

Navigating Medicare

Medicare is a health insurance program run by the federal government to provide coverage to individuals age 65 and older. It also provides coverage to some individuals who are under the age of 65 with certain disabilities or underlying conditions. Most individuals must sign up for Medicare upon reaching the age of 65 or risk a penalty for failing to enroll age at 65. The penalty is 10% of the monthly premium you would have experienced during the period for which you were first eligible to receive coverage. Note that individuals who have coverage through a qualifying employer may defer signing up for Medicare beyond age 65 and elect this coverage during a special enrollment period upon retirement.

There are several Parts to Medicare that offer coverage for hospitalization, doctor's visits and drugs, and these are outlined as follows:

- **Part A** provides hospitalization coverage at hospitals and skilled nursing facilities. It also provides coverage for hospice care as well as some home health care. Provided you have paid Medicare payroll taxes for at least 40 quarters, the premium for Part A is free. In 2021, there is a deductible for Part A of \$1,484 along with coinsurance for hospital stays of more than 60 days. This deductible will increase to \$1,556 in 2022.
 - **Part B** provides medical insurance covering costs for doctor's visits, outpatient care and home health care. There is a deductible of \$203 after which you'll cover 20% of expenses. Note this coinsurance may be less if you are enrolled in Medicare Advantage or if you have a supplemental medigap policy. In 2021, the base premium for Medicare Part B is \$148.50 per month and will increase to \$170.10 per month in 2022. Those individuals with modified adjusted gross income exceeding certain limits, based upon tax returns from two years prior, will pay higher premiums. Those figures are \$88,000 for single filers or married filing separately in 2021, increasing to \$91,000 in 2022. For married filing jointly, those amounts are \$176,000 in 2021, increasing to \$182,000 in 2022.
 - **Part C** is known as Medicare Advantage. Unlike traditional Medicare which is administered by the federal government, this coverage provides beneficiaries who elect Medicare Advantage with access to Part A and Part B coverage through private insurers. In order to elect coverage with Medicare Advantage, individuals must continue to pay their Part B monthly premiums. Today approximately 42% of those eligible for Medicare have elected coverage through Medicare Advantage. It's become more attractive in recent years because it offers lower premiums and additional benefits when compared to traditional Medicare. However, unlike original Medicare when used with a medigap policy, Medicare Advantage has higher cost sharing such as copays for hospital stays and coinsurance for drugs, so it often becomes more expensive in the event of an extended illness. In addition, this coverage restricts individuals to in-network physicians and hospitals, and as a result, does not offer the same flexibility as traditional Medicare. Medicare's open enrollment runs from October 15th to December 7th and allows individuals who are enrolled in Medicare the opportunity to switch between original Medicare and Medicare Advantage or to select a different plan within Medicare Advantage.
 - **Part D** provides an optional standalone prescription drug coverage for those with traditional Medicare coverage. You can also obtain prescription drug coverage through a medigap plan that includes prescription coverage (medigap policies are discussed below). The average premium for Part D is \$33 per month in 2021. Like Part B, if you are seeking prescription drug coverage, you will want to enroll in this coverage at age 65 to avoid penalties which will increase your monthly premiums.
-

- **Medigap** policies provide supplemental coverage through private insurers to cover expenses that wouldn't otherwise be picked up by Medicare. These plans cover most of the coinsurance for Parts A and B, depending upon which Medigap plan you have selected. There are currently 10 different Medigap plans sold through private insurers. These plans all offer the same types of coverage, however, the premiums will differ among the various insurers. When compared to Medicare Advantage Plans, Medigap plans have higher premiums, but lower out of pocket costs.

[Patricia Hall, CFP®](#)

Managing Director, Wealth Strategist

 **Beacon Trust** 163 Madison Avenue, Suite 600 | Morristown, NJ 07960 | 973.377.8090 | [BeaconTrust.com](#)

Important Information: Beacon Investment Advisory Services, Inc. ("BIAS") is an SEC registered investment adviser, under the name Beacon Trust, and is wholly owned by Beacon Trust Company ("BTC"), which is a subsidiary of Provident Bank. Provident Bank is a subsidiary of Provident Financial Services, Inc., a holding company whose common stock is traded on the New York Stock Exchange. Beacon Trust may only transact business in those states where they are notice filed or qualify for a corresponding exemption from notice filing requirements. Additional information is contained in the respective Form ADV disclosure documents, the most recent versions of which are available on the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov>.

SECURITIES AND INVESTMENT PRODUCTS: Not FDIC Insured | May Lose Value | No Bank Guarantee

This publication is limited to the dissemination of general information pertaining to the wealth management products and services offered by Beacon to U.S. residents of those states where not prohibited by applicable law. No portion is to be construed as a solicitation to effect transactions in securities or the provision of personalized investment, tax, or legal advice. Investing involves risks which may lead to losses, including loss of principal. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will be profitable. Any reference to a market index is included for illustrative purposes only, as it is not possible to directly invest in an index. Indices are unmanaged vehicles that serve as market indicators and do not account for the deduction of management fees or transaction costs generally associated with investable products, which otherwise have the effect of reducing the performance of an actual investment portfolio. Calculation methodologies are available from BIAS upon request. **Past performance is not a predictor of future results.** It should not be assumed that any information discussed herein will prove to be profitable or that decisions in the future will be profitable or provide specific performance results. Any discussion of tax matters contained within this communication should not be used for the purpose of avoiding U.S. tax related penalties or promoting, marketing, or recommending to another party any transaction or matter addressed herein. Beacon Trust does not provide legal advice. 00159731