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Make the most of Medicare.

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A FIELD GUIDE TO MEDICARE

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This material is being provided to help explain Medicare in an easy-to-read format. It's for educational purposes only and is not intended to be used to promote the purchase of Transamerica's Medicare Supplement Insurance (Medigap) or Medicare Part D coverage.



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7 THINGS TO KNOW ABOUT MEDICARE

1. IT DOESN'T COVER EVERYTHING

Most long-term care isn't covered, and Medicare may require you to pay a deductible and/or a share of costs for some services.

2. IF YOU ENROLL ON TIME, YOU CAN AVOID EXPENSIVE PENALTIES.

In general, be sure to sign up in the seven-month period that opens three months before the month you turn 65 and closes three months after that or during your special election period if you work past the age of 65.

3. IF YOU'RE WAITING UNTIL AFTER 65 TO TAKE SOCIAL SECURITY BENEFITS, REMEMBER TO STILL ENROLL FOR THE PARTS OF MEDICARE THAT YOU MAY WANT.

That way you can avoid penalties.

4. YOU CAN MANAGE YOUR RETIREMENT INCOME TO MANAGE WHAT YOU PAY FOR PART B PREMIUMS.

Why pay more?

Our Field Guide to Medicare program is designed to help explain some of the ins and outs of Medicare in an easy-to-read way. No one should be using this to try to sell you any specific insurance product.

5. YOUR COVERAGE

Remember to check whether coverage extends beyond your local area. That way there won't be any surprises if you need health care while traveling.

6. HSA AND MEDICARE

If you have a health savings account, Medicare says to stop contributing to it at least six months before applying for Medicare to avoid tax penalties. However, you can still use HSA money to pay Medicare Part B and D premiums.

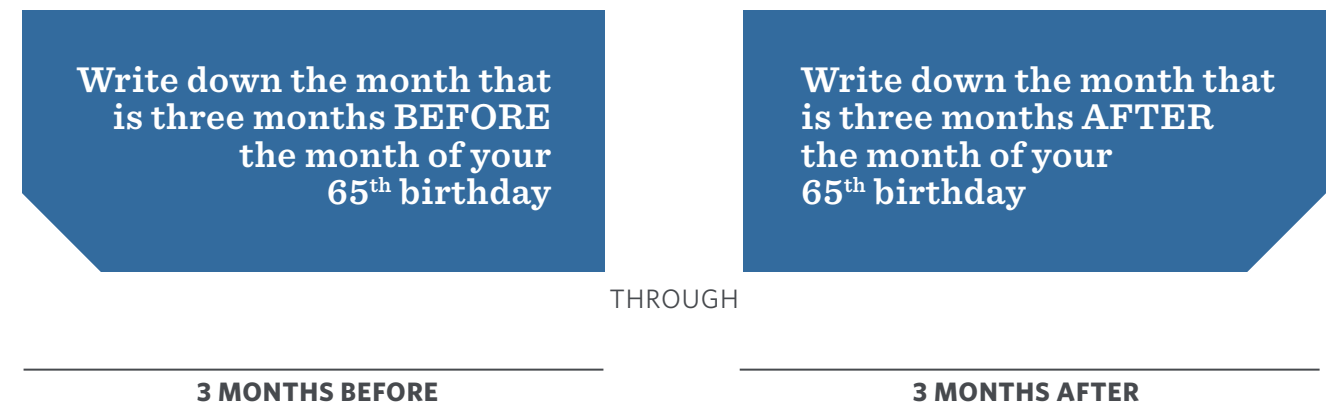
7. IF YOU'RE UNHAPPY WITH YOUR COVERAGE, YOU CAN SHOP AROUND AND SWITCH DURING ANNUAL OPENENROLLMENT PERIODS.

You don't always have to keep the coverage you have that doesn't meet your needs.

QUESTIONS TO CONSIDER BEFORE TURNING 65

As you prepare for medical expenses later in life, you may want to consider these questions:

- Will you continue to work and be covered by your employer's healthcare plan?
- Is your spouse working? If so, will both of you be covered under his/her employer's health plan?
- Have you talked to your employer's human resources representative to confirm how employee insurance works after age 65? For some small employers, Medicare is the primary insurer for workers 65 and older.
- Do you know when you need to sign up? See the graphic below:



This is your personal window to sign up for Medicare to avoid penalties.*

Early enrollment can ensure you have no gaps in coverage.

