

## **MEDICARE OPEN ENROLLMENT IS CHANGING!!!**

**The new dates are: OCTOBER 15TH—DECEMBER 7TH, 2011**

The Annual Medicare Open Enrollment is the time to enroll in or CHANGE your Medicare coverage for the next year. We have a wonderful State-certified SHINE counselor, Joe Younger, who can walk you through this and other insurance plans. Call and ask for Pat Hart to schedule an appointment with Joe. The sooner the better, so that you have the time to get the best options.

Please review the 4 page "Medicare" insert, with the various Questions and Answers. This will help you have a better understanding of the complexities of the new options.

## **MASSACHUSETTS SENIOR LEGAL HELPLINE**

**1-866-778-0939**

The Helpline provides FREE legal information, advice and referral services for Massachusetts senior citizens (60 years or older) in most areas of civil law. Please see the enclosed insert, which provides the details and procedures.

## **IS YOUR LICENSE UP FOR RENEWAL?**

The Massachusetts Registry of Motor Vehicles will no longer mail out renewal notices. Some auto insurance companies will do this as a courtesy for their customers, but not all of them will do so. It is important to check the LICENSE EXPIRATION DATE. You will want to renew at least 7 days before your birthday to ensure that you receive your new license before your old one expires. If you are 75 years or older at the time of renewal, you must renew in person at a RMV branch. You cannot renew online.

Please review the enclosed 4 page insert from MassDOT entitled SAFE WINTER DRIVING TIPS

## **CONSUMER REPORTS on-line**

We have a new subscription to this wonderful consumer resource. If you wish to look up something, please call for an appointment to use our computer lab and our access info to link to this site.

## **AARP on-line**

We have access to this wonderful consumer resource as well! If you wish to look up something, please call for an appointment to use our computer lab and our access info to link to this site.

# Medicare

(Info from the Mass.gov website)

[http://www.mass.gov/?pageID=aftermortal&L=3&L0=Home&L1=Insurance%26+Retirement&L2=Answers+to+Frequently+Asked+Questions&sid=Eoaf&b=terminalcontent&f=gic\\_qanda\\_medicare&csid=Eoaf](http://www.mass.gov/?pageID=aftermortal&L=3&L0=Home&L1=Insurance%26+Retirement&L2=Answers+to+Frequently+Asked+Questions&sid=Eoaf&b=terminalcontent&f=gic_qanda_medicare&csid=Eoaf)

## Questions & Answers

### Q) What is Medicare?

A) Medicare is a federal health insurance program for retirees age 65 or older and certain disabled people. Medicare Part A covers inpatient hospital care, some skilled nursing facility care and hospice care. Medicare Part B covers physician care, diagnostic x-rays and lab tests and durable medical equipment. Medicare Part D is a federal prescription drug program.

### Q) I'm turning age 65; what do I need to do? Should I enroll in Medicare Part A and/or Part B if I am eligible?

A) If you are age 65 or over, call or visit your local Social Security Office for confirmation of Social Security and Medicare benefit eligibility. If eligible and if you are retired, you must enroll in Medicare Part A and Part B to continue coverage with the GIC. See the Retiree/Survivor Benefit Decision Guide for your health plan options.

If you are eligible but you continue working for the state or a participating municipality after age 65, do NOT enroll in Medicare Part B until you (the insured) retire.

The spouse covered of an active employee who is 65 or over should NOT sign up for Medicare Part B until the insured retires. Due to federal law, different rules apply for same sex spouses. See below for details.

Most enrollees should not sign up for Medicare Part D.

### Q) I'm retired, but not age 65. My spouse is turning age 65; what should my spouse do?

A) Your spouse should call or visit your local Social Security Office for confirmation of Social Security and Medicare eligibility. If eligible, he/she must enroll in Medicare Part A and Part B to continue coverage with the GIC. See the under/over age 65 section of the Benefit Decision Guide for your health plan combination options.

### Q) If I am retired and under age 65 and my spouse or I am disabled, how do I find out whether or not I am eligible for Medicare Part A and Part B benefits?

A) If you or your spouse is disabled, contact Social Security about Medicare eligibility. If eligible, contact the GIC for your health plan options.

