

Social Security, Medicare and Pensions

27th Edition

Attorney Joseph L. Matthews

Table of Contents

Introduction	1
Chapter 1 – Social Security: The Basics	5
Learning Objectives	5
Introduction.....	5
History of Social Security	5
The Beginning of Social Security.....	6
Benefits Now Provide Diminished Security	6
“Saving” Social Security.....	6
What You Can Do.....	7
Social Security Defined	7
Retirement Benefits	7
Disability Benefits	7
Dependents Benefits.....	8
Survivors Benefits.....	8
Eligibility for Benefits.....	8
Earning Work Credits.....	8
Coverage for Specific Workers.....	9
Earning Work Credits.....	11
Determining Your Benefit Amount	11
How Your Earnings Average Is Computed	11
Benefit Formula	12
Taxes on Your Benefits.....	13
Your Social Security Earnings Record.....	13
U.S. Citizens’ Rights to Receive Benefits While Living Abroad	14
Receiving Benefits as a Noncitizen	14
Noncitizens Living in the United States.....	14
Non-U.S. Citizens Living Abroad.....	14
Review Questions.....	16
Review Answers	17
Chapter 2 – Social Security Retirement Benefits	19
Learning Objectives	19
Introduction.....	19
Work Credits Required.....	19
Checking Your Earnings Record	19
Timing Your Retirement Benefits Claim.....	20
If You Claim Benefits Before Full Retirement Age.....	20
Your Break-Even Point	20
Full Retirement Age	22
If You Claim Benefits After Full Retirement Age	22
Reversing a Suspension of Benefits.....	23
The Amount of Your Retirement Check.....	23
Increases for Cost of Living.....	24
Reductions for Government or Foreign Pensions	24
Working After Claiming Early Retirement Benefits	25
Limits on Earned Income If Claiming Early Benefits.....	25
Special Rule as You Approach Full Retirement Age	26
Review Questions.....	27
Review Answers	28
Chapter 3 – Social Security Disability Benefits.....	29
Learning Objectives	29
Introduction.....	29
Who Is Eligible.....	29

Table of Contents

Work Credits Required.....	29
Requirement of Recent Work.....	30
Young Workers.....	30
Blind Workers.....	31
Disabled Widows and Widowers.....	31
What Is a Disability?.....	31
Conditions That May Qualify.....	32
Listed Impairments.....	32
Must Be Expected to Last One Year.....	33
No Substantial Gainful Activity.....	33
Special Rules for Blindness.....	34
Examples of Disability Determinations.....	34
Amount of Disability Benefit Payments.....	35
Estimating Benefit Amounts.....	35
Cost-of-Living Increases.....	36
Collecting Additional Benefits.....	37
Disability and Earned Income.....	37
Other Social Security Benefits.....	38
Other Disability Benefits.....	38
Workers' Compensation.....	38
Medicare.....	38
Medicaid and SSI.....	38
Continuing Eligibility Review.....	39
When Your Eligibility Will Be Reviewed.....	39
The Review Process.....	39
Returning to Work.....	40
Trial Work Period.....	40
Extended Eligibility for Benefits.....	40
Quick Restart of Benefits.....	40
Continuing Medicare Coverage.....	41
Review Questions.....	42
Review Answers.....	43
Chapter 4 – Social Security Dependents Benefits.....	45
Learning Objectives.....	45
Introduction.....	45
Who Is Eligible.....	45
Individuals Who Qualify.....	45
Effect of Marriage and Divorce.....	45
Calculating Dependents Benefits.....	47
One Dependent.....	47
Family Benefits.....	48
Eligibility for More Than One Benefit.....	48
Working While Receiving Benefits.....	48
Government Pension Offset.....	49
Review Questions.....	51
Review Answers.....	52
Chapter 5 – Social Security Survivors Benefits.....	53
Learning Objectives.....	53
Introduction.....	53
Work Credits Required for Eligibility.....	53
Number of Work Credits Required.....	53
Credits Earned Just Before Death.....	53
Who Is Eligible.....	54
Length of Marriage Rule.....	54
Effect of Remarrying.....	55

Table of Contents

Amount of Survivors Benefits	55
Percentage of Benefits Awarded	55
Estimating Benefit Amounts	57
Eligibility for More Than One Benefit	57
Working While Receiving Benefits	58
Government Pension Offset	58
Review Questions	60
Review Answers	61
Chapter 6 – When to Claim Social Security Benefits, and Which One to Claim	63
Learning Objectives	63
Introduction	63
Considerations for All Beneficiaries	63
Your Lifetime Total: The Break-Even Point	63
Factors to Consider	64
Immediate Financial Need	64
Continuing to Earn Before Full Retirement Age	65
Life Expectancy	65
Availability of Other Benefits	65
Considerations for Specific Situations	65
Unmarried, Divorced, or Widowed	65
With No Benefits From Anyone Else’s Work Record	66
With Other Benefits From a Former Spouse’s Work Record	66
Married Couples	66
Worker With Minor Child	68
Review Questions	69
Review Answers	70
Chapter 7 – Supplemental Security Income	73
Learning Objectives	73
Introduction	73
Who Is Eligible	73
Blind or Disabled	73
Citizens or Longtime Residents	74
Income Limits	74
Asset Limits	76
Benefit Amounts	77
States With Federally Administered Supplements	77
States With Their Own Supplements	78
Reductions to Benefits	78
Limit on Earned Income	78
Limit on Unearned Income	78
Limit on Outside Support	79
Limit on Working Couples	79
Review Questions	80
Review Answers	81
Chapter 8 – Applying for Benefits	83
Learning Objectives	83
Introduction	83
Retirement, Dependents, and Survivors Benefits	83
When to Claim Benefits	83
How and Where to File Your Claim	83
Help on the Internet	84
Documents You’ll Need	85
At the Social Security Office	87
Withdrawing a Benefits Application	87

