



Understanding the ABCs in Medicare Options, Plans and Alternatives

By Jerry Luff, Chief Operating Officer & Partner
and Julia Bialek, TEP, Senior Wealth Associate

Figuring out the ABCs in Medicare, can be very confusing. Whether you're nearing the enrollment period for Medicare or considering switching your policy, it's important to understand your options when it comes to supplemental coverage and alternatives.



Here's a quick guide to help you sort through the various descriptions, coverage plans and other important facts on Medicare and alternatives.

- What is Medicare?
- What is the Initial Enrollment Period?
- Two main ways to get Medicare: Original Medicare vs. Medicare Advantage
- Medicare Part A (Inpatient/Hospital Coverage)
- Medicare Part B (Outpatient/Medical Coverage)
- Medicare Part B Premium – depending on income
- Medicare Advantage Plans (Part C)
- Medicare Part D: Drug Coverage
- Medigap Plans
- What is Income-Related Monthly Adjustment Amount (IRMAA)?
- What qualifies as a Life-Changing Event?
- How to request a new Initial Determination

WHAT IS MEDICARE?

Medicare is a federal health insurance program offered to people 65 years of age and older, and to younger people with certain disabilities and illnesses.

There are four parts of **Medicare: Part A, Part B, Part C, and Part D.**¹

The different parts help pay for various types of health care services and each has different costs that you may have to pay. Medicare costs depend on what coverage is chosen and on what health care services are used. These Medicare parts can be put together in a variety of ways to provide coverage based on your needs.

MEDICARE INITIAL ENROLLMENT PERIOD

You have a seven-month window to join during this period — from three months before the month you turn 65, through your birthday month, and three months after the month you turn 65.

For example, Mr. Smith turns 65 on February 28, 2023: Initial enrollment period is November 2022 - May 2023

Other Enrollment dates:

- Annual Enrollment period
- General Enrollment Period
- Medicare Advantage Open Enrollment Period

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Annual Enrollment period											10/15 - 12/7		
General Enrollment Period		1/1-3/31											
Medicare Advantage Open Enrollment Period		1/1-3/31											

Source: Understanding Medicare, [Aetnamedicare.com](https://www.aetnamedicare.com)

ORIGINAL MEDICARE VS. MEDICARE ADVANTAGE²

You have two main ways to get Medicare:

- **Original Medicare** includes Medicare Part A (Hospital Insurance) and Part B (Medical Insurance). If you want drug coverage, you can join a separate Medicare Prescription Drug Plan (Part D).
- **Medicare Advantage** (also known as “Part C”) is an “all in one” alternative to Original Medicare. These “bundled” plans include Part A, Part B, and usually part D. They also offer extra benefits that original Medicare does not cover.

MEDICARE PART A³ (INPATIENT/ HOSPITAL COVERAGE)

Inpatient hospital care: This is care received after you are formally admitted into a hospital by a physician. You are covered for up to 90 days in each benefit period in a general hospital, plus 60 lifetime reserve days. Medicare also covers up to 190 lifetime days in a Medicare-certified psychiatric hospital.

Skilled nursing facility (SNF) care: Medicare covers room, board, and a range of services provided in an SNF, including administration of medications, tube feedings, and wound care. You are covered for up to 100 days each benefit period if you qualify for coverage.

To qualify, you must have spent at least three consecutive days as a hospital inpatient within 30 days of admission to the SNF and need skilled nursing or therapy services.

Home health care: Medicare covers services in your home if you are homebound and need skilled care. You are covered for up to 100 days of daily care or an unlimited amount of intermittent care. To qualify for Part A coverage, you must have spent at least three consecutive days as a hospital inpatient within 14 days of receiving home health care.

Note: You can get home health care through Medicare Part B if you do not meet all the requirements for Part A coverage.

Hospice care: This is care you may elect to receive if a provider determines you are terminally ill. You are covered for as long as your provider certifies you need care. Keep in mind that Medicare does not usually pay the full cost of your care, and you will likely be responsible for some portion of the cost-sharing (deductibles, coinsurances, copayments) for Medicare-covered services.