### Q) How do I find out whether I am eligible for Medicare Part A and/or Part B benefits?

A) When you or your spouse is age 65 or over, visit your local Social Security Administration office to find out if you are eligible for Medicare Part A for free. If you or your spouse is disabled, contact Social Security about Medicare eligibility. If eligible, contact the GIC for your health plan options.

### Q) I have been a state employee for my entire career and have never contributed to Social Security. Why do I need to know about Medicare?

A) You may still be eligible for Medicare benefits. For example, if you are married, you may be eligible for Medicare through your spouse. When you turn age 65, visit your local Social Security office for eligibility information. If you are not eligible for Medicare, the GIC will require proof from the Social

Security Administration that you are not eligible and you will remain in a GIC non-Medicare health plan.

**Q) What is the cost of Medicare Part B?**

A) The premium is set by the Centers for Medicare and Medicaid Services (CMS). Contact them or your local Social Security office for the current premium cost.

**Q) How do I pay for Medicare Part B?**

A) In most cases, the federal government will deduct the Medicare Part B premium from your monthly Social Security check. If you or your spouse are not eligible for a Social Security check, the federal government will bill you for the Medicare Part B premium.

**Q) When must I enroll in Medicare Part A and B?**

A) When you or your spouse turns 65, and if you (the insured) are retired, you must enroll in Medicare Part A and Part B. If you (the insured) continue working for the state or a participating municipality after age 65, you and/or your spouse must enroll in Medicare Part A. (Different rules apply to same sex spouses; see below for details.) When you retire, you and/or your spouse must enroll in Medicare Part B and join a Medicare plan sponsored by the GIC.

If you do not enroll in Medicare Part B within the required time, you will be required to pay federal government penalties. Also, you will be ineligible for health coverage through the GIC if you do not enroll in Part B within the required time.

**Q) Should I choose only Medicare for health care coverage?**

A) "Medicare only" coverage is not recommended as it has coverage limitations. To ensure comprehensive coverage, Medicare retirees should enroll in a Medicare health plan sponsored by the GIC as a supplement to their Medicare coverage.

**Q) What are the consequences if I cancel or do not pay Medicare Part B?**

A) If you cancel or do not pay Medicare Part B, the GIC is required to terminate your GIC health coverage. This would mean that you would only have Medicare Part A coverage for inpatient hospital care. You would no longer have coverage for:

- Physician office visits
- Prescription drugs
- Outpatient mental health/substance abuse care
- Outpatient surgery
- X-rays and diagnostic tests
- Hearing aids

**Q) What documents must I provide to the GIC when I am retired and age 65 or over?**

A) If you and/or your spouse are on Medicare, we will need the following documentation:

- Photocopy of your Medicare Card (include a copy of spouse's card if applicable)
- Photocopy of your latest 1099 or a letter from Social Security stating how your monthly Part B premium is paid (e.g., you are being directly billed by Social Security or it is being deducted from your Social Security check). Include this same documentation for your spouse, if applicable.

If you and/or your spouse are over age 65 and not eligible for Medicare we will need the following documentation:

Letter from Social Security stating that you or your spouse is not eligible for Medicare Part A for free.

**Q) If I enroll in a GIC Medicare supplemental plan, what happens to my spouse's coverage?**

A) Your spouse will continue to be covered under your existing non-Medicare plan if he/she is under age 65 until he or she becomes eligible for Medicare. You and your spouse must join the same health plan. See the Retiree/Survivor Benefit Decision Guide for under and over age 65 health plan combination options. If your spouse is over age 65, he/she must enroll in the same Medicare supplemental plan that you have joined.

**Q) I have a same sex spouse who has coverage through the GIC. My same sex spouse is turning age 65. What does he/she need to do?**

A) Regardless of whether you (the insured) are retired, to avoid any federal government late enrollment penalties, your same sex spouse should enroll in Medicare Part A and Part B if he or she is eligible for Medicare Part A for free. Your same sex spouse will continue to be covered under your non-Medicare health plan until you (the insured) retire.

Keep in mind that the same sex spouse is subject to federal imputed income taxes. See the imputed income table for more information.

**Q) At age 65 my spouse or I were not eligible for Medicare Part A for free. I or my spouse have subsequently become eligible for Medicare Part A. What do we need to do?**

A) You or your spouse must notify the GIC in writing when you become eligible for Medicare Part A. The GIC will notify you of your coverage options. Failure to do this may result in loss of GIC coverage.

