

Understanding Medicare - Part 2

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In my last article, I left you with four choices for financing the out of pocket expenses that Medicare does not pay, as follows:
If you are still working and covered by employer's health plan, much of this extra expense may be covered.

Purchase supplement "Medigap" insurance.
Choose a Medicare HMO instead of traditional Medicare.

Spend down most of your money and qualify for Medicaid.

Choice number 1 needs no further explanation, but if it is not an option, than the other three choices require considerable understanding in order to make intelligent choices.

"MEDIGAP" INSURANCE

Blue Cross/Blue Shield, AARP, and many private insurance companies sell 10 standard "Medigap" plans, A (the least expensive) through J (the most expensive). These policies cover a variety of the out of pocket expenses not covered by Medicare, and since they are standardized it pays to shop. Plan C will offer the same benefits regardless of the company that offers it. Only the most expensive (H, I, and J) of these plans include prescription drug coverage.

MEDICARE HMO

Medicare HMOs, like regular HMOs restrict the choice of doctors and hospitals. They have been available since 1985, but have soared in popularity in recent years. People who need prescription drug coverage, but cannot afford the "Medigap" policies are responsible for that surge. Enrollees in Medicare HMOs must still pay the Part B premium of \$99.90 per month, and depending on the plan, pay an average of \$35.00 per month above. About 65% of those Medicare HMOs have the basic plan and pay nothing above the Part B premium.

MEDICAID

If assets are low enough to qualify for Medicaid assistance, traditional Medicare is the best option since Medicaid will pay the Part B premium, prescription drugs and other out of pocket expenses that Medicare does not cover.