible) reaches \$5,030</i>	<i>Once Mrs. Smith and her plan have spent \$5,030 for covered drugs, she is in the coverage gap. Enrollee pays 25% of Generic Drugs & 25% of Brand Name Drugs.</i>	<i>Once Ms. Smith has spent \$8,000 out-of-pocket for the year, her coverage gap ends. Ms. Smith will now have a 0% out of pocket.</i>

What is the Part D Late Enrollment Penalty?

The late enrollment penalty is an amount that is added to your Part D premium. You may owe a late enrollment penalty if one of the following is true:

- You did not join a Medicare drug plan when you were first eligible for Medicare, and you did not have other creditable prescription drug coverage.
- You did not have Medicare prescription drug coverage or other creditable prescription drug coverage for 63 days or more in a row.

How Much More Will You Pay?

The cost of the late enrollment penalty depends on how long you did not have creditable prescription drug coverage. Currently, the late enrollment penalty is calculated by multiplying 1% of the "national base beneficiary premium" (\$34.50 in 2023) times the number of full, uncovered months that you were eligible but did not join a Medicare drug plan and went without other creditable prescription drug coverage. The final amount is rounded to the nearest \$.10 and added to your monthly premium. Since the "national base beneficiary premium" may increase each year, the penalty amount may also increase every year. You may have to pay this penalty for as long as you have a Medicare drug plan.

Medicare Advantage Plans (Part C) and Medicare Prescription Drug Plans (Part D)

Premiums The chart below shows your estimated prescription drug plan monthly premium amount based on your income. If your income is above a certain limit, you will pay an **income-related monthly adjustment amount (IRMAA)** in addition to our premium. The amounts shown are estimates. What you pay may be higher or lower.

Part D Monthly IRMAA

You Pay

File Individual Tax Return	File Joint Tax Return	
\$103,000 or below	\$206,000 or below	Your Plan Premium
\$103,000-\$129,000	\$206,000-\$258,000	\$12.90 +Your Plan Premium
\$129,000-\$161,000	\$258,000-\$322,000	\$33.30 +Your Plan Premium
\$161,000-\$193,000	\$322,000-\$386,000	\$53.80 +Your Plan Premium
\$193,000-\$500,000	\$386,000-\$750,000	\$74.20 +Your Plan Premium
Greater than \$500,000	Greater than \$750,000	\$81.00+ Your Plan Premium

The income-related monthly adjustment amount will be deducted from your monthly Social Security check, no matter how you usually pay your plan premium. If that amount is more than the amount of your check, you will get a bill from Medicare.

The figure below is used to estimate the Part D late enrollment penalty. The national based beneficiary premium amount can change each year.

2023 Part D National Base Beneficiary Premium \$34.50

If you are having trouble paying your premiums, you should call your State Medical Assistance (Medicaid) office to see if you qualify for some help. Some states refer to the Medicaid office as the Public Aid Office, the Public Assistance office, or the State Medical Assistance office. California refers to Medicaid as Medi-cal.

INCOME RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA)

The Internal Revenue Service supplies your tax filing status, your adjusted gross income, and your tax-exempt interest income to the Social Security Administration to determine if you have an income related monthly adjustment (IRMAA). The Social Security Administration will add your adjusted gross income together with your tax-exempt interest income to get an amount called the *Modified Adjusted Gross Income (MAGI)*.

The income-related monthly adjustment amount is effective from January 1 through December 31 each calendar year. The Social Security Administration will refigure your Medicare Part B premium amount again next year when the Internal Revenue Service updates the information.

Allan S. Eckmann / BayCrest Insurance Services / (408) 249-4611 / Nov 2023

MEDICARE PART A & B - WHEN CAN YOU SIGN UP?

Initial Enrollment Period

You can sign up when you are first eligible for Part B. (For example, if you are eligible for Part B when you turn 65, this is a 7-month period that begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65).

3 months before the month you turn 65	2 months before the month you turn 65	1 month before the month you turn 65	The month you turn 65	1 month after you turn 65	2 months after you turn 65	3 months after you turn 65
---	---	--	--	--	---	---

Sign up early to avoid a delay in getting coverage for Part B services. To get Part B coverage the month you turn 65, you must sign up during the first three months before the month you turn 65.

If you wait until the last four months of your Initial Enrollment Period to sign up for Part B, your start date for coverage will be delayed.

If you enroll in Part B during the first three months of your Initial Enrollment Period, your coverage start date will depend on your birthday:

- If your birthday **isn't** on the first day of the month, your Part B coverage starts the first day of your birthday month. For example, Mr. Green's 65th birthday is July 20, 2024. If he enrolls in April, May, or June, his coverage will start on July 1, 2024.
- If your birthday **is on** the first day of the month, your coverage will start the first day of the prior month. For example, Mr. Kim's 65th birthday is July 1, 2024. If he enrolls in March, April or May, his coverage will start on June 1, 2024.