* If you're older than 65 but have health coverage under a group health plan through your job or another provider, you also can sign up penalty-free during the eight months that begin the month after your employment ends or the related group health coverage ends, whichever happens first.

- What are your estimated costs for the Medicare coverage you've chosen? (We can help you get a rough estimate later in this booklet.)

- If your spouse is younger than 65, how will he or she be covered for health care? If you have dependents, how will they be covered?

WHAT TO ASK WHEN CHOOSING HEALTH COVERAGE

When you're choosing coverage, you'll want to know the basics, like how much will you have to pay.

HERE ARE SOME COSTS TO KEEP IN MIND:

PREMIUM

Amount you regularly pay throughout the year for coverage.

DEDUCTIBLE

The amount of costs you cover yourself before coverage kicks in.

COPAY/COINSURANCE

Your share of costs on an individual medical bill.

HERE ARE SOME QUESTIONS YOU MIGHT WANT TO CONSIDER WHEN BUYING HEALTH INSURANCE IN GENERAL:

- Which doctors or medical providers can I use under this policy? Will I be able to use my current doctor?
- Are prescription drugs covered? What about vision and dental care? How about hearing coverage?
- Will conditions that are important to me (physical therapy, psychiatric care, nursing home care, for example) be covered?
- What are the specific items and services the policy covers? What specifically won't it cover?
- Are there any exceptions or limits on the policy paying for all of my medical care?
- Do I need to get prior approval or fulfill some other requirement before I can receive coverage for a certain procedure, such as seeing a specialist?

- Will I be covered if I travel to a different state or country?
- How can I renew or cancel the policy?
- What is the process for handling disputes over claims? How can I challenge a denial of coverage for a certain service?

YEARLY HEALTHCARE COSTS AT A GLANCE

This estimator isn't going to be exact.

Costs will vary depending on your health, choices for coverage, and your state or region, but this will show you some potential costs for 2017.

IF YOU CHOOSE ORIGINAL MEDICARE

1. Add potential costs for Part A, which covers hospital care:

- a. Have you (or your spouse) paid at least 10 years of Medicare taxes over the years, perhaps through paycheck deductions via your employer(s)?

If yes, enter \$0

If no, add the potential cost of up to \$4,956 per year.

\$ _____

- b. Do you owe a penalty for not signing up for Part A when you were first eligible? There may be a 10% surcharge on your monthly premium for the first few years of coverage, unless you signed up during a special enrollment period, perhaps because you were still working at age 65, for example.

If you owe the penalty, enter 10% of Line 1a here:

\$ _____

Add lines 1a and 1b =

\$ _____

Other potential Part A costs

- c. Deductible for inpatient hospital stays for each benefit period, keeping in mind there can be several benefit periods per year if more than 60 days pass between stays. In 2017, the deductible is \$1,316 for each benefit period. \$ _____
- d. Coinsurance of \$329 per day in 2017 for days 61-90 of a longer hospital stay. \$ _____
- e. Coinsurance of \$658 per day in 2017 after day 90 of your hospital stay for each benefit period. \$ _____

Note: When you stay longer than 90 days in a single hospital stay, those extra days count toward your "lifetime reserve days," of which you get up to 60 during your lifetime. You're responsible for all costs of extra days of that hospital stay if you go beyond the lifetime reserve days. If your stay is in a skilled nursing facility, there is coinsurance for days 21-100 of your stay of \$164.50 per day per benefit period in 2017.

2. Add potential costs for Part B (which usually come out of your Social Security benefits) for doctor services, outpatient care, medical supplies, and preventive care:

- a. If you are a new enrollee in 2017; don't get Social Security benefits; have both Medicare and Medicaid with Medicaid paying your premiums; or are considered high income, use this chart to find your monthly premium. The income to use here is your Modified Adjusted Gross Income (MAGI) that was reported on your IRS tax return from two years ago.

IF YOUR MAGI FOR 2015 WAS (AS YOU REPORTED ON THE TAX RETURN YOU FILED IN 2016)			YOU PAY IN 2017
Individual tax return	File joint tax return	File married & separate return	
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$134
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	Not applicable	\$187.50
above \$107,000 up to \$160,000	above \$214,000 up to \$320,000	Not applicable	\$267.90
above \$160,000 up to \$214,000	above \$320,000 up to \$428,000	above \$85,000 up to \$129,000	\$348.30
above \$214,000	above \$428,000	above \$129,000	\$428.60

Monthly premium x 12 = \$ _____

b. Add the deductible for 2017 of \$183 per year. \$ _____

c. Do you owe a penalty for signing up late for Part B? If so, your monthly premium could rise by 10% per 12-month period that you were eligible to sign up but didn't (unless you qualify for an exception that lets you sign up during a special enrollment period). \$ _____

Add lines 2a through 2c = \$ _____

Note: (You also may owe 20% of the cost of certain services or medical equipment.)

