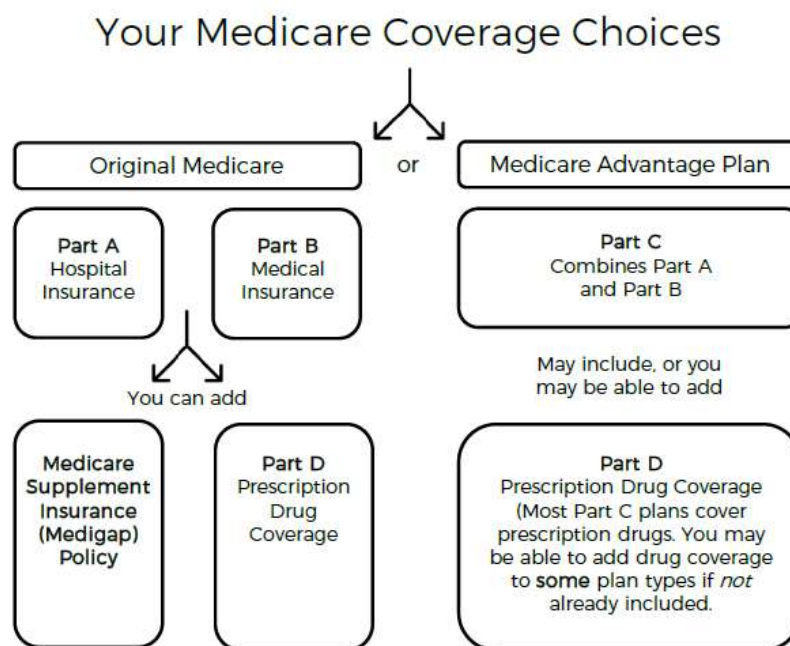


MEDICARE

Medicare is a health insurance program managed by the Federal Government. You are eligible for coverage at age 65 and will receive a membership card that allows you to see any doctor or facility that accepts Medicare.

Even with Medicare, a 2021 Fidelity Investments study projects that a 65-year-old couple retiring this year will need an average of **\$300,000 (today's dollars) to cover medical expenses throughout retirement**. This includes expenses associated with Medicare Part B and Part D premiums, deductibles, copayments and out-of-pocket prescription drug costs. We expect health care costs to increase at an annual rate of at least 5.5%.

When you initially enroll in Medicare and during certain times of the year, you can choose how you get your Medicare coverage. There are two primary ways to get Medicare coverage:



MEDICARE PART A

Part A covers costs associated with in-patient hospital services, skilled nursing facilities and some home health care services. As long as you (or your spouse) paid FICA taxes for 40 or more quarters, you will not pay a monthly premium for Part A coverage. However, you will have a deductible, copayments and potential coinsurance for covered services.

For 2022, the Part A deductible is \$1,556 per benefit period. For nursing home care, Medicare will cover the first 20 days. For days 21 through 100 you will pay coinsurance. Days beyond 100 are not covered by Medicare until the benefit period starts over.

Hospital Services

Service	Medicare Pays	You Pay
First 60 days	All but \$1,556	Deductible of \$1,556
Days 61 - 90	All but \$389 per day	\$389 per day
Days 91 - 150	All but \$778 per day	\$778 per day
Beyond 150 days	Nothing	All Costs

MEDICARE PART B

Part B covers costs associated with out-patient services, preventative care, durable medical equipment and certain home health services. There is a monthly premium for Part B coverage and the amount is dependent upon your modified adjusted gross income as reported on your income tax return from 2 years ago. For example, your 2020 modified adjusted gross income would determine your Medicare Part B premium due in 2022. You can elect to have the premium deducted from your Social Security check.

If you recently retired, this could result in you paying a higher premium for two years until that income history falls off of your record. However, you may appeal a Medicare premium surcharge if you have experienced a life-changing event that caused your income to decrease such as retirement. This would allow you to reduce your Medicare Part B premiums two years sooner.

