Daily Union Article

Saturday, October 14, 2017

Title: Is Original Medicare Enough?

Nearly 15% of the U.S. population is enrolled in the Medicare program, standing at a staggering 55.5 million Medicare beneficiaries with as estimated rise to 79 million by 2030.

Kansas ranks 34 of 54 states and U.S. territories with 426,856 Medicare Beneficiaries as of July, 2017. At the same time, there are 3,395 Medicare Beneficiaries living in Geary County but only 1,350 of those have Medicare Prescription Drug Plans and there are 214 in our county enrolled with a Medicare Advantage Plan that has Prescription coverage[1].

What do all of these numbers mean? The majority of residents in our county rely solely on Part A and Part B Original Medicare coverage for their health needs. This brings me to the key question: With the rise in health care and prescription costs, is that enough coverage to take care of YOU?

The answer, believe it or not, is trickier than the question: It Depends!

When Original Medicare <u>might</u> be enough: For many low-income senior citizens, their income status makes them eligible for both Medicaid and Medicare. Folks who find themselves in this situation are identified as *dual eligible.* More than one in five Medicare beneficiaries are dual eligible. Medicare eligibility is handled by the federal government while Medicaid eligibility is determined by state. Many low-income seniors who are in nursing homes are dual eligible – qualifying for Medicare based on their age, and for Medicaid based on their low income and asset level. Keep in mind that Original Medicare will not pay for monthly prescriptions.

When Original Medicare is likely NOT enough: Although low-income Medicare beneficiaries have access to public programs that can fill the gaps in Medicare coverage, most Medicare beneficiaries have to decide if they can withstand the potential out-of-pocket costs they will have without additional coverage. Only 14% of Medicare beneficiaries take the risk and rely solely on Original Medicare.

If you have financial resources (either through monthly retirement income, real estate or other types of investments), you might be able to handle the out-of-pocket adequately. However, a single bout with chronic illness could easily wipe out your reserves. Keep in mind that Original Medicare doesn't have a cap on out-of-pocket costs and it doesn't cover outpatient prescription drugs.

In a February 25, 2012 Forbes article, author David Whelan shares the results of an actuarial firm, Milliman, identifying the ten health events or conditions that are the most expensive (in a single year or event): 1) HIV $25,000; 2) Cancer $49,000; 3) Transplant $51,000; 4) Stroke $61,000; 5) Hemophilia $62,000; 6) Heart Attack including Cardiac Revascularization $72,000; 7) Coronary Artery Disease $75,000; 8) Neonate (premature

baby) with extreme problems $101,000; 9) End-Stage Renal Disease $173,00; and 10) Respiratory Failure on Ventilator.

With the exception of #8 (due to the rarity of such an occurrence for a Medicare eligible individual), all of the heath conditions in the above list could effect a beneficiary. Additionally, End-Stage Renal Disease (kidney failure) creates the option of becoming Medicare eligible before a person turns 65 depending on some specific variables. That leaves 8 of the 10 listed above as potential financial risks to a person who only has Original Medicare.

The basic coverage Medicare Part B offers for treatment is 80% of the total cost. When you experience the normal-length hospital stay of a mere day or two, your portion of the bill isn't going to wipe you out. Certainly, regular office visits to the doctor, or a random MRI would be affordable, as well. However, there are many medical conditions that would be difficult for the average person to cope with, financially speaking. Think about how much your 20% share of the expense would be if you only have Original Medicare.

So how lucky do you feel and how long do you think your luck will hold out? If I had a crystal ball to tell you the answer to that, I most certainly would give you the answer revealed to me. The fact is, I don't have a crystal ball and I don't know the answer. I do know I lost my dad to heart disease at the age of 54 and I have cancer that is common on my mom's side. For me, the writing is on the wall. I will need a supplement and a prescription plan when I reach Medicare age - 65.

If I don't take advantage of this enrollment period for a Medicare supplement when I turn 65 and decide to do it several years after that, I am subject to having my health records reviewed to determine the risk the company would take on by enrolling me in their health care plan. I will likely have to pay a lot more in monthly premiums, as well.

By enrolling in a Medicare Supplement plan, I can manage my out-of-pocket costs more carefully and reduce, if not eliminate, the potential of me needing to cash in my investments to pay for any expensive health conditions I may incur.

By enrolling in a Medicare Part D Prescription Plan when I turn 65, I can reduce the amount of my unpredictable prescription costs depending on the plan I choose. I can change my plan choice annually, should the plan's coverage change in a way that causes me greater expense.

Open enrollment for Medicare Part D plans begins next week. If you are Medicare eligible or already on a Medicare Prescription plan, I encourage you to contact me at 785-238-4161 to make an appointment to verify that you have the best plan both financially and for your prescription needs. Until next time, keep living resourcefully.

[1]Centers for Medicare & Medicaid Services: Medicare Enrollment Dashboard. Retrieved from https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports