Making Sense of the Medicare *Mess*

By

Greg Bass

A PLAIN ENGLISH Guide to Understanding Your Options

Please don't hesitate to call me. It would be my honor to help you figure out what's best for you.

(805) 202-6313
This is my direct number.

Phone or In-home Appointments in the following areas:

Coachella Valley
Santa Barbara
Ventura
San Luis Obispo

We can do everything on the phone or I can come to the house and sit at your kitchen table, old school.

All appointments are at no cost to you.

If you use me to help you enroll in a plan, the insurance company you choose will pay me.

I am an independent agent representing most of the major companies so you get unbiased advice.

Note to the Reader:

Please don't worry if all the information you get on Medicare related insurance is confusing at first. It is to everyone. It's alright if you don't understand it all the first time you read about it. No one does. This book attempts to simplify it for the sake of clarity, but there will be sections that still don't make sense at first. It's not you. It's the subject.

I started looking at all the insurance options related to Medicare several years ago when my mother needed some advice. I quickly found out that I could give her none. The books from the government were extensive but confusing. Insurance companies would only tell me about their products and skew the rest. And insurance agents I talked to only did Medicare part time during enrollment season, so they didn't know enough to truly help.

So I started studying it hours upon hours for a few months and realized one day that I could put this new knowledge to work helping other people in similar situations. So I became a full time Medicare related insurance specialist. And now, twelve years later, I have written this little book for people just entering the Medicare world. It is my honor to serve you in this way.

Making Sense of the Medicare Mess

When you turn 65 you become one of the most popular people in the world. Your mailbox will fill up daily with birthday wishes from multiple insurance companies. The Medicare office sends you books from the bureaucracy. Suddenly everyone wants to tell you something or sell you something.

Welcome to the wonderful world of Medicare. Where the more you read the less you know. There are more plans than you can shake a stick at. There are plans from A to N. There are hospital plans, drug plans, doctor plans, supplement plans, medi-gap plans and medicare advantage plans. And there are numerous companies offering each type of plan.

The comparison charts put together to try to explain the differences would give Einstein a headache. If you have looked at the information and tried to figure out, only to end up more confused, you are not alone. It's not you. It is the way it is structured.

Fun Facts (Ha Ha)

In 2011, the first of the baby boomers turned 65. There are over 70 million people becoming eligible for Medicare in the next 5 years. Here's some of what you and the rest of them may be seeing for the first time: Medicare Part A, Part B, Part D, Medi-gap, Medicare Advantage, supplement plans A, B, C, D, G, K, L, M, N. Excess charges, PFFS, HMO, PPO, initial enrollment period, special enrollment period, annual enrollment period, guaranteed issue, out of pocket maximums, blah and blah.

Two Paths to Medicare

Medicare is health insurance through the government for people 65 or older or people under 65 with certain disabilities. There are additional insurance plans offered by private companies to cover expenses, such as prescription drugs, that are not covered by original Medicare.

You can sign up for any of the Medicare related plans from private companies starting 3 months before the month in which you turn 65. So if you turn 65 in July, you can sign up starting on April 1. You MUST have Medicare Part A and Part B to sign up for the additional plans below. This window around your 65th birthday gives you a guaranteed right to get the extra coverage you need without passing a health history test.

Path One to Medicare

Reader note: This first path to Medicare is far **more complicated to understand** than the second path. This section is not long but you may want to read it twice.

Original Medicare. This is where the fun begins.

Part A is where Medicare pays for a portion of your hospital costs. There is no cap on the amount you could have to pay out of your own pocket to a hospital if you just have original Medicare Part A.

Part B is where Medicare pays a portion of your doctor and outpatient costs such as MRIs and other diagnostic tests. There is no cap on the amount you could have to pay for doctor and outpatient fees if you have just original Medicare Part B.

Original Medicare provided by the government does **NOT** pay for prescription drugs. Medications taken regularly can often be the highest out of pocket costs paid each month by someone on Medicare.

Part D is an extra insurance that you can choose to buy from private insurance companies that helps pay for the cost of prescription drugs. This is not included automatically in original Medicare. If you get a Part D prescription drug plan, you pay for it out of your pocket to the insurance company you choose.