**Q) I am retired with GIC health insurance, but am working elsewhere. Do I need to enroll in Medicare Part A and Part B if I am age 65 or over and eligible?**

A) Yes. Because you have health insurance through the GIC as a retiree, you will be enrolling a GIC supplemental Medicare plan to continue coverage. See above for required documentation.

**Q) I am an ACTIVE state employee age 65 or over; which health plan card should I present at a doctor's office or hospital?**

A) When visiting a hospital or doctor, present your GIC health plan card (not your Medicare card) to ensure that your GIC plan is charged for the visit. If you are still working and are age 65 or over, your GIC health plan is your primary health insurance provider; Medicare (if you have it) is secondary. You may need to explain this to your provider if he/she asks for your Medicare card.

**Q) What do I do when Medicare says they are not my primary carrier yet I am retired, age 65 or over and have a Medicare Supplement plan through the GIC?**

A) You must either call Medicare at 1-800-633-4227 or visit your nearest Social Security office and request that Medicare correct their records to indicate that you are retired from the Commonwealth or a participating municipality and have coverage through the GIC as a retiree. Medicare receives information from various sources, such as the Internal Revenue Service, and retirees with part-time jobs can encounter this problem.

**Q) How do I find out about Medicare Plan options?**

A) When you retire at age 65 or over or if you are retired and turn age 65, the GIC will contact you about your health plan options. The GIC's Retiree/Survivor Benefit Decision Guide provides an overview of your Medicare health plan choices.

**Q) When can I change GIC Medicare Plans?**

A) You may change your GIC Medicare Plan during annual enrollment or if you move out of a GIC HMO Medicare Plan's service area.

**Q) How do I change Medicare plans during annual enrollment or if I move out of my HMO Medicare Plan's service area?**

A) Write to the GIC or attend a GIC annual enrollment health fair and the GIC will process your change. If you are enrolling in a Medicare HMO plan, the plan will send you an application to complete and return. If you are currently in a Medicare Advantage HMO Plan, you must also dis-enroll from your Plan by notifying the current carrier in writing. The plan will notify you and the GIC of the effective date of the dis-enrollment.

**Q) How do I calculate my monthly premium rates?**

A) Using the rate section, add the following:

For an insured and spouse on Medicare - Find the premium for the Medicare plan in which you are enrolling and double it for your monthly rate.

For a Retiree and Spouse Coverage if Under and Over Age 65

- Find the premium for the Medicare Plan in which the Medicare retiree or spouse will be enrolling
- Find the individual coverage premium for the Non-Medicare Plan in which the Non-Medicare retiree or spouse will be enrolling.
- Add the two premiums together; this is what you will pay monthly.

For other coverage combinations, contact the GIC.

**Q) I am an active employee who is age 65 or over. Should I enroll in Medicare Part D?**

A) No.

**Q) I am a retiree. Should I enroll in Medicare Part D?**

A) For most GIC Medicare enrollees, the drug coverage you currently have through your GIC health plan is a better value than the Medicare drug plans being offered. Therefore, you should not enroll in a Medicare drug plan. (If you are a member of one of the GIC's Medicare Advantage plans – Fallon Senior Plan or Tufts Medicare Preferred – your plan automatically includes Medicare Part D coverage and you may not join an additional Part D plan.)

If you have limited income and assets, the Social Security Administration offers help paying for Medicare prescription drug coverage and this may be the one case where signing up for a Medicare Part D plan may work for you. Contact the Social Security Administration for details.

**Q) How do I avoid paying a penalty for late enrollment in Medicare Part D?**

A) If you should later enroll in a Medicare drug plan because of changed circumstances, show the GIC's Creditable Coverage Notice to the Social Security Administration to avoid paying a penalty. This notice is in your health plan handbook.

---

This information provided by the Group Insurance Commission.

## 5 little-known facts about Social Security

By Marilyn Bowden • Bankrate.com

### Location of article:

<http://www.bankrate.com/finance/retirement/5-little-known-facts-about-social-security-1.aspx>

Most Americans watch their money go into the Social Security trust fund in the form of payroll deductions as soon as they begin working, when retirement seems a long way off. As a result, many go through their working lives without giving it much thought. Here are a few facts everyone should know about Social Security benefits before making any decisions about retirement.

