

Medicare the Easier Way

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I would like to call this “Medicare the Easy Way”, but there is no such thing—Medicare is complicated, boring, and full of details that often don’t make sense. Healthcare in America is based on a business (not medical) model ¹, and (unlike in those countries where healthcare is not used as an opportunity for some people to make a lot of money) most of the details in Medicare seem to be related to finance rather than medical care.

But this is our reality, and like death and taxes you will eventually have to deal with it. Many of the details of Medicare become irrelevant depending on your choice of what form of Medicare you would like to follow, and this is the key to avoiding having to deal with all the details. An excellent example of this approach is the book *10 Costly Medicare Mistakes You Can't Afford to Make* by Danielle Kunkle Roberts (<https://daniellekroberts.com/>) Unless otherwise noted, information in this article is from that book.

Boomer Benefits, the Medicare brokerage that she founded (and the one that I use), has an excellent collection of articles and videos for people new to Medicare at <https://boomerbenefits.com/new-to-medicare/>, but without reading the book first and using it as a guide, jumping to this level of detail will probably just further confuse you. I tried looking through everything back before Danielle’s book came out, and it about killed me.

Once you decide which path you would like to follow in signing up for Medicare, I would highly encourage you to deal with a broker like Boomer Benefits rather than a specific insurance company. A broker can write you a policy on the company that is the best fit for you, while an insurance company may recommend the product they think is the best for you (or that earns them the most money—after all, they *are* a business), but you can be sure they won’t recommend another company.

Most people will probably become eligible to sign up for Medicare a few months before they turn 65, and you need to do your homework and decide which decisions are best for you well before you sign up. If you decide to plunge in and try to use some of the do-it-yourself tools available on the web you can make some extremely serious mistakes that can have lifelong consequences in the form of higher premiums and possibly limited coverage options.

Some examples:

Sheldon Rudman, a Lewisville, Texas businessman who deals in rare collectibles, had to sell off his inventory because of a medical condition that requires expensive surgery. He said he could’ve avoided his financial problems if he had signed up for supplemental Medicare insurance when he turned 65 (<https://dfw.cbslocal.com/2018/11/26/texan-need-kidney-liquidating-memorabilia/>).

I once knew a woman whose husband was covered by employer insurance when he turned 65, so he decided to ignore Medicare and wait to sign up when he left his job. The man became disabled, and when his wife went to sign him up for Medicare, she was told that he would first have to pay a several-thousand-dollar penalty because he had not signed up for Medicare on time. In addition, his premiums would remain higher than if he had signed up on time, for the rest of his life.

A Barest of Bones Summary of Medicare

The most basic question you need to answer when signing up for Medicare is “Do I want to stay with Original Medicare, or do I want to go with an Advantage Plan?”.

If you stay with original Medicare:

Medicare will cover 80% of your covered doctor-related fees.

You will have to pay the other 20% out-of-pocket unless you have a Medigap Plan (20% may not seem like a lot until you have a major medical problem). There are 10 different types of Medigap plans (Plan A through Plan N) and the details of each plan are defined by Medicare, so it doesn't matter which company you choose to administer your plan. *Probably the most important thing you need to know is that you have a single 6-month window (beginning when you first sign up for Medicare Part B) during which you will be accepted without question into the Medigap plan of your choice. After the window has closed, you will need to complete a medical questionnaire when applying for the Medigap plan, and the insurer may refuse to accept you. People with serious medical problems who let this window close without signing up may find that they cannot get any Medigap coverage.*

If you decide on an Advantage plan

An alternative to staying with traditional Medicare is to go with an Advantage plan designed and administered by a private insurance company. Each Advantage plan seems to be individually tailored by the insurance company that offers it, so be sure you know what you are getting.

For each person who is a member of an Advantage plan, the insurance company receives a “capitation fee” of \$10,000 or more each year from Medicare. This explains why, when you near 65, you will be inundated by insurance companies who are eager to “help” you.

You've probably seen their ads on TV, most of them prominently displaying horizontal red, white, and blue bars so they remind you of your Medicare card and sporting a name like “Medicare Help Line” to suggest that they are affiliated with the government, when in truth they are a private company like any other company, selling their product to make money.

Receiving an upfront capitation fee allows the insurance company to entice new customers with attractive offers like zero premiums, free rides to doctor visits, or some degree of bundled medical, drug, and dental coverage, but you will have to dig to discover any limitations in coverage or other disadvantages that the plan may have.

Which is Best for You?

The purpose of insurance (in my opinion) is to protect us from disasters that we couldn't survive on our own. Most of us could survive having to pay for a ride to a doctor visit or a monthly copay, but we couldn't survive having to pay for a kidney transplant or cancer treatment. So, in evaluating an insurance plan, you should make sure that you are covered for disasters and not just for trivialities that you could pay for yourself.