Your Medicare options

When you first sign up for Medicare, and during certain times of the year, you can choose how you get your Medicare coverage. There are 2 main ways to get Medicare:

Original Medicare

- Original Medicare includes Medicare Part A (Hospital Insurance) and Part B (Medical Insurance).
- You can join a separate Medicare drug plan to get Medicare drug coverage (Part D).
- You can use any doctor or hospital that takes Medicare, anywhere in the U.S.
- To help pay your out-of-pocket costs in Original Medicare (like your 20% coinsurance), you can also shop for and buy supplemental coverage.

☒ Part A



☒ Part B



You can add:

☐ Part D



You can also add:

☐ Supplemental coverage



This includes Medicare Supplement Insurance (Medigap). Go to Section 5 (starting on page 75) to learn more about Medigap. Or, you can use coverage from a current or former employer or union, or Medicaid.

Go to Section 3 (starting on page 57) to learn more about Original Medicare.

Medicare Advantage

(also known as Part C)

- Medicare Advantage is a Medicare-approved plan from a private company that offers an alternative to Original Medicare for your health and drug coverage. These "bundled" plans include Part A, Part B, and usually Part D.
- In many cases, you can only use doctors who are in the plan's network.
- In many cases, you may need to get approval from your plan before it covers certain drugs or services.
- Plans may have lower or higher out-of-pocket costs than Original Medicare. You may also have an additional premium.
- Plans may offer some extra benefits that Original Medicare doesn't cover—like certain vision, hearing, and dental services.

☒ Part A



☒ Part B



Most plans include:

☒ Part D



☒ Some extra benefits

Some plans also include:

☐ Lower out-of-pocket costs

Go to Section 4 (starting on page 61) to learn more about Medicare Advantage.

AT A GLANCE

Original Medicare vs. Medicare Advantage



Doctor & hospital choice

Original Medicare	Medicare Advantage (Part C)
You can use any doctor or hospital that takes Medicare , anywhere in the U.S.	In many cases, you can only use doctors and other providers who are in the plan's network and service area (for non-emergency care). Some plans offer non-emergency coverage out of network, but typically at a higher cost.
In most cases, you don't need a referral to use a specialist.	You may need to get a referral to use a specialist.



Cost

Original Medicare	Medicare Advantage (Part C)
For Part B-covered services, you usually pay 20% of the Medicare-approved amount after you meet your deductible. This amount is called your coinsurance.	Out-of-pocket costs vary —plans may have lower or higher out-of-pocket costs for certain services.
You pay a premium (monthly payment) for Part B . If you choose to join a Medicare drug plan, you'll pay a separate premium for your Medicare drug coverage (Part D).	You pay the monthly Part B premium and may also have to pay the plan's premium . Some plans may have a \$0 premium and may help pay all or part of your Part B premium. Most plans include Medicare drug coverage (Part D).
There's no yearly limit on what you pay out of pocket, unless you have supplemental coverage—like Medicare Supplement Insurance (Medigap).	Plans have a yearly limit on what you pay out of pocket for services Medicare Part A and Part B cover. Once you reach your plan's limit, you'll pay nothing for services Part A and Part B cover for the rest of the year.
You can choose to buy Medigap to help pay your remaining out-of-pocket costs (like your 20% coinsurance). Go to page 77. Or, you can use coverage from a current or former employer or union, or Medicaid.	You can't buy and don't need Medigap.



Coverage

Original Medicare	Medicare Advantage (Part C)
Original Medicare covers most medically necessary services and supplies in hospitals, doctors' offices, and other health care facilities. Original Medicare doesn't cover some benefits like eye exams, most dental care, and routine exams. Go to page 55.	Plans must cover all medically necessary services that Original Medicare covers. Plans may also offer some extra benefits that Original Medicare doesn't cover —like certain vision, hearing, and dental services.
You can join a separate Medicare drug plan to get Medicare drug coverage (Part D).	Medicare drug coverage (Part D) is included in most plans. In most types of Medicare Advantage Plans, you can't join a separate Medicare drug plan.
In most cases, you don't need approval for Original Medicare to cover your services or supplies.	In many cases, you may need to get approval from your plan before it covers certain services or supplies.



Foreign travel

Original Medicare	Medicare Advantage (Part C)
Original Medicare generally doesn't cover medical care outside the U.S. You may be able to buy a Medicare Supplement Insurance (Medigap) policy that covers emergency care outside the U.S.	Plans generally don't cover medical care outside the U.S. Some plans may offer a supplemental benefit that covers emergency and urgently needed services when traveling outside the U.S.

This handbook explains these topics in more detail:

- **Original Medicare:** Go to Section 3 (starting on page 57).
- **Medicare Advantage:** Go to Section 4 (starting on page 61).
- **Medicare Supplement Insurance (Medigap):** Go to Section 5 (starting on page 75).
- **Medicare drug coverage (Part D):** Go to Section 6 (starting on page 79).

The 2024 premium amounts, drug costs, and income limits weren't available at the time of printing. Visit [Medicare.gov](https://www.medicare.gov) later this fall to get the most up-to-date information.