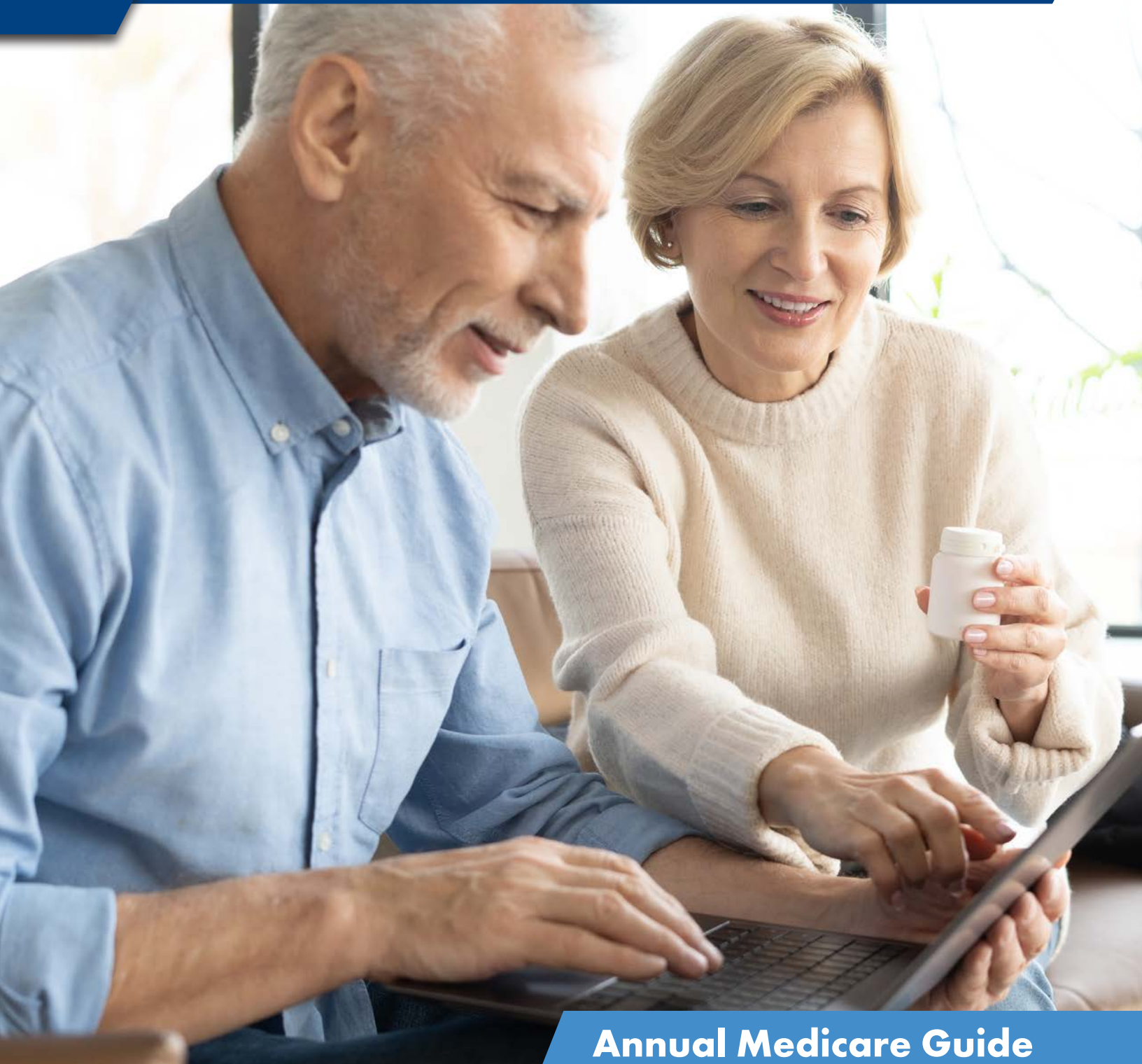


Understanding the ABCs – and Ds – of **MEDICARE**



Annual Medicare Guide



AMERICAN EQUITY
INVESTMENT LIFE INSURANCE COMPANY®

Shining a spotlight on Medicare



Get to know the parts, coverages, costs and enrollment details.

