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Taking a look at the basics of Medicare

Medicare is a household word, but it is surprising how many people do not really know too much about it. This discussion is about the basics of Medicare. More information can be obtained at www.medicare.gov, or 1-800-MEDICARE. There is a booklet published each year, *Medicare and You*, which is very helpful. Additionally, APPRISE counselors are available for those who need assistance with Medicare issues. You can call 610-834-1040 to find a counselor in Montgomery County.

Medicare is federal health insurance which is available to Americans who are aged 65 or older. Medicare is also available to who are disabled or who have end stage renal disease. Those individuals who have been determined to be eligible for Social Security Disability payments (SSD) are eligible for Medicare after 24 months.

Medicare has "parts," namely Part A which covers in-patient hospital care, Part B which covers outpatient care, especially for tests, venipunctures, physical therapy, medical equipment, and physician visits. Part A is provided at no cost to most beneficiaries. Part B has a deductible (\$135.00 annually in 2008) and a monthly premium which is deducted from the monthly Social Security payment (\$96.40 in 2008). Part D is the prescription drug benefit. Part C is the Medicare Advantage plan, which will be discussed later.

There is no premium for Part A, and one becomes eligible for this upon reaching the age of 65 years, or qualifying in some other way, such as the result of becoming disabled. Part A has a deductible of \$1,024 for hospital stays of 1-60 days in 2008, and a co-insurance amount of \$256 per day for days 61-90 of a hospital stay. If a beneficiary requires skilled nursing home care, Medicare will pay the first 20 days, if the beneficiary otherwise qualifies, and then there is a co-insurance rate of \$128.00 per day for days 21 to 100 each benefit period. For this reason, those beneficiaries with traditional Medicare Part A usually purchase supplemental insurance, or Medigap insurance to offset the deductibles and co-insurance. Some beneficiaries are fortunate enough to have their supplemental insurance covered through their employer.

While there is a premium for Part B, this is not automatically provided to a beneficiary upon becoming eligible for Medicare Part A. It must be affirmatively chosen. If one does not choose to elect Part B coverage when one is first eligible (provided that the beneficiary is not otherwise covered, perhaps by having creditable coverage through a current or former employer, then there will be a penalty assessed for each year that Part B was not elected. Part D coverage is too complex for purposes of this discussion.

Medicare Part C or Medicare Advantage Plans are provided by private insurance companies, such as Aetna or Blue Cross, and are a substitute for Medicare Part A with a supplemental plan. Most private Medicare plans are HMOs with the attendant difficulties associated with these entities. I have written about the disadvantages of these plans in the past. It is really a matter of choosing carefully, and knowing the pitfalls.