



HIGHTOWER



## New to Medicare? Here's What You Need to Know

Ask yourself these six crucial questions when enrolling in Medicare for the first time

If you're nearing 65, the age of eligibility to enroll in Medicare, you've probably begun to think about switching to the federal health insurance program from your current plan. The government's annual guidebook Medicare & You is a great resource, but the number of new decisions to make can seem overwhelming. Carving out the time to sit down and consider these questions can go a long way toward helping you confidently transition to Medicare and enjoy all the benefits of your new coverage.

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### How is Medicare different from my prior insurance?

While you and your family may currently be covered under one policy, there is no family coverage plan with Medicare – if you are married, your spouse will have to enroll separately once reaching the age of eligibility. And while you likely have always had a single plan that covered everything from prescription medications to major operations, Medicare has different parts that cover different aspects of your health care.

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### What are the different options, and how do I know which is right for me?

There are two main ways to get Medicare:

#### **ORIGINAL MEDICARE**

Original Medicare is broken up into parts. Part A covers hospital-related expenses, including inpatient care and hospice. Part B covers doctor's services, outpatient care, lab tests and many preventive services. Both allow you to go to any doctor or hospital in the country that accepts Medicare without prior authorization. A supplemental private health insurance policy known as a Medigap can help cover "gaps" in this federally provided coverage, such as copayments and deductibles. Finally, Medicare Part D helps cover the cost of prescription medications.

#### **MEDICARE ADVANTAGE**

Medicare Advantage (also known as Part C) is an alternative to Original Medicare. It bundles all the benefits of Parts A, B and usually D into one plan offered by a private health insurance company. Medigap policies aren't needed and Advantage can also include benefits for vision, hearing and dental services. However, you're only covered for providers in your plan's network, and you may need prior approval and a referral from your primary physician to see specialists.

If you want to have the flexibility to choose your own health care providers, or you split time between different states, Original Medicare may be best for you. If you're looking to limit costs, Medicare Advantage may be a better option as it has a yearly limit to your out-of-pocket expenses and more options for extra benefits.

If your retirement plans include international travel, you'll need supplemental insurance whether you're on Original Medicare or an Advantage plan, as you're generally not covered for care outside the U.S.

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### When do I sign up – and how?

The best time to sign up for Medicare is three months before you turn 65, when your seven-month Initial Enrollment Period begins, so your coverage starts on the first day of your birthday month. If you miss that period, which ends three months after the month you turn 65, you can still apply during the next General Enrollment Period (January through March), but you may have to pay a late enrollment penalty, and your coverage won't begin until July. You'll pay higher rates the longer you wait to sign up unless you qualify for a [Special Enrollment Period](#) because, for example, you still have health insurance from your employer or spouse's employer.

If you are collecting retirement benefits from Social Security, you'll automatically get Medicare Parts A and B coverage the first day of the month you turn 65 (though you can [request to drop the coverage](#) in writing). If you're turning 65 but not ready to begin collecting Social Security, you can still apply for Medicare online through the [Social Security Administration](#), by calling 1-800-772-1213, or by visiting your local [Social Security office](#).

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### What is the cost?

People who have paid Medicare taxes long enough (usually about 10 years) don't have to pay a premium for Part A, but there is a deductible each time you are admitted to a hospital (\$1,600 for 2023). Part B has a monthly premium that varies by income, starting at \$164.90 in 2023 for individuals with annual incomes up to \$97,000, topping out at \$560.50 for incomes over \$500,000. Premiums are deducted directly from your Social Security benefits. Medicare Advantage rates vary – you can compare plans at [Medicare.gov](#).

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### What do I need to do to maintain my coverage?

Medicare plans – including Advantage and supplemental coverage – renew automatically each year unless you request a change during the Annual Enrollment Period, or your plan provider and Medicare terminate their contract.

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### Who can help me?

You can receive free counseling from your local [State Health Insurance Assistance Program](#), but also be sure to talk to friends and family members who have already been through the process for personal advice.

Please reach out to your advisor for help with Medicare. We take a holistic approach to your retirement planning that goes beyond successfully managing your money – we're here to provide you the tools you need to help achieve what matters most to you, and your health is the foundation of this goal.



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200 W MADISON, 25<sup>TH</sup> FLOOR  
CHICAGO, IL 60606  
(312) 962-3800  
HIGHTOWERADVISORS.COM

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