We all look forward to retirement, but who knew there'd be so many details? This guide is designed to make the specifics of Medicare easier to understand and help you build health care costs into your retirement strategy — giving you more time to do the fun things you've planned for the future.

For the most comprehensive overview of Medicare, go straight to the source. Visit the federal government's official Medicare site at [medicare.gov](https://www.medicare.gov).

What is Medicare?

While Medicare isn't designed to pay for all your health care costs, enrolling in it can help you feel confident that many of your health-related expenses will be covered. So, what is it exactly?

- Medicare 1 is a national health insurance program administered by the Centers for Medicare and Medicaid Services (CMS).
- Generally, it provides health insurance for Americans who are 65 and older. It covers individuals without regard to income or medical history.
- You're eligible to sign up for Medicare three months before you turn 65, or earlier if you have a qualifying disability.

Medicaid isn't the same as Medicare.

They sound similar, but they're actually different government programs. Medicaid provides health care coverage for adults with low income or limited assets. It also helps children, pregnant women, elderly adults and people with disabilities. Medicaid is administered at the state level based on federal requirements.²

The A, B, C and D of Medicare

Medicare has four parts:



Part A

Hospital insurance



Part B

Medical insurance



Part C

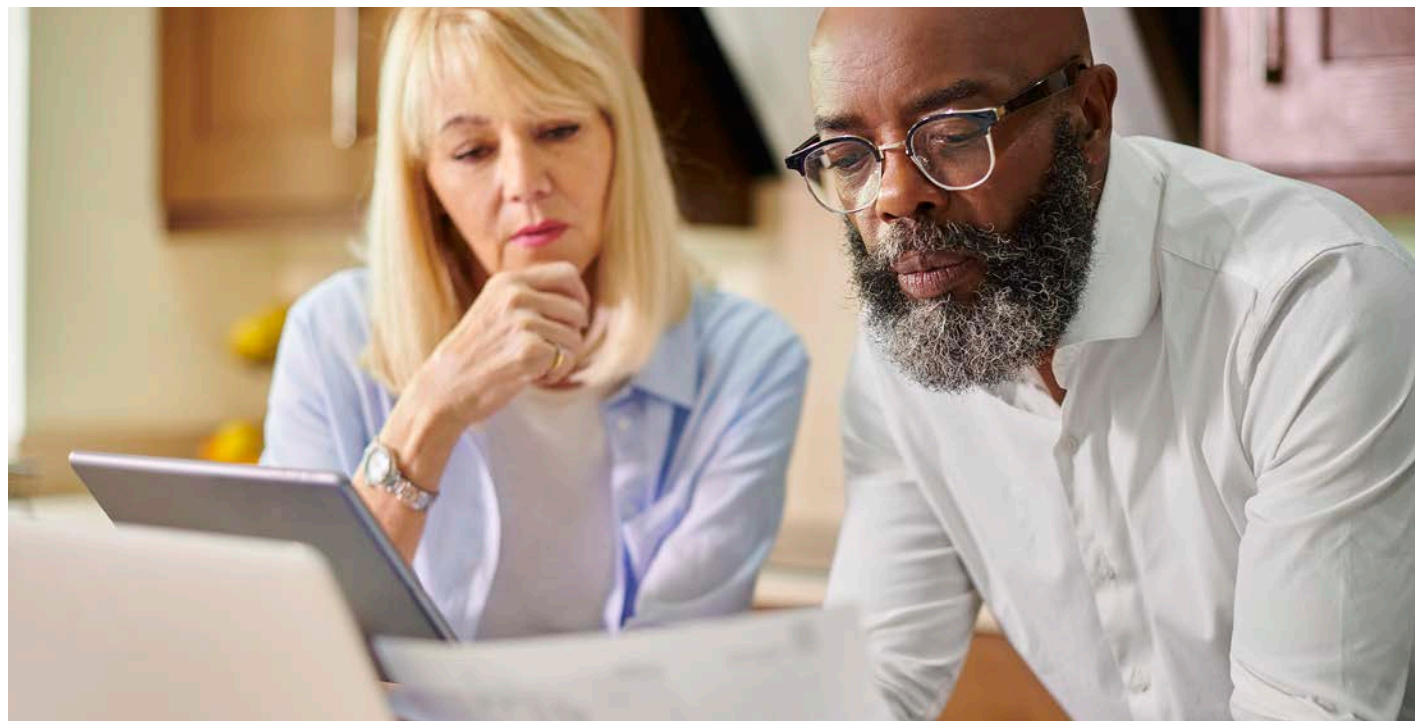
Medicare Advantage



Part D

Prescription drug coverage

These parts are available a couple of different ways.