Medicare Advantage plans help pay for hospital, doctor, outpatient, and prescription drug costs, all in **ONE** plan. Since these plans pay for most but not all of your medical costs, you usually have to pay a small copayment when you get your care.

Medicare Advantage plans are different from medicare supplements in another way. Since these plans are run by private companies as a replacement for Medicare, they are Not standardized. Each Medicare Advantage plan is different. But since the companies have to contract with Medicare, there's only a handful of choices in each area. So it's not too confusing.

And between the choices available, it is usually easy to make a decision if you know how to compare what they really offer. Since Medicare Advantage plans are not standardized, this is not the place to choose solely on the monthly payment they charge.

You should consider the strength of the network of doctors and hospitals the different Advantage plans offer. A large network of providers gives you more choices now and later if you run into some health issues.

You should also consider the benefits offered by each Advantage plan. Some are more bare bones and some offer many extras such as hearing aids for a few hundred dollars and free gym memberships.

Also, local reputation is an important measuring tool. What kind of experiences are people in your area having with different plans?

When you call some give you the run around. It pays to know which companies are easy to work with and which are not.

So the next question becomes: **how do you choose** between all the **different plans** with **different letters**? Like between an G and an N and an A. You've probably seen the comparison charts with all the different plans and benefits. They still give me a headache.

Plan G is the easiest to explain. The Medigap Plan G will pay all Medicare approved costs not covered by Medicare. So the doctor or hospital sends a bill to Medicare and Medicare pays its part. Then they send a bill for what ever Medicare did not pay to the Plan G insurance and that company pays all the rest of it. You just pay your monthly insurance premium and Part B deductible. Of course, Plan G **pays the most benefits** so it is the **most expensive**

All the other Medigap plans have less coverage and cost less than Plan G. The charts provided by Medicare after you pay the small Part B deductible have breakdowns of all the different plans with their specific benefit levels. Those can be difficult to decode so you might want to get professional help before you choose one.

Please remember that a Medigap or medicare supplement plan **does not pay** for any prescription drugs. If you stay on the original Medicare path you must get your Prescription drug coverage from a Part D plan purchase **separately**.

So going down the original Medicare path, you get Part A and Part B from the government to help pay for hospital and doctor and outpatient costs, and you also get two other insurances from private companies: a Part D to help pay for prescription drugs and a Medigap or medicare supplement plan to pay some or all of the medical costs not paid by Medicare.

Original Medicare Part A and Part B would be your primary insurance. The Medigap policy would be your secondary insurance. And you would have a third plan, Part D, to pay for your medicine.

Whew! And now on to:

Path Two to Medicare

This path is **easier** to **understand**. A few years ago the government decided to offer a privatized option to Medicare. This path is called Medicare Advantage or – wait for it – Part C. Let's call it **Medicare Advantage**.

These plans are run by private insurance companies that contract with the Medicare office to offer a replacement for Medicare in certain areas. If you choose a Medicare Advantage plan, the government Medicare office will send that plan the money they would have spent on your health care.

So these plans are subsidized by Medicare. In return, they provide all your Medicare related insurance coverage in one plan, **including prescription drugs**. Because of this subsidy, you pay lower monthly payments usually than you do in Path One.

Medi-Gap/Medicare Supplement insurance is the last piece of the puzzle on this path. Medi-gap and medicare supplement are interchangeable terms.

If you stay with original Medicare, you can purchase a Medi-gap policy from a private insurance company to pay the portion of doctor and hospital costs that Medicare does not pay. It fills in the gaps.

Medicare supplement plans are identified by a letter. In case you haven't seen these before, don't freak out now. The Medigap plans currently offered are **Plan A, B, C, D, G, K, L, M and N**. Plan A and B here are NOT the same as Part A and Part B Original Medicare coverage.

The Medicare office decides on the names for the plans and also exactly what each plan covers and doesn't cover. But the **government does not offer these plans**. Medigap plans are sold by private insurance companies according to the standards set by the government.

