Navigating Medicare with Michelle Schaefer - Insight and Tips

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Guest: Michele Schaefer

Resources: Michelle Schaefer - Medicare Insurance Broker in Edmond, OK

Michelle Schaefer: 0:29
When you go on Medicare, it's kinda like the first time you walked into a cell phone store and said, I'd like a cell phone. They said, okay, sir, do you want an apple or do you want an Android? So there's a big fork in the road. The Advantage plan companies are very interested in keeping you healthy. So they have what I call a lot of shiny stuff, and they have dental, vision, chiropractic beds, just hearing aids, gym memberships, all that stuff that you see on TV and the, the stuff you get in the mail. And on the original Medicare side, it costs more a month. And there's no shiny stuff, but you go to whatever doctor you want.

David Lowry: 1:02
That was Michelle Schaefer, our guest today on Peaceful Life Radio. She's a licensed independent Medicare agent. And with me today is Don Drew. How are you, Don?

Don Drew: 1:11
I'm doing great, David, how was your trip to Florida?

David Lowry: 1:14
Florida was great. I recommend that everybody go as often as possible. Hey, let's talk about Medicare today. And that's a big topic we all need to know about. Why don't you introduce our guest, Michelle?

Don Drew: 1:27
You bet, David. Our guest today is Michelle Schafer, a licensed independent Medicare agent and owner of the Schafer Agency. She has been a licensed agent since 1995 and is dedicated to helping seniors navigate the complexities of Medicare. Based in Edmond, Oklahoma, she brings a wealth of knowledge and a compassionate approach to each client's unique situation. With her goal being to make the enrollment process as smooth as possible. Michelle is passionate about giving back to others through service in Rotary International, and has been the director of the Downtown Edmond Arts Festival since 2021. Michelle Schafer, welcome to Peaceful Life Radio.

Michelle Schaefer: 2:03
Thanks for having me. Glad to be here.

Don Drew: 2:06
Michelle, I think most people understand that Medicare is our country's health insurance program for people age 65 or older. There are some other exceptions. Hopefully we'll get around talking about some of that, but all of us will eventually need to understand Medicare. So let's just start there. What exactly is Medicare?

Michelle Schaefer: 2:23
Medicare is the option for your health insurance when you're over 65, if you are not currently on a group plan or other kind of coverage that covers you.

Don Drew: 2:33
So after 65, you don't have to go on it at 65 if you are covered, correct?

Michelle Schaefer: 2:39
Right. So if you have what's called a credible policy, which most group plans are, then that protects you from having a late enrollment penalty or not being able to enroll for a while because you didn't have coverage. So as long as you're on a group plan, if you don't wanna go on Medicare, you do not have to.

David Lowry: 3:00
Let's talk about that penalty right there, because that's a gotcha that you need to know about.

Michelle Schaefer: 3:04
There are things that are not credible coverage such as COBRA. So if a company would let some folks go who are over 65 and say, Hey, we're gonna give you three months of COBRA, and then they come off to three months of COBRA and find out that they have exceeded their timeline for getting on a Medicare plan, that's a problem. So the easiest way to do it is to go straight from the day the group plan ends. Start. Medicare always starts on the first of a future month. So if the group plan ends on the end of the month, you start Medicare on the first of next month, and then there's no gaps, so then there's no penalty.

David Lowry: 3:38
What happens when you're penalized?

Michelle Schaefer: 3:40

It could be that you're not allowed to enroll until after the first of the year. So you could have no coverage. And then there's also a financial penalty that is permanent and on there forever and ever.

David Lowry: 3:52
So you really wanna get enrolled when you can. Timing is critical.

Don Drew: 3:58
I do wanna mention, Michelle is not an expert in social security per se, but there is one link to social security that's pretty important for people to understand. What would that be, Michelle?

Michelle Schaefer: 4:07
If you are getting Social security, your Medicare premium will automatically be deducted from Social Security before it even hits your bank account. If you're not on social security then you just have to set up a monthly bank draft with them.

David Lowry: 4:19
Now, as I recall, there was Part A and Part B of my Medicare, and Part A happened almost automatically for me. I just went online or something like that. It didn't cost anything. I just checked the box and suddenly I got something in the mail and I have Part A. But Part B is a different story. Right?