Traditional/Original Medicare vs. Medicare Advantage

When you first enroll in Medicare, you'll be able to select your coverages. All are available through either Original Medicare, also known as "Traditional" Medicare, or Medicare Advantage.³

Here are some of the key differences between the two:

Traditional/Original Medicare

- Includes Parts A and B.
- Has separate Medicare drug coverage (Part D)
- You can use any doctor or hospital in the U.S. that accepts Medicare
- At an additional cost, supplemental (or Medigap) insurance helps cover out-of-pocket costs
- Referrals to see a specialist usually not required

Medicare Advantage (also known as Part C)

- These are individual policies issued by private, Medicare-approved carriers
- They include Part A, Part B and usually Part D
- In most cases, you must use providers in the plan's network
- Out-of-pocket costs may be lower than with Original Medicare
- Plans may include extra benefits, like vision, dental and hearing
- You may need a referral to see a specialist

What does each part cover, and what are your costs?



Part A — Hospital insurance

Helps cover:

- Inpatient care in a hospital
- Skilled nursing facility care³
- Nursing home care (inpatient in a skilled nursing facility that's not custodial or long-term care)
- Hospice care
- Home health care

A benefit period begins on the first day you receive inpatient care in a hospital or skilled nursing facility. Medicare Part A provides a 90-day benefit period with a 60-day lifetime reserve. In order for a new benefit period to begin, you would need to be out of the hospital for 60 days.

Costs⁴

If you or your spouse qualify for Social Security, you won't pay a Medicare Part A premium because you paid Medicare taxes while working. If you don't get premium-free Part A, you pay up to \$505 each month.

2024 inpatient hospital coverage⁴:

- Days 1-60: \$1,632 per hospital stay (deductible)
- Days 61-90: \$408 per-day copay
- Days 91-150: \$816 per "lifetime reserve day"
- Days 151+: All costs paid by patient

2024 skilled nursing coverage:

- Days 1-20: No deductible or other costs
- Days 21-100: \$204 per day
- Day 101+: All costs paid by patient





Part B — Medical insurance

Helps cover:

- Services from doctors and other health care providers
- Outpatient care
- Home health care
- Durable medical equipment (like wheelchairs, walkers, hospital beds)
- Many preventive services (like screenings, shots or vaccines, and yearly wellness visits)

Costs:

The standard Part B premium amount in 2024 is \$174.70. Most people pay the standard Part B premium amount. If your Modified Adjusted Gross Income (MAGI) on your income tax return from two years ago is above a certain dollar amount, you'll pay the standard premium, plus an added Income-Related Monthly Adjustment Amount (IRMAA)⁵.

2024 Part B monthly premium based on 2022 MAGI⁵

File individual tax return	File joint tax return	2024 monthly Part B premium
\$103,000 or less	\$206,000 or less	\$174.70
\$103,001 - \$129,000	\$206,001 - \$258,000	\$244.60
\$129,001 - \$161,000	\$258,001 - \$322,000	\$349.40
\$161,001 - \$193,000	\$322,001 - \$386,000	\$454.20
\$193,001 - \$500,000	\$386,001 - \$750,000	\$559.00
Over \$500,000	Over \$750,000	\$594.00

In 2024, the Part B deductible is \$240. **There is a 20% copayment on all services.**



Part C — Medicare Advantage

Helps cover:

Medicare Advantage plans are all-in-one plans offered by private insurance companies. They combine the coverages of Medicare Part A, Part B and usually Part D.

Costs

Monthly premiums vary by plan, as do deductibles, copays and coinsurance. Vision, dental, hearing and enhanced prescription coverage may be offered

Keep these considerations in mind:

- Medicare Advantage is Medicare insurance
- Medicare Advantage includes Part A and Part B coverage
- You can only enroll at certain times during the year, and in most cases, you're enrolled in a plan for a year
- Check with the plan before buying it to find out your costs and coverage



Part D — Prescription drug coverage

Medicare Part D provides prescription drug coverage to Medicare participants.

Helps cover⁵

- The cost of prescription drugs (including many recommended shots or vaccines)
- Medicare drug plans and Medicare Advantage Plans with prescription drug coverage have their own lists of covered drugs, called a formulary
- Both brand-name prescription drugs and generic drug coverage

Keep in mind

- Only those enrolled in both Medicare Part A and Part B can be covered by Part D
- Plans that offer Medicare drug coverage (Part D) are run by private insurance companies that follow rules set by Medicare
- This coverage isn't provided directly by the government, but is government-approved

Costs⁸:

While Part D covers a broad array of drugs, it does not cover everything, including over-the counter drugs, cough and cold medications and weight-loss drugs.

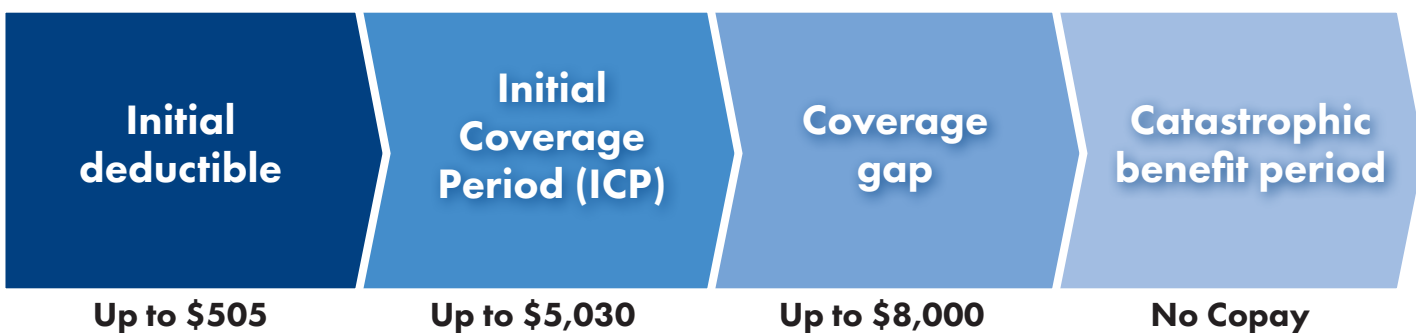
Your drug costs will depend on the prescription, if the drug is on your plan's formulary, what tier the drug is in and other factors.

If you don't enroll in Part D when you're first eligible, you may have a late enrollment penalty. For 2024, the range of monthly plan premiums for the 14 national prescription drug plans is from \$1 to \$108 a month.

Most people pay the standard premium amount. If your Modified Adjusted Gross Income (MAGI) on your income tax return from two years ago is above a certain dollar amount, you'll pay the standard premium, plus an added Income-Related Monthly Adjustment Amount (IRMAA).

File individual tax return	File joint tax return	2024 monthly Part D premium
\$103,000 or less	\$206,000 or less	Plan premium
\$103,001 - \$129,000	\$206,000 - \$258,000	+\$12.90
\$129,001 - \$161,000	\$258,001 - \$322,000	+\$33.30
\$161,001 - \$193,000	\$322,001 - \$386,000	+\$53.80
\$193,001 - \$500,000	\$386,001 - \$750,000	+\$74.20
Over \$500,000	Over \$750,000	+\$81.00

The standard Part D deductible amount in 2024 is \$505. After the deductible is paid, part D has three cost-sharing tiers.



Initial deductible:

You pay the full price until reaching the amount specified in your policy with a \$505 maximum

Initial Coverage Period (ICP):

You pay normal prescription copays and coinsurance until total costs (paid by you and your insurer) reach \$5,030

Coverage gap:

You pay 25% toward all prescriptions until your combined payout for all phases totals \$8,000

Catastrophic benefit period:

You don't pay coinsurance for prescriptions through the end of the calendar year

Medicare supplement insurance — Medigap

While Medicare covers many costs for covered health care services and supplies, it doesn't cover all the costs. Medigap plans are Medicare supplemental insurance policies⁷ that are designed to fill gaps in Original Medicare.

