



Senior's Outlook

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Understanding the Medicare Part D "Donut Hole"

The more they expand Medicare, the more complicated it seems to get. One of the most confusing aspects of the Medicare program is the coverage gap, or the so-called "donut hole" in Medicare Part D prescription drug coverage.

It's not so hard to grasp, though, if you view Medicare prescription drug coverage as two separate programs: Basic coverage and catastrophic coverage. The "donut hole" simply refers to the gap between the maximum benefits you get under basic coverage on one hand, and when catastrophic coverage kicks in on the other.

In most cases, Medicare helps you cover prescription drugs up until you reach a certain threshold of benefits. Then you will cover the expenses out of pocket, until catastrophic coverage kicks in.

Plans vary

Not every Medicare drug plan has a donut hole. Individual plans can vary substantially, so you need to consult your specific plan documents to determine where the coverage gap is. You will find this information in your Explanation of Benefits (EOB) notice, which Medicare will mail to you whenever you fill a prescription. It will tell you what you've spent on covered prescription drugs already, and whether you have reached the donut hole, when you will have to pay for your prescription drugs out of pocket for a while.



Donut Hole Discount

Generally, those who have reached the donut hole get a 50 percent discount on prescription drugs from the manufacturer. You can get the savings if you've enrolled in Part D or a Medicare Advantage (Part C) plan that includes drug coverage, you don't receive assistance under the Extra Help program, which helps certain low-income seniors pay for drug costs, and you've reached the donut hole. You must meet all these conditions before you can qualify for the discount.

Brand-Name Drugs

Manufacturers of brand-name drugs must sign a special agreement with Medicare to participate in the Medicare Coverage Gap Discount Program. Under this plan, companies offer a 50 percent discount to seniors who have reached the coverage

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Century Benefits Group, Inc. is pleased to present you with our Senior Outlook newsletter. We hope the articles in this edition and future editions will provide insight in an array of insurance and financial matters pertinent to seniors. Our organization works in the area of group and individual Medicare plans, Part-D plans, final expense plans, and fixed annuities. My brother Floyd King and I are available to service you our client. Floyd King can be reached directly at (800) 683-6729 or at centurybenefits@gmail.com. The annual open enrollment period for 2012 will be from October 15 through December 7. This is the time that you can make changes to your current Medicare Advantage plan effective for January 1, 2013. After December 7, 2012 you can not make any changes to your Medicare Advantage Plan unless you qualify for a special election. In September you will receive information from your current Medicare plan regarding any changes they will making for 2013. If you have any questions or wish to change your Medicare plan please contact us for assistance. As we grow our Medicare business we are happy to receive referrals from you for other seniors who may need our assistance. Our goal is to provide excellent service, competitive plans, and products tailored to meet your special needs. Thank You for your business and please contact us if we can be of assistance to you or another senior. Free to view our websites at www.nymedicare.org, www.californiamedicare.org or www.todaysmedicare.com

Enrolling in Medicare Advantage and Prescription Drug Plans



Are you turning 65 in the next year? It's time to consider your Medicare options. Here are the facts:

At age 65, you are automatically enrolled in Medicare Part A, hospitalization coverage, which is free, and Part B, which covers lab fees, physician's fees and medical equipment. There's a premium for Part B.

If you want additional benefits, though, you will need to specifically opt into a Medicare Advantage plan (part C), and/or a prescription drug plan (Part D).

Medicare Advantage

In a nutshell, Medicare Advantage, or Part C, allows you to access your Medicare benefits via a more comprehensive managed care plan. Different companies sponsor different kinds of plans, with varying premium levels and benefit levels to fit a variety of different budgets and needs. They come in the form of health maintenance organizations (HMOs) and preferred provider organizations (PPOs). Each sponsoring company has to provide at least the standard benefits available under Part A and Part B, and every Medicare Advantage carrier must be approved by Medicare to provide benefits.

In addition to the basic Medicare benefits, Medicare Advantage plans may also provide additional benefits, such as dental, vision, expanded hospitalization benefits, or more focused care for those with special medical needs, such as diabetics.