Michelle Schaefer: 4:39
Medicare is divided into two parts. So if you think of'A make a roof with your hands,'A is for under a roof.'A covers you in a hospital or in a skilled nursing facility. And if you have worked 40 quarters, 10 years at a certain income level, your'A costs zero. So sometimes people when they turn 65, even if they're still on a group plan, we'll go ahead and enroll in a, because it doesn't cost anything and it might bring their group. Out of pocket for hospital coverage down to$1,600.'B is everything else. Your doctor's appointments, your lab work, your durable medical equipment. There is a premium for B. So you do not need'B and a group plan at the same time. It's either or because it's just duplicating itself.

Don Drew: 5:26
And then the other thing I think we hear a lot about is Part D, right? Delta.

Michelle Schaefer: 5:30
D for drug.

Don Drew: 5:31

Okay.

Michelle Schaefer: 5:32
Drugs, they give D for drugs.

Don Drew: 5:33
So that's all your prescription, right?

Michelle Schaefer: 5:35
Because Medicare itself, A or B, does not cover any drug plans, except if you go into a doctor's office for a drug, say an infusion that's covered under Part B. But anything you go to the pharmacy and you administer yourself at home a drug plan. And the interesting thing with the drug plan is sometimes people say, oh, I don't take any drugs. Why should I buy a drug plan? Again, there's a penalty for every month. You should have had a drug plan and you didn't. There is a permanent lifetime penalty and that penalty increases every month you don't have a drug plan than you should have.

David Lowry: 6:10
I'm glad we're talking to you because it can be very confusing, but fortunately there are people like you, Michelle, out there. What are our choices when we say, okay, I gotta have this and I know I've gotta have Part B? Yeah. How you start all this?

Michelle Schaefer: 6:25
When you go on Medicare is kinda like the first time you walked into a cell phone store and said, I'd like a cell phone. They said, Okay sir. Do you want an apple or do you want an Android? So there's a big fork in the road. You have to make this decision fairly early about which way you're going. And just like Apple and Android, there's no wrong decision. The best plan is the one that works for you. I will always present both sides of it. They both have advantages. They both have disadvantages. You pick the best plan that works for you. So there's a big decision to be made. One is original Medicare, so you have your'A and your'B. But there's a lot of things those plans don't pay for. So what most people do is get a supplement. So a supplement works hand in glove with Medicare and will pay what Medicare doesn't, except for a very tiny deductible of$257 a calendar a year. And then you wanna add a drug plan. because none of those cover drug plans. So that's. That's one side of the decision. The other side is an advantage plan. So what an advantage plan does is Medicare pushes your files across the table to an insurance company and says, here, you take care of him. We're gonna give you some money every month, and then we're done. The Advantage plan companies are very interested in keeping you healthy. So they have what I call a lot of shiny stuff. So they roll in the drug

plan. They have dental, vision, chiropractic, podiatrist, hearing aids, gym memberships, all that stuff that you see on tv and the stuff you get in the mail. And the premiums on those can be zero. They're very, very low premium. However, you have to use the doctors in the network. When you're on the supplement side, any doctor who takes Medicare will take that. But on the advantage side, you have to be in a network and there could be some large out-of-pocket costs if you do some things that the plan doesn't fully cover. Whereas a supplement you're kept out at for this year,$257.

David Lowry: 8:12
People are going to wonder what the advantages of each of them are. I'm certainly not verbose enough to tell you what all those are, but I do know that when I was looking at one plan, it reminded me of when I was at work, I had the healthcare plan offered by my job, and it looked very similar to what I'd been having all these years, and that was the Medicare Advantage plan. And so it was attractive to me because I was used to going to a certain place, certain doctors and being covered. Plus it had the gym membership and that was pretty sexy too. Then on the other side, it seemed to me like I had more flexibility of doctor choices if I went with the standard Medicare. I could choose who I wanted as long as they would accept Medicare. Are there other advantages and disadvantages that I'm missing here?

Michelle Schaefer: 8:59
No matter what, you're gonna pay your Part B premium. Yeah. No matter which path you go down, you're paying your Part B premium, so that levels that playing field on your Part B side. One of the disadvantages is with the supplement, you're paying a premium every month, and it could be anywhere from a hundred to 150, depending on your age and your zip code. If you smoke and if you have another adult human living with you in the household, there's just different discounts you can get. There's no shiny stuff and you mentioned the shiny stuff, the gym membership and all that. On the original Medicare side, it costs more a month and there's no shiny stuff, but you go to whatever doctor you want. On the advantage side, premium is really, really low. Includes the drug plan, the gym memberships, and the fitness, and the over the counter vitamins. They wanna keep you healthy, so the premium's really low. However, you have to be sure you use the doctors in the network and. If you have chemo drugs or have to go on dialysis, or you have an extended nursing home stay, you can have up to a$5,000 per calendar year out of pocket expense if something happens.

David Lowry: 10:05
On the Medicare Advantage plan, are there certain things that they're allowed to say, We don't cover that?

Michelle Schaefer: 10:11
An advantage plan has to cover all the stuff that Medicare itself covers. Oh, okay. I can't skimp on that, but it's very flexible what they can add in. And that changes every year. Some years there was an advantage plans that gave you cash back on your Part B. There was some that gave you big over the counter allowances. Those flex every year, depending on the market as an agent, we don't find that out until August and September. We cannot talk about it until the 1st of October, and then we have your annual enrollment in the fall when they make all that Medicare noise, that's the time when there are some plans you can hop from plan to plan if there's a better plan.

Don Drew: 10:51
Michelle, we've mentioned that Medicare doesn't cover some things. I'm sure that list is long and they can probably go online and see what that is, but what are some of the things that they don't cover that generally catch people off guard or surprise them?

Michelle Schaefer: 11:06
So, of course, there's no dental in Medicare. Medicare will cover anything that is medically necessary. So if your doctor says, Hey, we need you to go to the labs and check your cholesterol and check your vitamin D three and check your blood sugar, Medicare's happy to pay for that. But if you go in and just say, let's run all the tests, let's just go to the lab and run'em all. Medicare's not gonna pay for that because it's not medically necessary. Where people get caught sometimes is you need cataract surgery. That's a medical procedure. Medicare's happy to pay for basic cataract lenses, but but if you want the bionicc lenses, you're gonna have to pay for that. And your doctor's billings office are really good about telling you here's what's gonna be covered and here's what isn't.

Don Drew: 11:49
I'm glad you brought that up because I've been on Medicare two years I think, and I got caught right away. I had a situation in which, in my annual physical, I was used to have meeting the doctor, getting my blood work done, and then I lost my chance to talk to the doctors. So I called him up and I said, can you go ahead and schedule him the test ahead of time so I could talk to the doctor during the visit? I ended up paying several hundred. Of dollars for that because it wasn't requested by the doctor.

Michelle Schaefer: 12:14
Your doctor's billing office will be able to tell you that because that's what they do. But you said it might be a long list. It's really not.

David Lowry: 12:20

The main thing is don't count on that being paid for until you talk to your doctor. Wow! There is so many nuances to Medicare and I guess a person could shop around and make this happen. But it's like doing your own taxes, isn't it? You can do it if you want. But let's talk about why an agent is a useful experience for people who are looking at Medicare and trying to stay on top of their needs.

Michelle Schaefer: 12:47
For one, our training. Every year in August, we have to study countless hours and take a big test called an AHIP test to be certified as a Medicare agent. And then we spend countless hours with each of our carriers learning about their plans. And there's online training and there's in-person training and there's conferences that we go to. So a lot of training. And you're right about the nuances. It's like every rule has an exception, but every exception has an exception. And if you're not aware of all the little rules you could get caught. So yes, a person could go online and spend hours and slog through it themselves and figure it out and hope they did it right. At the advantage of an agent is number one, our training. Number two, it costs you nothing to talk to an agent. We're gonna write probably about the same policy as you would do it online, but the big thing is we're gonna keep an eye out for you. So in the fall, when I find out that those policies have changed, I can call my people and say, Hey, I'm looking down the road. You are gonna want a different policy come January 1st, so let's fix that. Whereas if you just call an 800 number, you go online and do it. Nobody's watching out for you. Whereas an agent. Cost you nothing to work with and we're gonna take care of you.

Don Drew: 14:00
Can we talk about how much all of this is gonna cost? There's a general Medicare cost for Part B, I believe. But this was another surprise I got was something called IRMA. What is Irma all about?

