

## Americans Shocked to Learn that Medicare Does Not Pay for All Healthcare Expenses

Forty percent of Americans believe that Medicare pays for all healthcare needs after age 65. The majority of older adults are unprepared and shocked to learn they have to pay out of pocket for expenses they believed to be reimbursed by Medicare insurance. Getting older and having healthcare issues can be financially and personally disastrous especially for those who are unprepared. What happens when your expenses for maintaining your home and your healthcare expenses exceed your income? What happens when you require a lengthy stay in a skilled nursing facility and have to pay \$128 per day out of pocket? Just when you thought things could not possibly get worse, the costs start adding up quickly. If you have not saved properly you may have to re-mortgage or sell your home to pay healthcare bills. If you are single or widowed and lack a support system, the stress of the situation can wreak havoc with your life and your health. Medicare pays for hospitalization and inpatient rehabilitation, hospice (Part A). The hospitalization co-pay in 2008 is \$1024 for days 1-60; \$256 for days 61-90; and there are 90 renewable days assuming there are at least 60 days without a subsequent inpatient hospital admission. Additionally, there are 60 lifetime reserve days when the 90 renewable days are used first. The co-pay for the lifetime days is \$512 per day. After 150 days, coverage ends. A skilled nursing facility stay is covered if the patient has been hospitalized three consecutive days or if the patient enters the facility within 30 days of discharge from hospital for the same reason hospitalization occurred. Insurance covers days 1-20 at 100 percent and for days 21-100 the individual is responsible for a daily co-insurance amount of \$128 per day; at 100 days coverage ends. This coverage is provided only if there is weekly documented improvement in therapy and health. If documented improvement plateaus, the individual is discharged back home or can continue to live in the skilled facility at the current private pay rate which averages \$200 per day in 2008. Medicare Part B covers physician and some preventative services. There is a monthly payment of \$96.40 per month if income is less than \$82,000 per year. The Part B deductible is \$135. Most Americans believe that Medicare pays for long term care in traditional skilled nursing facilities, however, Medicare stops paying at day 100. It is at this point individuals are personally and financially responsible for their own care. Even if an individual does not need an extended skilled nursing facility stay, Medicare does not pay for home care that is considered non-skilled and custodial in nature. This is actually the type of care that most individuals need to remain independent at home. Long term care insurance is the best option to pay for this type of care, however it must be purchased in advance of the need. In addition to traditional Medicare Parts A and B, there are two other options. The first is called Part C which is a Medicare Advantage Plan. Perhaps the most common recognizable plan under this option is Kaiser Permanente. Kaiser offers benefits within a predefined network of doctors, hospitals and other healthcare providers. If you go to an out of network doctor, the plan may pay a lesser benefit or none at all. Some Medicare Advantage providers also offer a private fee for service plan which do not limit you to a specific network of providers. If you are concerned about lowering your total healthcare costs and do not mind being limited to a network of healthcare providers, a Medicare Advantage Plan may be beneficial. Original Medicare is still the most popular program. As an alternate to Medicare Part C Advantage Plans, Medigap insurance exists. These plans are labeled A through L and offer various benefits depending on the chosen plan. You cannot be denied Medigap insurance if you enroll during the open enrollment period which is the six month period beginning the first month you are covered under Medicare Part B and are age 65 or older. If you miss this window you can be denied coverage based on pre-existing medical conditions. Depending on the plan that you choose your premiums may increase yearly. Some of these plans supplement traditional Medicare by paying for Part A hospital co-pays and daily skilled nursing facility co-pays. The goal is to plan ahead prior to Medicare eligibility to do investigative work to determine the best plan for you. And remember it is important to sign up for both Part A and Part B when the eligibility period becomes available. Not doing so may subject you to an increase in Part B premiums for every period after the initial enrollment period.

### About the Author

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