### \* Who is entitled to retirement benefits?

Just about anybody who has worked for 10 or more years is eligible for Social Security retirement benefits. "You need 40 quarters of employment, earning a minimum income of \$1,120 per quarter," says Brett Horowitz, principal and wealth manager at Evensky & Katz in Coral Gables, Fla.

The income requirement is so low that "it could be met with seasonal work," says Richard W. Stumpf, principal at Financial Benefits in Wichita, Kansas. There are some exceptions. Most federal employees hired before 1984 aren't eligible to participate, Horowitz says. Stumpf adds that pastors may choose not to pay in. Also, railroad workers and their families generally get benefits through a separate retirement system.

### \* How are payouts calculated?

The size of your monthly check is arrived at by a series of calculations. Your primary insurance amount, or PIA -- the benefit you would get at full retirement age -- determines the size of your monthly retirement check. According to the Social Security Administration's website, the PIA is based on the Average Indexed Monthly Earnings, or AIME, as applied to an inflation-adjusted formula.

The PIA is then adjusted for whether you take retirement before or after your normal retirement age -- 66 for those now reaching retirement age, but gradually adjusted to age 67 for those born after 1954.

You can begin drawing reduced Social Security as early as 62. For every month you delay after reaching full retirement age, up to age 70, the monthly benefit increases. According to a recent report of the Senate Special Committee on Aging, for someone with an AIME of \$5,000 in 2009, the PIA would total \$1,971. In keeping with the original intent behind Social Security -- a way to lift seniors out of poverty -- lower-wage earners get a higher proportion of their earnings than higher wage earners. The maximum monthly benefit that can be received in 2010 is \$2,346.

### \* What are spousal benefits and widow benefits?

If one partner in a marriage earns significantly less than the other, the lower-earning spouse can collect spousal benefits rather than payouts based on his or her own earnings history. "The spouse can get the greater of their own or 50 percent of the other spouse's PIA," Horowitz says. "The lower-earning spouse is not eligible until the higher earner starts getting benefits, but both can start as early as 62." Stumpf says this option can be a financial planning tool.

"Imagine a high earner whose spouse is his employee," he says. "If they cut her pay and transfer the rest to him, when she reaches retirement age, one-half of his income will be significantly higher than what she earned." A divorced spouse who was married for more than 10 years and has not remarried can draw against the ex-spouse's work history. Widows and widowers can receive the higher of their own or their spouse's monthly payment, but not both. "That's why it's important for the higher earner to delay taking benefits for as long as possible," says Horowitz.

#### **\* How broke is Social Security?**

According to many studies, the Social Security trust fund will be able to cover its retirement and disability obligations for the next 30 years or so, after which there will be a shortfall of about 22 percent. The Senate Special Committee on Aging figures funds will fall short in 2037. Stumpf thinks those estimates are optimistic.

"The Social Security trustees assume an annual 2.8 percent inflation rate," he says. "Historic norms are in excess of 3 percent. That's a big difference when you're talking about trillions of dollars.

"We could make small adjustments now and bring it to fully fundable status; if we delay, it will be more painful. In 10 years the shortfall will be significantly bigger; in 20 years it will be through the roof."

#### **\* Where do payroll deductions for Social Security go?**

In theory, they're held in trust by the government. But it's not as if your money sits there in the Social Security trust fund waiting for you to retire. After current beneficiaries are paid, surplus dollars are used to buy bonds from the U.S. Treasury. So the trust has the bonds, but the money is now in the Treasury, where Congress can use it for any purpose.

"The Social Security trust fund is ... a piggybank holding paper IOUs from Congress," Stumpf says.

This is the first year that Social Security has had to cash in one of those bonds in order to meet its payroll, says Stumpf.

"From this point forward, an increasing number of those bonds will have to be pulled out every year -- and Congress is going to have to find a way to come up with all that money," he says.

#### **Retirement resources**

For most people, Social Security is one component of retirement income -- one leg of the so-called three-legged stool.

Pensions are another component, but these days few workers get a pension. The last leg would be personal savings, whether in a 401(k) plan, IRA, an investment account or savings account.

Read Bankrate's Retirement Guide to learn basics about how to construct a retirement plan.