Keep these considerations in mind

- You must have Medicare Part A and Part B to have a Medigap policy
- A Medigap policy covers only one person
- Medigap is sold by private companies
- It can help supplement Original Medicare by paying for some remaining costs, like copays, coinsurance and deductibles
- These policies generally don't cover long-term care, vision, dental, hearing aids, eyeglasses or private-duty nursing
- Medigap is not the same as Medicare Advantage

Enrollment in Medicare



Enrollment in Parts A and B⁸

Applying for Social Security retirement or disability benefits also serves as your application for Medicare. When you're approved for Social Security and when you're eligible for Medicare, you'll automatically receive Medicare Part A coverage with no premium. You'll also be signed up to receive Part B coverage, but because there's a premium for Part B, you can elect to keep it or not.

At 65, you can enroll in Medicare benefits. If you're still working and you're covered by your employer's health plan, you may still benefit from enrolling in Medicare, especially since you can take Parts A and B at different times.

Initial enrollment period

- Three calendar months before to three calendar months after the month you turn 65
- If you receive Social Security benefits, you'll automatically be enrolled in Parts A and B, but you can elect to "opt out" of Part B

If you're covered through private coverage at age 65

- Enroll in Medicare Part A – typically free
- Part B and D – You can choose to enroll or wait for coverage to drop, then sign up during special enrollment period

You may want to wait until after you retire to take advantage of Part B. Make sure you enroll in Part B eight months from your last month of coverage, even if you have retiree health benefits or COBRA. Otherwise, coverage won't go into effect for three to 15 months, and you will also face a 10% premium penalty for every 12-month delay.

There's an open enrollment period each year. If you have Traditional/Original Medicare and plan to maintain your coverage, there's no obligation to re-enroll.

Enrollment in Parts D¹¹

You can only enroll in Medicare Part D after enrolling in Part A and Part B.

Enrollment takes place at the same time as Parts A and B unless there is “qualified creditable coverage” through a private prescription plan

- Creditable coverage pays as much as Part D
- You must attest annually that coverage is creditable

Annual change may be made

- With qualifying event
- During fall annual enrollment period (October 15 - December 7).

Lifetime penalty if 63 days without creditable coverage

- 1% x the number of months without coverage x national premium base
- Penalty added to monthly Part D premium for life

Enrollment in Medigap and Medicare Advantage plans

Medigap

- Initial enrollment begins the first month you’re enrolled in Medicare Part B and over age 65
- Only during this period, you cannot be turned down for any pre-existing condition
- After the six months, this enrollment coverage could be denied or limited

Medicare Advantage

- Annual enrollment or changes to Medicare Advantage plans can be made during open enrollment from October 15 - December 7



Is your test, item or service covered by Medicare?

The short answer is, it may depend on where you live. While many tests, items and services are covered regardless of your state of residence, some aren't. For the most comprehensive overview of what Medicare covers, visit [medicare.gov](https://www.medicare.gov), where you can perform a search to see if what you need will be covered. And you may also want to talk with your health care provider about why you need the test, item or service, and if Medicare will cover it or not.

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¹ "What's Medicare?"; Department of Health & Human Services and the Center for Medicare and Medicaid Services; <https://www.medicare.gov/what-medicare-covers/your-medicare-coverage-choices/whats-medicare>

² "Medicaid"; Center for Medicare and Medicaid Services; <https://www.medicare.gov/medicaid/index.html>, viewed 1/20/22.

³ "Medicare & You 2023"; Department of Health & Human Services and the Center for Medicare and Medicaid Services; <https://www.medicare.gov/publications/10050-Medicare-and-You.pdf>.

⁴ "2023 Medicare Parts A & B Premiums and Deductibles/2022 Medicare Part D Income-Related Monthly Adjustment Amounts"; Center for Medicare and Medicaid Services; <https://www.medicare.gov/basics/costs/medicare-costs>

⁵ "Costs for Medicare drug coverage"; Department of Health & Human Services and the Center for Medicare and Medicaid Services; <https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage>; viewed 3/9/23.

⁶ "What's Medicare Supplement Insurance (Medigap)?"; Department of Health & Human Services and the Center for Medicare and Medicaid Services; <https://www.medicare.gov/supplements-other-insurance/whats-medicare-supplement-insurance-medigap>; viewed 1/24/22.

⁷ "How do I sign up for Medicare?"; Department of Health & Human Services and the Center for Medicare and Medicaid Services; <https://www.medicare.gov/basics/get-started-with-medicare/sign-up/how-do-i-sign-up-for-medicare>, viewed 1/25/22.