Premiums vary, depending on your plan and location. You can't be turned down for Medicare Advantage, but you may have to pay extra if you don't sign up when you're first eligible.

Note: Don't get Medicare supplemental coverage if you already have a Part C plan. You don't need both kinds of coverage - just one or the other.

Some things to keep in mind:

- You can only enroll during your open enrollment period, during certain times of the year.
- Once you enroll, you stay in the plan for a year.
- Different plans cover different procedures and treatments. Look at their list of exclusions, or check with the plan before getting a treatment or service.
- Managed care plans typically come with a list of authorized providers. If you have a preferred physician or other care provider, consult your plan network to ensure your preferred provider is a member of the network.
- You may need to get a referral from a primary care physician before seeing a specialist. This is a common arrangement in HMO-type plans.

Medicare Part D

Medicare Part D is the federally subsidized prescription drug program. You aren't automatically enrolled in Part D when you turn 65; you must specifically opt in to the program and apply for benefits. In some cases, though, your Part C, or Medicare Advantage plan, will provide prescription drug coverage as part of the plan. In other cases, you may enroll in Part D by itself (a Part D "standalone" plan), or have a separate Part C and Part D plan.

Medicare Part D requires a premium. That premium varies by plan, though. The more benefits and fewer exclusions the plan offers, the higher your monthly premium is likely to be.

Enrolling

Generally, you can enroll in Medicare Part D during the 7-month period that starts 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65. If you don't join during this initial enrollment period, though, you will generally have to pay higher premiums. You must also wait until the annual open enrollment period to sign up for benefits. Usually, this period runs from October 15th through December 7th.

To avoid paying penalties and higher premiums, ensure that you don't have a break in credible coverage before signing up for a new Part C or Part D plan.

Additional rules and provisions apply for special situations, such as if you relocate, or your plan's contract with Medicare changes.

Introduction to Medicaid Planning

The federal government provides substantial subsidies to the states under the auspices of Medicaid, but each state has a great deal of flexibility to set their own eligibility criteria.

Funding in each state is generally very limited, though, and each state has strict requirements for Medicare eligibility. While specifics vary by state, eligibility criteria generally centers around two basic tests - assets and income.

While the very poor and very wealthy tend to have few problems accessing care, things are much trickier for lower-income families whose incomes and assets are not low enough to qualify. A severe and expensive medical event or a need for long term care can be a devastating financial blow to uninsured families and seniors.

Medicaid planning is the practice of preserving a family's assets and working to ensure that they can legitimately qualify for as much assistance as ethically possible.

Medicaid planning, properly done, is not the practice of hiding assets to qualify for assistance. Instead, the Medicaid planner helps families position and spend down assets in a way that legally preserves their eligibility for benefits.

Special Needs Planning

Many families with disabled children can plan for a lifetime of Medicaid eligibility while the Medicaid participant is still a child. The family should keep an eye on their state's limitations on income and assets - and ensure that the child does not come into direct ownership of assets beyond those limits.

For example, suppose a family establishes a life insurance policy for a disabled child. The child turns 18, and therefore becomes independent, but incapable of earning a living on her own. She then qualifies for Medicaid. If the insured dies, leaving the death benefit directly to the child, she child could fail the asset test, and

lose her eligibility for Medicaid benefits, as well as other forms of needed assistance, such as food stamps and welfare benefits.

Medicaid rules would force her to spend down her entire life insurance death benefit - spending herself down to the poverty level - before she could qualify for Medicaid. Her family's legacy, lovingly built for her from the time she was conceived, is squandered.

A skilled Medicaid planner, on the other hand, might have counseled this family to establish a special needs trust on her behalf. Any family gifts or bequests, including life insurance death benefits, would go to the trust, not directly to her.

Since she doesn't own the assets directly, the assets don't interfere with her ability to qualify for benefits. The trustees can administer the trust, careful not to dispense more income or assets to her than Medicaid rules allow. She maintains eligibility for benefits, and her family legacy is preserved. The trust is there to help her with the material things she needs, plus a little spending money, but she doesn't have to spend her money down on paying for care.