Table of Contents

Disability Benefits	87
When to File Your Claim	88
Documents You'll Need.....	88
How Your Eligibility Is Determined.....	88
Supplemental Security Income (SSI).....	90
Proof of Income and Assets	90
Proof of Age If 65 or Older	91
Proof of Blindness or Disability.....	91
Proof of Citizenship or Qualifying Legal Residence	91
Finding Out What Happens to Your Claim.....	91
Notification of Eligibility	91
Methods of Receiving Payment.....	92
Review Questions.....	94
Review Answers	95
Chapter 9 – Appealing a Social Security Decision.....	97
Learning Objectives	97
Introduction.....	97
Reconsideration of Decision.....	97
Requesting Reconsideration of Decision on Initial Benefits Claim.....	98
Completing the Request for Reconsideration Form	100
The Reconsideration Process	100
Requesting Reconsideration of SSI Decision	101
Administrative Hearing.....	102
Requesting a Hearing	102
Completing the Request for Hearing by Administrative Law Judge Form	102
Preparing for the Hearing.....	103
The Hearing.....	105
Appeal to the National Appeals Council.....	105
Completing the Form	105
Appeal Procedure	107
Lawsuit in Federal Court	107
Lawyers and Other Assistance.....	107
Deciding Whether You Need Assistance.....	108
Where to Find Assistance	108
Legal Limits on Lawyers' Fees	109
Review Questions.....	111
Review Answers	112
Chapter 10 – Federal Civil Service Retirement Benefits	115
Learning Objectives	115
Introduction.....	115
Two Retirement Systems: CSRS and FERS	116
Retirement Benefits	116
Who Is Eligible.....	117
Calculating Benefits	119
Survivors Benefits.....	121
Thrift Savings Plan.....	123
Disability Benefits to Federal Workers.....	123
Who Is Eligible.....	124
Definition of Disability.....	124
Review of Disability Status.....	124
Amount of Benefits	125
Payments to Surviving Family Members.....	125
Who Is Eligible.....	125
Amount of Benefits	126
Applying for CSRS or FERS Benefits	127

Table of Contents

Review Questions	128
Review Answers	129
Chapter 11 – Veterans Benefits	131
Learning Objectives	131
Introduction.....	131
Types of Military Service Required	131
Active Duty	131
Active Duty for Training.....	131
Compensation for Service-Connected Disability	131
Who Is Eligible	132
Amount of Benefits	132
Changes to Your Rating.....	133
Pension Benefits for Financially Needy Disabled Veterans	134
Survivors Benefits.....	134
Dependency and Indemnity Compensation	134
Wartime Service Pension.....	135
Aid and Attendance	135
Medical Treatment	135
Getting Information and Applying for Benefits.....	137
Review Questions.....	138
Review Answers	139
Chapter 12 – Medicare.....	141
Learning Objectives	141
Introduction.....	141
The Medicare Maze	142
Medicare and Medicaid: A Comparison	143
Medicare: The Basics	144
Health Coverage If You Stop Working Before Age 65.....	144
Working After Age 65.....	145
Employer-Based Health Coverage for Retirees	146
Part A Hospital Insurance	146
Who Is Eligible.....	146
Types of Care Covered.....	147
Medicare-Approved Facility or Agency	148
Facility Review Panel Approval	148
Foreign Hospital Stays.....	149
Skilled Nursing Facilities	149
Home Health Care	151
Hospice Care.....	152
How Much Medicare Part A Pays.....	153
Benefit Period or Spell of Illness.....	153
Hospital Bills	154
Psychiatric Hospitals.....	155
Skilled Nursing Facilities	155
Home Health Care	157
Hospice Care	157
Part B Medical Insurance	157
Eligibility and Premiums.....	157
Types of Services Covered	158
Services Not Covered by Medicare Part B.....	163
How Much Medicare Part B Pays.....	164
Deductible Amounts.....	165
80% of Approved Charges	165
100% of Approved Charges for Some Services.....	165
Payments for Outpatient Therapies.....	166