Michelle Schaefer: 14:10
So in 2025, the Medicare premium for Part B is$185, and that is set every year by the Center for Medicare is what we call CMS, the Center for Medicare Services. So that is set, and we'll find out in the fall what that is. Every year the deductible is set by them and it goes up. Every year. Year. I just pretty much guarantee you that. So your base Medicare Part B premium is 185. Then there's a thing called Irma was the income reduction monthly Medicare amount. And that just says the more you make, if you are blessed to be a higher income earner, you're gonna pay more for your Medicare premium. It could be about$75 more. It could be$185 more. It could be$400 a month more. It just depends. The asterisk there is if you've had a life change, say you've retired, you were a high income earner, and they look back two years, by the way. So if you go on Medicare in 25, you're gonna look

at your 2023 tax return line two A, which is your federal tax exempt interest, and line 11, which is your adjusted gross income. That's the only two things they look at, and so if you say, well, I did make this much, but now I'm retired and I make zero, I can help you turn in a rebuttal form and say, Hey, there's been a life change. My income is no longer this. Don't charge me the penalty.

David Lowry: 15:33
If you file together, is it the adjusted gross income of both of you?

Michelle Schaefer: 15:37
Right. Most people who are married follow jointly, and it goes off of that.

David Lowry: 15:41
Gotcha. So when you fully retire and hang it all up, that could reset things for you a bit depending on how much you're bringing in at that point. That makes sense.

Michelle Schaefer: 15:50
They evaluate that every year, which is why you start Medicare at Social Security's website and not Medicare's website because of the income factor.

Don Drew: 16:00
Michelle, if we could, I'd like to talk about some of the other ways Medicare can help, such as in cases of disability and so forth. I know there's a lot of other situations in which Medicare kicks in that isn't based solely on turning 65 and so forth. What are some of those possibilities for our listeners that might have use of Medicare but don't fit that model?

Michelle Schaefer: 16:20
If you're on disability and receiving social security disability, you qualify to purchase a Medicare plan and depends on. Your zip code and some other factors as to what plan you can purchase, but you have basically the same two choices. You can do a supplement, although you don't get the full fledged plan G that checks all the boxes in Oklahoma. You can only have a Plan A, which just checks some of the boxes and it's kind of expensive, and then a drug plan. Or you can go to the other side and do a Medicare Advantage plan.

David Lowry: 16:52
Michelle, I happen to be the conservator guardian for my sister who's in a nursing home. One of the things that's been a real blessing in my life has been hospice. A lot of people when they think of hospice, thinks of as end of life care, and it can certainly be that

always, but not always. And in this case, they visit her with the social worker, the nursing team, check on her a couple of times a week. They bathe her, they provide certain equipment for her. Just a bed if she needs it and things like this. Where does that fit into this Medicare program?

Michelle Schaefer: 17:28
Hospice is always covered by Medicare Part B, no matter what plan you're on. Oh, whether you're on an Advantage plan or original Medicare, hospice is always covered by Part B.

Don Drew: 17:37
When you say it's covered by Part B, do you mean it's part of your premium? You're paying for...

Michelle Schaefer: 17:42
Part of your Medicare coverage no matter what you have, even if you have an Advantage, Part B, it'll still pay for your hospice.

Don Drew: 17:48
Michelle, if a listener lives in the Edmond area, they have you nearby as a resource, but many of our listeners live outside of Oklahoma, how can they most effectively evaluate? People and organizations like yours to ensure they're getting the type of assistance they need.

Michelle Schaefer: 18:03
There's a lot of resources. There's a website called the Medicare Agents Hub and they vetted some agents. I'm an agent on that. You can go on there and type in your zip code and find a local agent. But they're really everywhere. If you look around in your social media, the things you get in the mail, there's everything from what they call captive agents that work for a specific carrier, and so they're only selling that carrier's products. I'm an independent agent. I represent about seven different companies, about 99 different plans. So I'm gonna be able to shop around and offer the best plan for my clients.

Don Drew: 18:39
Is there a particular certification that people should look for? A license or something like that?

Michelle Schaefer: 18:45

In order to sell Medicare, you have to have a state life health license for every state that you're selling in. And then you have to pass the AHIP. You're not getting an appointment with a carrier unless you pass the, if someone is selling Medicare, they've done all that. You just have to look at. Where are they coming from? If they're just captive with one company, like a call center, if you call a certain company's call center, that's all they're gonna talk about. Whereas if you get a licensed local agent, we're gonna be independent and we have a lot of different options.