2022 Medicare Part B Premiums

MODIFIED ADJUSTED GROSS INCOME		
Single & Head of Household	Married Filing Joint	Part B Monthly Premium
\$91,000 and below	\$182,000 and below	\$170.10
\$91,000 - \$114,000	\$182,000 - \$228,000	\$238.10
\$114,000 - \$142,000	\$228,000 - \$284,000	\$340.20
\$142,000 - \$170,000	\$284,000 - \$340,000	\$442.30
\$170,000 - \$500,000	\$340,000 - \$750,000	\$544.30
>\$500,000	>\$750,000	\$578.30

For 2022, the Part B deductible is \$233 per year. You also pay 20% coinsurance after meeting the deductible.

MEDICARE PART C

Part C is also known as Medicare Advantage Plans. These are PPO and HMO plans that are approved by Medicare and run by private insurance companies. If you choose one of these plans, you receive the various Medicare benefits through the insurer rather than through the traditional Medicare program. This coverage can be considered more of an all-in-one plan that covers hospital services (Part A), medical services (Part B) and prescription drugs (Part D). **Note:** These plans are similar to traditional health insurance. You might need a referral to see a specialist and there are often 'in network' and 'out of network' providers.

MEDICARE PART D

Part D provides prescription drug coverage. It is offered through standalone plans from private insurers or as part of a Medicare Advantage Plan. In order to enroll in Part D, you must have Part A and Part B. Depending on the provider; you may or may not have a deductible or co-pay. The maximum deductible for Part D is \$480 in 2022. **Note:** Providers do not all provide the same coverage. You will want to evaluate your options to find the plan that will best cover the medication(s) that you take.

Enrollment in Part D is voluntary, although there are penalties for not enrolling in a timely manner. The annual open enrollment period begins on October 15th and lasts until December 7th for a January 1st coverage start date.

If you have other insurance, such as employer or union coverage or COBRA, those policies may be affected by Medicare prescription drug coverage.

MEDIGAP POLICIES

Medigap or Supplemental Policies provide additional coverage that will help pay some of the costs not covered by regular Medicare (such as co-pays and deductibles). The monthly premium is determined by the private provider. **Note:** Medigap policies sold after January 1, 2006 do not include prescription drug coverage.

After your effective date for Part B, you have a six month open enrollment period for Medigap policies. During this period, you cannot be denied or charged a higher premium due to poor health. However, policies may exclude coverage for pre-existing conditions during the first six months the policy is in effect.

NON-WORKING SPOUSE

If you are at least age 62 and have worked for at least 10 years (40 quarters) in Medicare-covered employment, your non-working spouse can get Medicare Parts A and B at age 65. If you have worked 40 quarters but are not age 62, your non-working spouse will receive coverage at age 65, but will have to pay a premium for Part A.

DECLINING COVERAGE

If you are still working and covered by group health insurance at age 65, you may have the ability to decline Medicare Parts A and/or B. However, if you do not take the proper steps to delay coverage, you could face a lifetime late enrollment penalty. First, your employer must have 20 or more employees and offer a group health plan. Second, you should compare your coverage under the group health plan with Medicare Part A coverage. Part A does not have a premium, so many people elect to have Part A and a group health plan. Under this scenario, Medicare Part A becomes your primary coverage for hospital services and your group plan is secondary. **Note:** you cannot contribute to a Health Savings Account (HSA) if you are enrolled in Medicare. If your group plan is a high deductible plan and you would like to contribute to the associated HSA you will need to decline Medicare coverage.

You also have the option of declining Medicare Part B coverage. This would allow you to remain on your existing group plan avoid the premium associated with Part B. When your employment ends, you must be able to prove continuous health insurance coverage and enroll in Medicare within 8 months. **Note:** COBRA is not considered a group health plan. Electing COBRA does not allow you to delay your enrollment in Medicare.

There are many Medicare options available. To evaluate the best coverage or to explore options for declining coverage, we recommend you consult with a licensed Medicare consultant.

MORE INFORMATION

You can obtain additional information at www.medicare.gov

The information contained in this report is for informational purposes and is not intended as financial, tax or legal advice, and is accurate to the best of our knowledge. If you are interested in exploring these strategies to see if they are applicable to your specific situation, please contact us.

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