There is a concept called "the wisdom of the crowd" that says decisions made by a large group of people are usually better than those made by an individual; despite the barrage of advertising for Advantage plans, as of 2020 two-thirds of Medicare beneficiaries had chosen to remain with traditional Medicare ².

Unlike original Medicare (which lets you see any doctor who accepts Medicare) Advantage plans usually require you to see a doctor in their network. If you have several different specialists, it may not be possible to find an insurance company who offers an Advantage plan that has all the types of specialists in their network, at least in your area. Network affiliations are constantly changing, so even if you can find the doctors you need in your network, this can change.

If you're in good health you may be tempted to initially go with an Advantage plan to save money on premiums and then go back to original Medicare if you later develop health problems. While you technically can do this, if you are past your six-month window (as described above) you won't be able to get Medigap coverage if you can't pass the medical questionnaire. Danielle Roberts has said that most people love their Advantage plans until they get sick.

I know someone who knew she would soon need knee replacement surgery when she signed up for Medicare, so after she signed up she immediately enrolled in Plan G Medigap insurance—since she was within her six-month window, her acceptance was guaranteed. Soon thereafter she had her surgery. Even though the cost of total knee replacement surgery in the United States ranges between \$45,000 and \$70,000, she did not spend a penny above her normal Medicare and Medigap premiums. If she had waited to apply for Medigap insurance after her window had closed, she would have been declined.

A summary of advantages of Medigap Plans over Advantage Plans (from page 127 of Danielle's book):

- **Freedom to choose your providers;** there is no concept of a "network".
- **No referrals necessary;** you can go see whomever you know you need to see.
- **Higher premiums but predictable back-end spending;** no or few (depending on your plan) copays that can nickel-and-dime you to death every time you see a doctor.
- **Ability to choose the best drug coverage for your situation;** you choose a separate Part D plan.
- **No claims paperwork;** the provider bills Medicare directly, who then bills your Medigap company.
- **Guaranteed renewability;** you can't be dropped if you develop a new health condition (the only reason you can be dropped is if you don't pay your premium).
- **Consistent benefits;** benefits of a given Medigap plan don't change year to year, as they usually do in an Advantage Plan. You don't need to worry about poring over an annual Change of Benefits statement to make sure you're still adequately covered.

For more information, see **Why Medicare Advantage Plans are Bad (or Are They?)**
<https://boomerbenefits.com/why-medicare-advantage-plans-are-bad-or-are-they/>

Recommendations:

- Deal with a broker like Boomer Benefits, not a specific insurance company. A broker will be able to steer you away from companies they may not regard as reputable and assure you that some companies that you may have never heard of are very stable and well-respected.
- A year or so before you turn 65, choose the broker you would like to work with and let them know you would like to become a client; ask them how you should go about getting prepared.
- If you go with traditional Medicare, consider Plan G medigap coverage; it is one of the most popular and comprehensive plans.
- If you go with an Advantage plan, be sure you understand the possible disadvantages.
- Create an online account for both Medicare and Social Security. This will let you quickly do things online that may be very time-consuming if you need help from another person.
 - MyMedicare.gov – Medicare’s Free Service for Your Medical Information
<https://www.ehealthmedicare.com/medicare-administration-articles/mymedicare-gov/>
 - Sign Up for MyMedicare.gov
<https://www.medicare.gov/account/login>
 - Why it pays to have a "my Social Security" account
<https://www.cbsnews.com/news/why-it-pays-to-have-a-my-social-security-account/>

Official Medicare sources of information

This is detailed information that you may someday find useful

You may have heard about SHIPs — State Health Insurance Assistance Programs. SHIPs offer local, personalized counseling and assistance to people with Medicare and their caregivers. Your SHIP can help you with your Medicare questions, including your eligibility, enrollment, benefits, premiums, deductibles, and coinsurance.

Find Your SHIP <https://www.medicare.gov/contacts/#resources/ships>

For Texas: 1-800-252-9240 <https://www.hhs.texas.gov/Medicare>

1 *AN AMERICAN SICKNESS: How Healthcare Became Big Business and How You Can Take It Back* by Elisabeth Rosenthal

2 Christie Teigland, Zulkarnain Pulungan, Tanya Shah, Eric C. Schneider, and Shawn Bishop, "As It Grows, Medicare Advantage is Enrolling More Low-Income and Medically Complex Beneficiaries: Recent Trends in Beneficiary Clinical Characteristics, Health Care Utilization, and Spending", The Commonwealth Fund, May 2020, https://www.commonwealthfund.org/sites/default/files/2020-05/Teigland_Medicare_Advantage_beneficiary_trends_ib.pdf