

Elder Law: It's that time of year again (and we're not talking Halloween, but it's just as scary)

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Medicare Open Enrollment: The words send a shiver down one's spine.

A lot of our clients have thought that Medicare would cover all of their health care costs. That's because they haven't taken the time to get into the nitty-gritty of the program, which can be daunting.

According to the recently released "Fidelity 2015 Health Care Cost Estimate," a couple — both age 65 — would need about \$245,000 for health care costs in retirement. This is an increase of almost \$25,000 over last year, which is due to updated longevity estimates and rising drug costs.

One third of the money goes toward Medicare Part B (doctor visits, etc.) and Part D (prescription drugs) premiums. A quarter is for out-of-pocket prescription drug costs. The rest is for things that Medicare doesn't cover like co-pays, deductibles, vision exams and hearing aids.

With open enrollment now in effect and ending Dec. 7, we thought it might be a good idea to go over some of the basics of the Medicare program. In addition, many people confuse Medicare with Medicaid, especially if they may be in need of long term care supports and services.

During the open enrollment period, you can switch from traditional ("original") Medicare to a Medicare Advantage ("Part C") plan and vice versa or from your present Medicare Advantage Plan to a different one.

A Medicare Advantage plan is offered by a private insurance company that has been approved by Medicare. It is like a health maintenance or preferred provider organization. About 60 percent of Allegheny County Medicare beneficiaries participate in a Medicare Advantage plan, almost twice the national average.

A helpful website to assist in making a decision and for finding the quality rating of plans ("Star Ratings") is <https://www.medicare.gov/find-a-plan/questions/home.aspx>.

Medicare is composed of a number of parts in addition to Part C. Part A is primarily for hospital services, very limited skilled nursing coverage, hospice and home health services. For the vast majority of people, it has no premium cost.

Part B covers, at a premium cost, medically necessary outpatient medical care, physician services, durable medical equipment and numerous preventive services.

Space limitations prohibit us from discussing, in detail, the [possible 52 percent premium and deductible cost increases](#) for 2016 that as many as 30 percent of Medicare beneficiaries may be subject to. This is occurring under a 1998 federal law's "hold harmless" provision's exceptions to the requirement that Part B premiums are subject to a beneficiary being responsible for no more than 25 percent of Part B costs.

Both Part A and Part B have deductibles (amounts you pay first before coverage kicks in), co-payments (a pre-determined amount of the total cost for which you are responsible) and co-insurance payments (usually a percentage of the Medicare allowance amount for which you are also responsible).

Medicare Supplemental insurance (also known as "Medigap") policies are sold by private insurance companies to supplement some of the costs not covered by traditional Medicare. These policies are standardized as to benefits by the federal government and you will find pretty significant variations in premiums from insurance carriers for the same coverage.

It's interesting (and, a little scary) to note that, in 2014, the federal government transferred about \$247 billion from general tax revenues to fund Medicare Part B and Part D (drug coverage). Part D coverage itself warrants a separate discussion because of the many plans available and what medications you may be taking. Shop around.

Compare this amount with the \$227 billion in payroll taxes collected to pay solely for Medicare Part A (inpatient and limited skilled nursing services).

In addition to using all of the Medicare payroll taxes we pay each year, Medicare represents about \$1 out of every \$12 paid in other federal taxes. According to the Kaiser Family foundation, unadjusted Medicare per capita spending averaged \$9,415 in 2013, a not insignificant sum.

A good resource to assist you in making a decision as to what plans make the most sense for your particular situation is Pennsylvania's State Health Insurance Assistance Program (created by the Pennsylvania Department of Aging and called APPRISE) that helps Pennsylvania residents understand their Medicare and other health insurance benefits. The Pittsburgh phone number is 412-661-1438.

As Sgt. Phil Esterhaus from the old Hill Street Blues TV show would say when looking at your Medicare options; "Hey, let's be careful out there."

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