So what that really means is that all plans with the same letter, say all plan Gs, offered by **any** insurance company, are going to offer the same standardized set of benefits. All plan Gs will be the same from one company to the next. **Except for price**. Each company can choose to charge whatever it wants for its plan G.

And except for customer service. Different insurance companies have different levels of customer satisfaction. Some companies pay their claims quickly. Some do not. Some companies answer your questions.

Again, this is the kind of decision you might want to get personal advice on from someone who knows the behind the scenes stories.

If you choose a Medicare Advantage plan, you pay one monthly premium to the insurance company. The company sends you one insurance card that you use for all your health care and medicine. You see the doctor and pay the copayment, and they send the bill to the company. That's it. No secondary billing and no separate card for medications.

Some Medicare Advantage plans use an encrypted number on your card rather than your social security number that's on the original Medicare card. That way you are not giving out your personal information everywhere you get health care or medications.

How to Switch Between Plans

Remember, when you join either kind of plan during your initial open enrollment period, you don't have to answer any medical questions or pass any health history tests. You're in the club. Here's the secret handshake.

Medicare Supplements

If you get into a medicare supplement plan you are signing up for private insurance. You can quit it at any time and go back to having only Medicare.

However, if you are in a medicare supplement plan and want to switch into a Medicare Advantage plan, you **have to wait** until January 1 of the **next year.**

If you are in a medicare supplement plan and want to switch into a different medicare supplement plan that covers MORE benefits, you have to pass a health history test. So if you wait until you have a problem, it may be too late to upgrade your coverage.

If you are in a medicare supplement plan and want to switch to a medicare supplement plan with **lesser** coverage, you can switch with NO health history test within 30 days of your birthday. (In California)

It is easy to move down in coverage but more difficult to move up in coverage.

Medicare Advantage

Good news. If you choose a Medicare Advantage plan when you're first eligible, you can drop that plan at any time during the next **twelve months** and go back to original Medicare. **Plus**, you would then have a **guaranteed right** to join a medicare supplement plan at that time without having to pass a health history test.

The government is giving you an incentive to try out the privatized Medicare Advantage system by making it easier to drop a Medicare Advantage plan with no risk. You can try one out and, if you don't like it, you get a guaranteed right to get into medicare supplements with **no health history test.**

Choosing Doctors and Hospitals

Medicare Supplements

If you get coverage through a medicare supplement, you can generally get your care through any doctor that accepts Medicare.

Medicare Advantage

All Medicare Advantage plans that are currently available in San Luis Obispo, Ventura and Santa Barbara counties are HMOs. With an HMO, you get your care from doctors and hospitals within their approved network of providers. You choose a primary doctor who refers you to specialists as needed.

Don't be scared. If you choose the right Medicare Advantage company, one with a strong network and easy referral policies, these HMOs and network-based PPOs work differently than the HMOs you may have run into in your pre-Medicare days.

If you choose the right company, doctors do NOT have to get approval from the company before doing a procedure.

If you choose the right company, doctors can write you a referral ONCE for a specialist, and you can go to that specialist all year without having to go back to your primary doctor for another referral.

If you choose the right company, you can have a strong provider network of hospitals, doctors, specialists, labs, and rehab facilities.

But if you choose the wrong company, you might not get any of this. So please make the right choice.

Don't Worry.

You probably still have questions. Most people do. It's normal at this point.

I do business with the big insurance companies in the Medicare world. But I remain independent and unbiased.

Please don't hesitate to call me. It would be my honor to help you figure out what's best for you.

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This is my direct number.

About the author:

Greg Bass does in-home visits throughout **the Coachella Valley, and Santa Barbara, Ventura**, and **San Luis Obispo** counties.

And he'll answer your phone or email questions from anywhere in the state.

He is the author of the upcoming book Help Me Understand Medicare, which was published nationwide in the fall of 2013.

He received a Masters degree from the Ohio State University and worked for Washington Mutual until the market collapse of 2008. He then began a new career as an agent specializing in Medicare related coverage. He's a volunteer at Meals on Wheels, a coach of youth sports, and attends a neighborhood church.

He and his wife Susan have been together since the 1980s, and have made it out alive to tell the stories. They have three grown children who are now officially "off the payroll."

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