Hospital & SNF Stays In 2023 (Per Benefit Period)

Hospital Deductible	\$1,600
Days 1-60 in hospital	\$0
Days 61-90 in hospital	\$400 per day
Days 91-150 in hospital	\$800 per "lifetime reserve day"
Days 1-20 in SNF	\$0
Days 21-100 in SNF	\$200 per day
Days 101+	All costs

Source: Medicare Part B Premium, [medicareinteractive.org](https://www.medicareinteractive.org)

MEDICARE PART B⁴ (OUTPATIENT/MEDICAL COVERAGE)

- **Provider services:** These are medically necessary services you receive from a licensed health professional.
- **Durable medical equipment (DME):** This is equipment that serves a medical purpose, is able to withstand repeated use, and is appropriate for use in the home. Examples include walkers, wheelchairs, and oxygen tanks. You may purchase or rent DME from a Medicare-approved supplier after your provider certifies you need it.
- **Home health services:** Services covered if you are homebound and need skilled nursing or therapy care.
- **Mental health services**
- **X-rays and lab tests**
- **Ambulance services:** This is emergency transportation, typically to and from hospitals. Coverage for non-emergency ambulance/ambulette transportation is limited to situations in which there is no safe alternative transportation available and where the transportation is medically necessary.
- **Preventive services:** These are screenings and counseling intended to prevent illness, detect conditions, and keep you healthy. In most cases, preventive care is covered by Medicare with no coinsurance.
- **Therapy services:** These are outpatient physical, speech, and occupational therapy services provided by a Medicare-certified therapist.
- **Chiropractic care:** When manipulation of the spine is medically necessary to fix a subluxation of the spine (when one or more of the bones of the spine move out of position).
- **Select prescription drugs:** Including immunosuppressant drugs, some anti-cancer drugs, some anti-emetic drugs, some dialysis drugs, and drugs that are typically administered by a physician.

This list includes commonly covered services and items, but it is not a complete list. Keep in mind that Medicare does not usually pay the full cost of your care, and you will likely be responsible for some portion of the cost-sharing (deductibles, coinsurances, copayments) for Medicare-covered services.

MEDICARE PART B PREMIUM – DEPENDING ON INCOME

Premium Depending On Your Yearly Income in 2021

File Individual Tax Return	File Joint Tax Return	File Married & Separate Tax Return	You Pay (in 2023)
\$97,000 or less	\$194,000 or less	\$97,000 or less	\$164.90
Above \$97,000 up to \$123,000	Above \$194,000 up to \$246,000	Not applicable	\$230.80
Above \$123,000 up to \$153,000	Above \$246,000 up to \$306,000	Not applicable	\$329.70
Above \$153,000 up to \$183,000	Above \$306,000 up to \$366,000	Not applicable	\$428.60
Above \$183,000 and less than \$500,000	Above \$366,000 and less than \$750,000	Above \$97,000 and less than \$403,000	\$527.50
\$500,000 or above	\$750,000 or above	\$403,000 or above	\$560.50

Source: Medicare Part B Premium, [CMS.gov](https://www.cms.gov)

MEDICARE ADVANTAGE PLANS (PART C)

Some people choose to get their benefits from a Medicare Advantage Plan (MA Plan), also known as a Medicare private health plan or Part C. MA Plans contract with the federal government and are paid a fixed amount per person to provide Medicare benefits.

The most common types of MA Plans are:

- Health Maintenance Organizations (HMOs)⁵: In most HMOs, you must see in-network providers to receive coverage unless you need emergency medical treatment.
- Preferred Provider Organizations (PPOs)⁶: After enrolling in a PPO, you can see any provider, but you generally pay more when seeing out-of-network providers. PPO plans typically offer fixed copayments when you use the plan's network.