3 a. If you want to buy a Medicare Supplement Insurance (Medigap) policy to help with out-of-pocket expenses that Original Medicare doesn't cover, make sure to budget for that. Premiums can vary widely depending on your policy or coverage, plus factors including your age, where you live, medical underwriting, and discounts*. According to the 2016 National Medicare Supplement Price Index, premiums for a 65-year-old woman ranged from \$118 per month (in San Antonio) to \$444 per month (in New York City). That works out to \$1,416-\$5,328 per year.

*2016 Choosing a Medigap Policy: A Guide to Health Insurance for People with Medicare.

\$ _____

b. Enter \$0 for the deductible for the Medigap policy (generally speaking, most plans have no deductible) or if you do not want a Medigap policy. If you choose a high deductible Medigap policy, enter \$2,200 (deductibles for 2017 are generally up to this amount).

\$ _____

Add lines 3a and 3b =

\$ _____

4. Add potential costs for Part D prescription drug coverage

a. Use this chart below to fill in your monthly premium (the Centers for Medicare & Medicaid Services estimates the basic Part D premium in 2017 to be about \$34):

IF YOUR MAGI FOR 2015 WAS (AS YOU REPORTED ON THE TAX RETURN YOU FILED IN 2016)			YOU PAY IN 2017
Individual tax return	File joint tax return	File married & separate return	
\$85,000 or less	\$170,000 or less	\$85,000 or less	Your Part D premium
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	Not applicable	\$13.30 + Your Part D premium
above \$107,000 up to \$160,000	above \$214,000 up to \$320,000	Not applicable	\$34.20 + Your Part D premium
above \$160,000 up to \$214,000	above \$320,000 up to \$428,000	above \$85,000 up to \$129,000	\$55.20 + Your Part D premium
above \$214,000	above \$428,000	above \$129,000	\$76.20 + Your Part D premium

Monthly premium x 12 =

\$ _____

b. Do you owe a penalty for enrolling late in Part D?

If no, enter \$0

If yes, the penalty in 2017 is 0.3563 multiplied by the number of full months that you were eligible for a Medicare prescription drug plan but didn't have any eligible prescription drug coverage.

\$ _____

Add lines 4a and 4b =

\$ _____

Now add the totals of each amount underlined in blue. This is a very rough estimate of what you might pay each year with Original Medicare (Parts A and B) with optional Medicare Supplement Insurance and Medicare Part D coverage.

GRAND TOTAL = \$ _____

Be aware:

Starting Jan. 1, 2018, the income brackets shown in the charts above are expected to change. Please see the back page of this planning workbook.

PLAN NOW FOR NEW INCOME BRACKETS PROJECTED FOR 2018

Your bracket for 2018 will be determined by your income tax return from two years prior.

FILE INDIVIDUAL TAX RETURN	FILE JOINT TAX RETURN
\$85,000 or less	\$170,000 or less
above \$85,000 up to \$107,000	above \$170,000 up to \$214,00
above \$107,000 up to \$133,500	above \$214,000 up to \$267,000
above \$133,500 up to \$160,000	above \$267,00 up to \$320,00
above \$160,000	above \$320,00

Note that the exact premiums paid by each income level are determined once per year.

Medicare Access and CHIP Reauthorization Act of 2015

IF YOU CHOOSE MEDICARE ADVANTAGE INSTEAD

Part C (Medicare Advantage, if you choose coverage from a private insurer)

Costs for Medicare Advantage could be close to what you would pay under Original Medicare, but that will depend on several factors, including your plan's deductibles, copays, coinsurance, premiums, and whether it pays any of your monthly Part B premium.

The Centers for Medicare & Medicaid Services estimates the average premium for Medicare Advantage plans at \$31.40 per month in 2017. While the premium may be lower for a Medicare Advantage plan, the out-of-pocket costs for services covered under Parts A and B may, depending on the plan, be up to the limit of \$6,700. If services from out-of-network providers are received, higher limits are allowed.

Monthly premium (on average, \$31.40) x 12 = \$ _____

Out of pocket costs = \$ _____

GRAND TOTAL = \$ _____

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