The all-important 3-question Medicare quiz

Signing up for Medicare is simple, but not easy. And, as you will see by these questions, there can be vital importance in working with an **independent, licensed agent** to help you navigate the complexity of Medicare. Their unbiased services will cost you nothing.

The national health insurance program for anyone at least 65 provides broad coverage. But it is a very complicated program that all but invites mistakes and misunderstandings given the complexity of different types of coverage and the choices you must make.

Here are three important questions (and answers!)

1. Once I am enrolled in Medicare my costs will be:

A. A small monthly premium to cover doctor's appointments and tests.

B. Nothing. Medicare is a subsidized program once I am enrolled, and I paid into the system when I was working (FICA deductions).

C. Potentially as much as $500 or more a month (in 2021).

Answer: C. Medicare pays the majority of an enrollee's healthcare costs, but not all. (For lower income individuals, Medicaid provides coverage.) An analysis by Peter Stahl, a certified financial planner who specializes in the intersection of retirement planning and healthcare costs, estimates that this year the total out-of-pocket costs for an individual to cover monthly premiums, and typical copays and coinsurance will run more than $6,000. Again, that's per person. There is no joint coverage for married couples.

2. When I sign up for Medicare

A. I just alert Social Security, and they enroll me automatically for everything.

B. I must choose between Original Medicare and Medicare Advantage.

C. I must choose between Original Medicare and Medicare Advantage, but I can always change my mind.

Answer B. There are two options for how you receive Medicare. And if you choose Medicare Advantage, over Medicare and a Medicare Supplement, it may be impractical to ever switch back to Original Medicare. **Think of this as a "forever choice."**

Original Medicare allows you to see any doctor who accepts Medicare patients, and you do not need to get prior authorization for appointments and treatment.

Option 1:

If you opt for Original Medicare you will also want to purchase an additional supplemental insurance policy, called Medigap, to cover the 20% coinsurance that is baked into Original Medicare for doctors' appointments, tests and outpatient treatment. (These are all covered under Medicare Part B.) That is crucial, because there is no cap on annual out-of-pocket costs if you are enrolled in Original Medicare. You will also need to purchase a separate Medicare Part D policy if you want to have insurance coverage for prescription drugs.

Option 2:

Medicare Advantage typically works like an HMO: You are restricted to doctors and facilities that are part of your plan (Medicare Advantage is sold based on a regional coverage area), and you need prior authorization for all care beyond basic preventative care. Medicare Advantage does not require purchasing a supplemental Medigap policy — in fact, it is forbidden — but there will be copayments and coinsurance.

There is an annual cap on out-of-pocket (OOP) costs for core medical coverage. In 2021, the maximum out-of-pocket per person for Medicare Advantage is $7,550 for in-network care and $11,300 for in-network and out-of-network costs. (These limits do not apply to prescription drug costs; different OOP rules apply.)

Many Medicare Advantage plans include coverage for prescription drugs; for MA plans that don't automatically include drug coverage, you will want to purchase a separate Part D plan.

The upfront cost of Medicare Advantage plans is typically less than what you would pay for Original Medicare + a Medigap Policy + a Part D policy. If you are healthy at 65, that can make MA look compelling. But just be sure you will be comfortable with the in-network limitations of Medicare Advantage. While you can technically switch back to Original Medicare at any time, the reality is that you will likely be unable to qualify for a supplemental Medigap policy if you have a pre-existing condition, and want to make the switch more than a year after first enrolling in Medicare.

3. At least Medicare will pay for long-term care needs when I get old and need help.

A. True

B. False

Answer: B. Everyone's goal is to stay in their homes as long as possible. Hopefully forever. But when it comes to needing help at home, while solutions are available, **Medicare is not a long-term solution.**

If your doctor deems that you need at-home skilled nursing care after an illness or injury, Medicare pays for up to 28 hours a week of care, though you may be able to qualify for up to 35 hours a week. If you are eligible for this limited at-home skilled nursing care you may also be eligible for the same limited hours to have someone assist you with "activities of daily living."

But all of that is limited to needing the care for either less than seven days a week, or needing the care daily, but only for a three-week recovery stretch. The bottom line is that long-term at-home care is not part of the Medicare coverage.

Nor does Medicare cover ongoing long-term care at a skilled nursing home.

If, after an inpatient stay in a hospital that was at least three days, you are deemed to need the care of a skilled nursing home facility, Medicare picks up the entire tab for the first 30 days. Between days 21 and 100, you will be charged a daily coinsurance cost; this year it is $185.50 per day. After 100 days Medicare does not pay for any skilled nursing