

Updated  
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# SUZANNE MCCLAIN'S MEDICARE *Cheat Sheet*

FIVE MEDICARE MISTAKES THAT EVERY ADVISOR SHOULD WARN  
THEIR CLIENTS ABOUT OR IT COULD COST THEM THOUSANDS



## MEDICARE LOOKS AT YOUR TAX RETURN

**Mistake:** If one or both of a married couple makes over \$91,000 (as of 2022) and file a separate tax return this will increase their part B premium according to the Income-related monthly adjustment amount (IRMAA). IRMAA uses the tax filing from 2 yrs prior.

**How to avoid:** Advise your client to review the current year IRMAA chart [www.numericareadvisors.com/update](http://www.numericareadvisors.com/update) with their tax advisor. Make sure they are factoring IRMAA into their tax filing plan.

**What could this mistake cost:** We have seen a couple pay an additional Part B IRMAA of \$6,415.20 for the year 2021 due to this mistake.



## AVOID ESCALATING MEDICARE PART B PREMIUMS

**Mistake:** Withdrawing funds from a retirement account for life events such as financing college or a wedding of a dependent. Inherited property or sale of inherited property. Other increases in taxable income after the age of 62.

**How to avoid:** Try to time large taxable events prior to age 63 to avoid the IRMAA 2 year look back starting at 65. The following situations can be a reason to appeal to reduce IRMAA. Retirement/work reduction/work stoppage/loss of income. Change in marital status. Receipt of an employment settlement.

**What could this mistake cost:** The max. annual Part B IRMAA increase in 2021 is \$6,415.20. Current year IRMAA and Part B premiums can be found here [www.numericareadvisors.com/update](http://www.numericareadvisors.com/update)



## HSA & SOCIAL SECURITY

**Mistake:** Once your client begins drawing their Social Security Retirement benefits, they will be automatically enrolled in Medicare (starting no sooner than age 65) and cannot opt-out. This means that they can no longer contribute to an HSA, even if they choose to remain enrolled in a group health insurance plan at age 65.

**How to avoid:** Understand this rule and factor into your plan that future contributions to an HSA are not allowed.

**What could this mistake cost:** Not knowing this rule could trigger an IRS audit or loss of tax-deferred growth of possible HSA contributions.



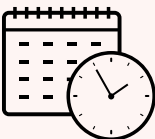
## MEDICARE PART B & D PENALTIES

**Mistake:** Not enrolling in Medicare Part B or Medicare prescription drug coverage when first eligible, without having other creditable prescription drug coverage will trigger a Medicare penalty.

**How to avoid:** If you do not have creditable prescription drug coverage then you should sign up for a Medicare prescription drug plan as soon as it is available. If you are NOT covered by a LARGE group health insurance plan you should sign up for Medicare Part B as soon as it is available.

**What could this mistake cost:** The Medicare Part D prescription drug penalty is calculated like this. If you delay prescription drug coverage for 25 months from the time it is first available then your penalty will be 25% (1% for each month). If you enroll in a prescription drug plan after this 25 month period, that costs \$30/month, then your penalty will be assessed on top of that (25% of \$33.06 <--this is the 2021 national average that Medicare bases this penalty on. = 8.27 penalty/month) So your cost will be \$30 + \$8.27 penalty each month. This penalty is every month FOREVER and will change based on the national average number.

Part B penalty is 10% for each year that you did not enroll. If you delay 5 years you will pay a 50% penalty. If your Part B premium is \$170.10/month then the penalty will be \$85.05/mo (50% of \$170.10=\$85.05) This penalty is also every month FOREVER.



## REVIEWING PLANS EACH YEAR

**Mistake:** Disregarding Medicare Open Enrollment Period every year from October 15th – December 7th.

**How to avoid:** Have your Medicare advisor review your prescriptions and your current plan during open enrollment.

**What could this mistake cost:** Each year as we complete plan reviews for our clients we find plans that have a formulary change for a drug that the client takes that would have cost the client thousands of dollars in the coming year if they would have stayed on the same plan.

