

NAVIGATING THE MEDICARE MAZE: THE ESSENTIALS YOU SHOULD KNOW

By Joseph Palimino, Capital A Insurance

Fall is well underway, and it brought with it not only colorful leaves and cooler temperatures but also a timely reminder for Americans to review their healthcare options. With the arrival of the Annual Enrollment Period (AEP), individuals across the nation are faced with important decisions concerning their Medicare coverage.

Understanding the basics of Medicare is crucial as it acts as a foundation for making informed choices for, not only your healthcare needs, but also your overall retirement picture. Whether you are a first-time enrollee or an experienced Medicare recipient, familiarizing yourself with the fundamental aspects of this vital program can be key to optimizing your healthcare benefits and finding the best plan that meets your unique needs.

MEDICARE IN A NUTSHELL:

Medicare is a government health care plan that covers those aged sixty-five and older and those who are disabled. You can enroll in Medicare anytime during the three months before, the month of, and three months after your sixty-fifth birthday, or during the Annual Enrollment Period (AEP), which is October 15 through December 7th each year.

If you miss your enrollment deadline, you could risk paying increased premiums for the rest of your life. On top of prompt enrollment, there are a few other things to think about when it comes to Medicare, not least among them being the need to understand the different “parts,” what they do, and what they don’t cover.

PART A

Medicare Part A is what you might think of as “classic” Medicare. Hospital care, some types of home health care, and major medical care fall under this. While most enrollees may pay nothing for this service (as they likely paid into the system for at least ten years), you may end up paying, either based on work history or delayed signup. In 2023, the highest premium is \$506 per month, and a hospital stay does have a deductible, \$1,600.[1] And, if you have a hospital stay that surpasses sixty days, you could be looking at additional costs; keep in mind, Medicare doesn’t pay for long-term care and services.

PART B

Medicare Part B is an essential piece of wrap-around coverage for Medicare Part A. It helps pay for doctor visits and outpatient services. This also comes with a price tag: Although the Part B deductible is only \$226 in 2023, you will still pay 20 percent of all costs after that, with no limit on out-of-pocket expenses.[2]

PART C

Medicare Part C, more commonly known as Medicare Advantage plans, are an alternative to a combination of Parts A, B, and sometimes D. Administered through private insurance companies, these have a variety of costs and restrictions, and they are subject to the specific policies and rules of the issuing carrier.

PART D

Medicare Part D is also through a private insurer and is supplemental to Parts A and B, as its primary purpose is to cover prescription drugs. Like any private insurance plan, Part D has its quirks and rules that vary from insurer to insurer.

THE DONUT HOLE

Even with a “Part D” in place, you may still have a coverage gap between what your Part D private drug insurance pays for your prescription and what basic Medicare pays. In 2022, the coverage gap is \$4,660, meaning, after you meet your private prescription insurance limit, you will spend no more than 25 percent of your drug costs out-of-pocket before Medicare will kick in to pay for more prescription drugs.[3]

CHANGES ARE COMING:

Many changes are set to take place in the upcoming years. For example, one adjustment coming in 2024 is the elimination of the Catastrophic drug phase. Previously, individuals would pay 5% of their drug costs during this phase. This change is significant and could have financial implications for individuals with high drug costs. It is

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essential to, each year, review your current drug plans and understand any changes that will take effect in the upcoming year to ensure you are selecting the most suitable plan for your current needs.

MEDICARE SUPPLEMENTS

Medicare Supplement Insurance, MedSup, Medigap, or plans labeled Medicare Part F, G, H, I, J . . . Known by a variety of monikers, this is just a fancy way of saying “medical coverage for those over sixty-five that picks up the tab for whatever the federal Medicare program(s) doesn’t.” Again, costs, limitations, etc., vary by carrier.

Does that sound like a bunch of government alphabet soup to you? It certainly does to us. And, did you read the fine print? Unpredictable costs, varied restrictions, difficult-to-compare benefits, donut holes, and coverage gaps. Fortunately, teams like ours at Capital A, have professionals that focus solely on this aspect of retirement, and are available to help you navigate through the maze that we call Medicare.

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[1] Medicare. “Medicare Costs” www.medicare.gov/basics/costs/medicare-costs

[2] Ibid.

[3] Medicare. “Costs in the coverage gap” www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/costs-in-the-coverage-gap



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