



Senior's Outlook

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How Healthcare Reform Will Affect Medicare

On March 23, 2010 the Patient Protection and Affordable Care Act, better known as healthcare reform, was signed into law. Medicare beneficiaries have had many questions about how their benefits will be affected by the new legislation. For most people on Medicare, the changes will be transparent, and their benefits will continue to be delivered as they always have. The cost of the improvements in healthcare will be largely covered by reductions in fraud and waste in the system and by the elimination of the Medicare Advantage subsidies that have been in place up to this point. Below are some specific changes that Medicare beneficiaries can expect to see with the new law.

Medicare Part D

For 2011, Medicare prescription drug plans have a coverage limit of \$2,840. When drug costs reach that limit, consumers enter the "donut hole" and are obligated to pay 100% of the cost of their prescription medications. Customers stay in the donut hole until they have paid \$4,550 in out-of-pocket costs, at which point they qualify for catastrophic coverage. Under the new law, the donut hole will gradually be eliminated between now and 2020. Starting in 2010, anyone entering the donut hole will receive a \$250 rebate. In 2011, there will be a 50%

discount on name-brand drugs while in the donut hole and a 7% discount on generics. The discounts will increase annually until the donut hole is gone.

Medicare Part B

Under Medicare right now, seniors pay a \$155 annual deductible for Medicare Part B, which is the medical insurance part of Medicare. Beneficiaries also pay 20% of the cost for preventive care, including any tests or screenings, and annual physical exams not covered. In 2011, the 20% co-pay for preventative screenings for things such as cancer and diabetes will be eliminated. Also starting in 2011, an annual physical will be covered at no cost to the patient.

Medicare Advantage

Medicare Advantage plans were put into place in an attempt to privatize Medicare and have Medicare benefits provided by private insurers rather than the government. Medicare has been paying insurers a 10% subsidy which will be eliminated in 2012. Since this will result in greater costs for the insurance companies, it is likely that some plans will disappear, some will have higher premiums and others will have reduced benefits. Plans that are determined to be high

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Welcome to the Century Benefits Group, Inc. Newsletter!

Century Benefits Group, Inc. is pleased to present you with our first edition of 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. 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) 996-6618 or at centurybenefits@gmail.com. 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 free to view our websites at www.nymedicare.org, www.californiamedicare.org or www.todaysmedicare.com

Confused about Medicare-Based Health Insurance Options?

Congratulations, you are turning 65. Now you are eligible for Medicare...and suddenly you are knee-deep in insurance decisions you have to make with little or no information to guide you. What is Medicare Advantage? Do you need Medigap? Do you need a Part D plan and if so how do you choose? Why are you paying premiums to Medicare and an outside insurance company?

Let's start with a short history of Medicare. In the beginning, upon retirement or disability, there was no affordable insurance option available to most people.

Medicare started out as a government based insurance plan to cover the largest single cost in healthcare for the 65+ population—hospitalization. An inpatient hospital stay can easily run \$15,000.00 a day. This part of Medicare, called Medicare part A usually has no premium requirement.

However, since many retirees have ongoing health issues and little income, Medicare added coverage for visits to doctors and diagnostic testing. This coverage, called Medicare part B, has a premium that you pay to Medicare. And more recently Medicare part D, which provides coverage for prescription drugs, has been introduced.

Still, even between Medicare's part A for hospital costs and part B for other healthcare costs, there are large gaps in Medicare's coverage. So, in comes gap coverage insurance, otherwise known as Medigap.

Medicare was becoming a huge bureaucracy by this time. They needed to find a way to outsource this new option. At the same time, private insurance companies did not follow the same rules set down for Medicare. What could they do?

In the end, it was decided that private insurance companies could offer gap insurance, called Medigap, and collect separate premiums for it, but they had to use Medicare's rules. This is why Medigap plan E through one carrier will give you exactly the same coverage as Medigap plan E through another carrier. This option is completely voluntary.

Medigap plans are secondary insurance. That means the bills go to Medicare first. After Medicare pays its share of the bills, they send the bills on to the Medigap insurance companies.

Unfortunately, these options, with all their premiums left a good portion of the 65+ population with insurance costs beyond their means.

Medicare's solution to this problem was Medicare Advantage, sometimes known as Medicare part C.

Medicare Advantage plans offer low premium plans sold by private insurance companies.

Medicare has given broad boundaries that insurance companies must comply with for these plans. In exchange, Medicare pays part of the costs incurred by the insurance companies to offset the lowered premiums.

Medicare Advantage plans are primary insurance. With a few exceptions, bills go to the Medicare Advantage insurance carrier, and the retiree is responsible for whatever portion of the bill that insurance company does not pay.

Still wondering which plan is best for you? Ask yourself a few questions:

- How much can you afford to pay in premiums on top of the Medicare part B premium?

The Medigap premium you pay will depend on the level of coverage offered by the plan you select. The more comprehensive the coverage, the higher the premium.

- How often do you need to see a health care provider?

With Medigap plans, unless otherwise noted, coverage mimics that provided by Medicare itself. So if Medicare imposes no limits on doctor visits, the Medigap plan will also not have any limits. But Medicare Advantage plans might have their own limits, but they also come at a lesser cost too. So, if you normally don't see a healthcare provider very often—say twice a month—even with a couple of months that are more expensive, it averages out over the year to be less expensive.