Table of Contents

Legal Limit on Amounts Charged	166
Assignment of Medicare-Approved Amount.....	166
Different Payment Structure for Hospital Outpatient Charges	167
Part D Prescription Drug Coverage	168
Medicare Part D Drug Coverage: The Basics	169
Eligibility	170
Premiums, Deductibles, Copayments, and Coverage Gaps.....	170
Restrictions on Coverage.....	176
Deciding on a Part D Plan.....	179
Medicare Coverage for People With End-Stage Renal Disease (ESRD).....	183
Eligibility for ESRD Medicare Coverage	183
Qualifying Medical Condition.....	183
Earned Work Credits.....	183
Medical Care Covered by ESRD Medicare.....	184
Coordination of Medicare With Group Health Insurance Coverage	184
When ESRD Medicare Coverage Begins	185
When ESRD Medicare Coverage Ends	185
Applying for ESRD Medicare Coverage.....	185
Review Questions.....	186
Review Answers	188
Chapter 13 – Medicare Procedures: Enrollment, Claims, and Appeals	193
Learning Objectives	193
Introduction.....	193
Enrolling in Part A Hospital Insurance	193
Those Who Receive Social Security Benefits	193
Those Who Do Not Receive Social Security Benefits	194
Appealing Denial of Coverage.....	195
Enrolling in Part B Medical Insurance.....	195
Those Who Receive Social Security Benefits	196
Those Who Do Not Receive Social Security Benefits	196
Delayed Enrollment	196
Medicare’s Payment of Your Medical Bills.....	197
Inpatient and Home Care Bills.....	197
Outpatient and Doctor Bills	198
Paying Your Share of the Bill	200
Your <i>Medicare Summary Notice</i>	200
Appealing the Denial of a Claim	201
Decisions About Inpatient Care (Medicare Part A).....	201
Payment of Doctor and Other Medical Bills (Part B)	205
Medicare Part D: Enrollment, Exceptions, and Appeals	212
Enrollment	212
Exceptions.....	213
Appeals	214
Switching Part D Plans	215
When You May Switch Plans	215
Plans You May Switch To	216
How to Switch From One Plan to Another	216
State Health Insurance Assistance Programs (SHIPs).....	217
Review Questions.....	218
Review Answers	219
Chapter 14 – Medigap Insurance	223
Learning Objectives	223
Introduction.....	223
Gaps in Medicare.....	224
Gaps in Part A Hospital Insurance	224

Table of Contents

Gaps in Part B Medical Insurance	224
Standard Medigap Benefit Plans	225
Basic Benefits Included in All Medigap Plans	226
Descriptions of the Standard Medigap Plans	227
Terms and Conditions of Medigap Policies	232
Premium Increases	232
Eligibility and Enrollment	233
Preexisting Illness Exclusion	235
Finding the Best Medicare Supplement	235
Using an Insurance Agent	236
Senior Associations	236
Only One Medigap Policy Required	237
Replacement Policies	237
Review Questions	239
Review Answers	241
Chapter 15 – Medicare Part C: Medicare Advantage Plans	245
Learning Objectives	245
Introduction	245
Medicare Advantage Managed Care Plans	246
Health Maintenance Organization (HMO)	247
HMO With Point-of-Service (POS) Option	248
Preferred Provider Organization (PPO)	249
Provider Sponsored Organization (PSO)	249
Medicare Advantage Fee-for-Service Plans	249
How Most Medicare Advantage Fee-for-Service Plans Work	249
Fee-for-Service Plans With Tiered Payment	249
Disadvantages of Medicare Advantage Fee-for-Service Plans	250
Choosing a Medicare Advantage Plan	250
Choice of Doctors and Other Providers	251
Access to Specialists and Preventive Care	252
Prescription Drug Coverage	252
Extent of Service Area	253
Other Plan Features	254
Comparing Medigap and Medicare Advantage Plans	255
Your Rights When Joining, Leaving, or Losing a Medicare Advantage Plan	258
Joining When First Eligible for Medicare at Age 65	258
Joining During a Plan’s Open Enrollment Period	258
Joining During Extended Open Enrollment Period	258
Leaving a Medicare Advantage Plan	258
Joining When Dropped From Another Medicare Advantage Plan	259
Joining When Moving to a New Geographic Area	259
Review Questions	260
Review Answers	261
Chapter 16 – Medicaid and State Supplements to Medicare	263
Learning Objectives	263
Introduction	263
Medicaid Defined	263
Who Is Eligible	264
Categorically Needy	264
Medically Needy	264
Determining Couples’ Income and Assets	265
Financial Help From Friends or Family	266
Medical Costs Covered by Medicaid	266
Services Covered in Every State	266
Optional Services	267

Table of Contents

Requirements for Coverage	268
Care Must Be Prescribed by Doctor	268
Provider Must Be Participating in Medicaid.....	268
Treatment Must Be Medically Necessary	268
Cost of Medicaid Coverage	269
No Payments to Medical Providers.....	269
Fees to State Medicaid Agency for Services	269
Other State Assistance	269
Qualified Medicare Beneficiary (QMB).....	270
Specified Low-Income Medicare Beneficiary (SLMB) and Qualifying Individual (QI).....	270
Applying for Medicaid, QMB, SLMB, or QI.....	271
Where to File	271
Required Documents and Other Information	271
Application Procedure.....	271
Retroactive Benefits.....	272
Review of Eligibility	272
What to Do If You Are Denied Coverage	272
Review Questions.....	273
Review Answers	274
Glossary.....	277
Index	281