MEDICARE PART D: DRUG COVERAGE

Medicare Part D Premiums

File Individual Tax Return	File Joint Tax Return	File Married & Separate Tax Return	You Pay Each Month (in 2023)
\$97,000 or less	\$194,000 or less	\$97,000 or less	Premium
Above \$97,000 up to \$123,000	Above \$194,000 up to \$246,000	Not applicable	Premium + \$12.20
Above \$123,000 up to \$153,000	Above \$246,000 up to \$306,000	Not applicable	Premium + \$31.50
Above \$153,000 up to \$183,000	Above \$306,000 up to \$366,000	Not applicable	Premium + \$50.70
Above \$183,000 and less than \$500,000	Above \$366,000 and less than \$750,000	Above \$97,000 and less than \$403,000	Premium + \$70.00
\$500,000 or above	\$750,000 or above	\$403,000 or above	Premium + \$76.40

Source: Medicare, [CMS.gov](https://www.cms.gov)

¹ Medicare Part D premiums are calculated based on the recipient's adjusted gross income (AGI) from two years prior.

Medicare Part D, the prescription drug benefit, is the part of Medicare that covers most outpatient prescription drugs.

Part D is offered through private companies either as a stand-alone plan for those enrolled in Original Medicare or as a set of benefits included with your Medicare Advantage Plan.

Unless you have creditable drug coverage and will have a Special Enrollment Period, you should enroll in Part D when you first get Medicare. If you delay enrollment, you may face gaps in coverage and enrollment penalties.

Each Part D plan has a list of covered drugs that is called its formulary. If your drug is not on the formulary, you may have to request an exception, pay out of pocket, or file an appeal.

MEDIGAP PLANS⁷

Medigaps are health insurance policies that offer standardized benefits to work with Original Medicare (not with Medicare Advantage).

They are sold by private insurance companies. If you have a Medigap, it pays part or all certain remaining costs after Original Medicare pays first.

Medigaps may cover outstanding deductibles, coinsurance, and copayments. Medigaps may also cover health care costs that Medicare does not cover at all, like care received when traveling abroad.

Medigap Benefits	Medicare Supplemental Insurance (Medigap) Plans									
	A	B	C	D	F	G	K	L	M	N
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Blood (first 3 pints)	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	100%	100%	50%	75%	100%	100%
Part A deductible		100%	100%	100%	100%	100%	50%	75%	100%	100%
Part B deductible			100%		100%					
Part B excess charge					100%	100%				
Foreign travel emergency (up to plan limits)			80%	80%	80%	80%			80%	80%
Out-of-pocket limit in 2023	N/A	N/A	N/A	N/A	N/A	N/A	\$6,940	\$3,740	N/A	N/A

Source: Medigap Plans, [medicareinteractive.org](https://www.medicareinteractive.org)

INCOME-RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA)

If Social Security determines that you should pay an IRMAA, they will mail you a notice called an initial determination.

This notice should include information on how to request a new initial determination.

A new initial determination is a revised decision that Social Security makes regarding your IRMAA. You can request that Social Security revisit its decision if you have experienced a life-changing event that caused an income decrease, or if you think the income information Social Security used to determine your IRMAA was incorrect or outdated.

WHAT QUALIFIES AS A LIFE-CHANGING EVENT?

- The death of a spouse
- Marriage
- Divorce or annulment
- You or your spouse stopping work or reducing the number of hours you work
- Involuntary loss of income-producing property due to a natural disaster, disease, fraud, or other circumstances
- Loss of pension
- Receipt of settlement payment from a current or former employer due to the employer's closure or bankruptcy

You can make the case that Social Security used outdated or incorrect information when calculating your IRMAA. For example, you:

- Filed an amended tax return with the IRS
- Have a more recent tax return that shows you are receiving a lower income than previously reported

HOW TO REQUEST A NEW INITIAL DETERMINATION⁸

To request a new initial determination:

- Submit a Medicare IRMAA Life-Changing Event form or schedule an appointment with Social Security
- You will need to provide documentation of either your correct income or of the life-changing event that caused your income to decrease



Get peace of mind by understanding your ABCs on Medicare. As you and your family go through personal and professional transitions, please feel free to reach out to BakerAvenue.

Source: [Medicareinteractive.org](https://www.medicareinteractive.org)

1. The Parts of Medicare (A, B, C, and D)
2. Medicare Coverage Overview
3. Medicare Part A
4. Medicare Part B
5. Medicare Part C Health Maintenance Organizations (HMO's)
6. Medicare Part C Preferred Provider Organizations (PPO's)
7. Medigap Plans
8. Medicare Denials and Appeals

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