- How much do you travel?

Medigap offers you the same coverage anywhere you see a Medicare eligible provider, whether you are visiting your sister in another state or at home. Most Medicare advantage plans, on the other hand, have very reasonable rates for seeing providers that are part of their local network, but have much higher costs for "out of network" providers, if they offer any coverage other than emergency room services outside of their local network at all.

Medicare and its many options, plans, and rules can confuse anyone. The best thing you can do is to get in touch with an experienced agent in your area who can help explain all of your options. Getting the Medicare plan that is right for you really is possible. Just remember, it is your right and responsibility to make an informed choice.

Staying in Shape after 60

It is easy to understand how many of us become less active as we grow older. Our energy levels are lower and we develop other interests that are quieter and more relaxing. Unfortunately for our health and well-being those activities often include watching TV and probably having a snack while doing so.

In 2002, the Centers for Disease Control and Prevention released a report that showed about 1 in 4 American adults engaged in little or no regular physical activity. Even worse, when work is excluded from physical activity, the figures really drop. In fact, 7 in 10 Americans were not regularly active during their leisure-time and that would include many retirees.

If our excuse when we were younger was that we had no time to exercise, what's our reason in retirement? It appears that most of the time we have captured from work is being replaced with watching television. That's great if you are filling your mind with helpful information from Doctor Phil or even Judge Judy, but what about your body?

Your body needs regular exercise, 30-60 minutes per day of moderately vigorous exercise, on top of routine daily tasks, such as grocery shopping or house cleaning in order to stay in good working order. Without that exertion your body not only becomes more frail and flabby, but you also run the increased risk of serious illness.

The American Heart Association recommends daily exercise such as walking or swimming and if you're up to it shorter sessions of more vigorous activities such as fast walking or stair-climbing. The harder you work the greater the benefits, but no exercise should be done excessively. Nor should you begin any form of rigorous exercise regime without consulting your doctor.

But even lower intensity activities like gardening and yard work can reduce the risk of cardiovascular disease. Golf, badminton, croquet, shuffleboard, lawn bowling and table tennis are all fairly safe activities for seniors. Staying fit will help you in all parts of your life and enable you to be active and mobile for as long as possible.

For more tips on the benefits and the how-to's of exercise and fitness in retirement you can write to:

**The National Institute on Aging
Office of Communications and Public
Liaison (OCPL)
Building 31, Room 5C27
31 Center Drive, MSC 2292
Bethesda, MD 20892.**

You can also visit their website at: www.niapublications.org/exercisebook/index.asp

You have no reason not to stay active in retirement. Why stop at 60?

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quality by Medicare will receive bonus payments, however, that will offset the loss of the subsidy.

There are other changes to Medicare resulting from the new healthcare legislation, but these are the ones that seniors are most likely to be affected by. It

is important for anyone aging into Medicare to read up on the benefits they are entitled to and to know what to expect. Detailed information on all aspects of Medicare can be found online at Medicare.gov.

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All Medicare supplement plans will now include a hospice care benefit. In addition, Plan G will now cover 100% of Part B excess charges versus its current 80% coverage.

Eliminated Medicare Supplement Plans

Plans E, H, I and J will no longer be offered. Also, preventative care and at-home-recovery benefits will also be removed from Plan G. According to government studies these benefits were seldom used and deemed unnecessary.

All seniors are strongly encouraged to review their current plans. Specifically, they should check with an agent to learn about lower rate options and whether or not their current plans will be affected by the change.

It's important to note that if you have a Medicare supplement plan currently, you can stay enrolled on it due to a grandfathering clause and your benefits won't change. However, since these plans will no longer be offered to the public, future rates are likely to be higher than with the new modernized plans.

What to Expect with New Medicare Supplement Changes



With the Medicare Prescription Drug Improvement and Modernization Act of 2003 taking effect June 2010, Medicare supplement plans will undergo several major changes. This will include the elimination of four current plans for new enrollments and the addition of two new plans. The new plans are designed to lower out-of-pocket expenses for consumers and provide for additional benefits.

Medicare supplement plans, which are also known as Medigap plans, are meant to cover the out-of-pocket costs associated with Medicare Parts A and B. Individuals qualify for Medicare health insurance if they are 65 years of age or older, or if they are eligible to receive benefits due to a disability.

Currently, there are twelve different supplement plans, which are labeled Plans A through L. While the plans all share the same benefits, premiums for the plans vary according to the issuing insurer.

Medicare Supplement Plan Additions And Changes

The two additional plans that will be added are labeled as Plans M and N.

Plan M is also similar to the current Plan F in terms of benefits with several important changes. Plan M will cover only half of the Part A annual deductible (\$1,100 for 2010) and none of the Part B annual deductible (\$155 for 2010). Also, it will not cover any Part B excess charges. Plan M is expected to cost around 15% less than Plan F.

Plan N will offer a similar benefit structure to the current Plan F. Differences include a \$20 co-payment for visits to the doctor and a \$50 co-payment for emergency room visits. Like Plan M, it will not cover the Part B deductible nor offer Part B excess coverage, but will cover 100% of the Part A deductible. With these benefit changes, Plan N will cost approximately 25% less than Plan F.

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