Elder Planning

The need for long-term care or nursing home care can be devastating for a family, with costs approaching \$70,000 per year and higher, according to the Department of Health and Human Services. Many people believe that Medicare will cover this kind of care, but that is only a myth. In fact, Medicare coverage of long-term care is extremely limited.

Additionally, you can't qualify for Medicaid, in most cases, unless you have spent yourself down to the poverty level - typically your last \$1,700 to \$2,000, depending on your state and your marital status.

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gap donut hole. The discount is figured from the price your Medicare Part D plan has negotiated with the manufacturer for that particular drug.

You pay only half of the normal price for the drug out of your pocket. But for the purposes of calculating whether you are eligible for catastrophic drug coverage - the second tier of Medicare Part D coverage - you get credit for the full price of the drug. This helps you qualify for catastrophic drug coverage much sooner than you otherwise would. Once you qualify for catastrophic drug coverage, you only need to pay a very small copay or co-insurance for the remainder of the year. Your EOB notice will explain the details of your copay or co-insurance payment. There may be dispensing fee, you must pay, as well.

Generic Drugs

Beginning this year, 2012, Medicare is picking up 14

percent of the price for generic drugs if you are in the donut hole. You must pay the other 86 percent out of pocket, until you escape from the donut hole, and qualify for catastrophic coverage. Your out-of-pocket share of prescription drugs costs in the donut hole, however, is scheduled to decline gradually, until it reaches 25 percent in the year 2020.

Only your out-of-pocket expense will count towards catastrophic eligibility in this program.

Appeals

If you believe your EOB is in error, or if you are not receiving a discount you believe you are entitled to, you may file an appeal. Your State Health Insurance Assistance Program (SHIP) can help you with filing an appeal, or you can call 1-800-MEDICARE (633-4227). TTY users call 877-486-2048.

Psychological Well-being in Seniors is Linked to Good Health



Recent research shows that psychological wellness in seniors may reduce their risks of suffering heart attacks, strokes and other cardiovascular incidents. In the study, the most optimistic individuals seemed to have 50 percent less chance of experiencing a cardiovascular event than those who were not optimistic. Many studies performed in the past 20 years have consistently shown that anxiety, anger, hostility, depression and other negative emotions can be harmful to cardiovascular function. However, many researchers feel that approaching the issue from a positive angle is better. In doing this, they seek to find how psychological health relates to heart health.

Experts believe that the presence of positive is not the same thing as the absence of negative. Life satisfaction, optimism and happiness are all connected to a reduced risk of cardiovascular disease. Research shows that an individual's socioeconomic status, body weight, age and smoking status do not affect this connection. This means that the most optimistic people, regardless of personal factors, are 50 percent less likely to experience cardiovascular events than those who are less optimistic. Research also consistently shows that positive emotions, optimism and other positive psychological assets slow the progression of cardiovascular disease.

In order to understand how cardiovascular disease and

psychological wellness are connected, it is important to know how heart health is related to biological markers. Many researchers have studied these connections carefully. They found that people who have a good sense of wellness plan balanced diets, get enough sleep, exercise adequately and participate in other healthy behaviors. In addition to being tied to better heart health, overall wellness and optimism is related to better biological function. Research has shown a positive link between a feeling of overall wellness and better lipid profiles, a healthier body weight and lower blood pressure.

Researchers are hopeful that future projects will show that happiness, optimism and satisfaction are present before good cardiovascular health. If research continues to show such positive links, the findings will have very strong implications for designing intervention and prevention methods. Experts believe that putting an emphasis on promoting psychological strengths instead of mitigating psychological problems will contribute to better cardiovascular health. More than 2,000 people die of cardiovascular disease every day in America. This means the average rate of death in people with cardiovascular disease is one person every 39 seconds. In addition to this, stroke is the cause of one in 18 deaths in America.

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