Don Drew: 19:14
David, you mentioned earlier something about how complex is it is to doing your taxes, and it seems to me like what Michelle does is she helps you navigate through what is really a whole lot of unknowns. Not necessarily hidden things, but not obvious things, and having just. Recently gone through this, both of myself and my wife, where we are registering. We had our learning curve was pretty steep just to to figure it out. And we actually met with Michelle and she was able to talk us through some things and help us make good decisions.

David Lowry: 19:44
Michelle, I just wanna say that when I first signed up for Medicare, it was one of the most nerve wracking things I think I've ever done in my life.

Michelle Schaefer: 19:53
I make it easy.

David Lowry: 19:54
Exactly. And I remember going on the site and I'm gonna say that the website's pretty good, really honestly. They would pull up all kinds of, for instance, Part D and all of that. But to be honest, I couldn't determine whether, is this really a good deal for me? Is this gonna help me out or should I be going with this other one? And this one seems to be a little less, but is it gonna, there were just so many little variables there, and so I know that you are worth every penny.

Michelle Schaefer: 20:22
And you pay nothing to talk to a Medicare agent.

David Lowry: 20:25
Absolutely. But some people may say, well, why would I do that? And it's like, you really need to be doing this.

Michelle Schaefer: 20:32

Well, I can save you a lot of time too. Sometimes people think they have to go down to the social security office to do this. Who has time to sit there for three or four hours in the Social Security office? Waiting to talk to somebody, whereas I can look at it, I can go on the website, I can start your Part A and or B for you, and just make all that easy. I can show you how to set up your billing if you're paying for your Medicare itself. I just make it easy from A to Z and I don't get paid for. Any of that other stuff except writing the policy. I'm compensated by the companies I write the policy through, but all the other stuff before and after I do just to make the process easy for you.

David Lowry: 21:09
And thank you for that.

Don Drew: 21:11
Michelle. Can you talk to us about the steps that you go through in order to engage with Medicare?

Michelle Schaefer: 21:16
Sure. So the first thing everybody, not just people getting ready to get on Medicare, everybody who gets a paycheck should have an online social security account. because you wanna make sure that your income is being reported correctly through all the years that you've worked because. Is gonna make a difference when you do go to collect social security, that you collect the correct amount and that everybody's reported the right amount. But to apply for Medicare online, you've got to have an online social security account. So if you haven't done that, that's step one. And then you go to social security.gov. Tell it. You wanna start applying for Medicare? It'll say, do you have a social security account? You have to know how to log into it. You put in your login, your password. It just bounces over there. Checks and bounces right back to the Medicare application. You thought a little bit of demographic information and submit it, and it takes two to three weeks on a good day if they're all caught up to issue your Medicare number. Then once you have a Medicare number. Then you can write the plans. I can't really write a plan without a Medicare number, so sometimes it's a timing issue. If you are over 65 and you've stayed on your group plan for a while, there's a form I need from your HR department in order to verify that you didn't have a gap in coverage. And so then we pick out the plans, and then once the plans are issued and you get a giant bill from Medicare for the first three months of premium, so I can show you how to go online and set up an online Medicare account, which is different from your online social security account. Set up a Medicare account, how to see your explanation of benefits, how to order a new Medicare card, and how to set up the monthly billing so that you don't have to pay that big three month premium all at once.

David Lowry: 22:58
If I'm working with agent A and then I decide to go to agent B, a person like yourself and have them look over all my work and everything.

Michelle Schaefer: 23:06
So I'm happy to look at anybody's policies, but unless I'm able to write them a new policy that's the best thing for them, then I, you wouldn't change an agent for the new policy. But if what you have is the best for you, I'll, I'm happy to look at it and say, just keep doing what you're doing.

Don Drew: 23:25
While Medicare might not be at the top of your fun things to do list, it provides a critical piece of your healthcare. Whether you are facing 65 yourself or helping a friend or a family member, experts like Michelle exist to help you navigate Medicare's complexities and find the right kinds of additional insurance at no cost to you. Don't do what I did and wait until the last minute to enroll and find out how to best protect yourself. Michelle Schafer, you've been very helpful to our listeners and David and I for that matter. Thank you for joining us on Peaceful Life Radio.

Michelle Schaefer: 23:56
Thank you for having me. I enjoyed it.