

Supplement or Substitute? How to understand my Medicare?

October and November of each year mark a decision making point for many new seniors as well as the ones utilizing senior benefits and wishing to change. Members of Medicare and potential new members receive letters from the government and TV ads with tempting free benefits run multiple times on all channels.

Let's try to decipher the language and colors.

Supplement insurance means additional plan coming to pick what the primary insurance did not pay for. Substitute is an exchange of the primary insurance with some other plan.

Government Medicare Part A and B does not advertise on TV. There is no money in the budget for this kind of spending. All new potential members and old user receive a letter from the Social Security office, introducing them to the Medicare A and B coverage, changes in premiums, and the rules of utilization. Medicare part A and B is a senior program, subsidized by the social services of the American government, offered to all seniors who worked and paid taxes. There is a special tax we see on our paycheck for medicare liability. Having the history of 40 quarters of paying this tax makes us eligible for Medicare when we turn 65.

Medicare pays 80% of all the approved services that are medically justified and does not discriminate against pre-existing conditions or any other administrative factors. Medicare is also very clear and transparent what it covers and how much it pays the doctors and hospitals. As a matter of fact, Medicare fee schedule is revised ahead of every new year and is a base for all other insurances to assess their fees. Medicare program puts 98% of all its premiums back to the system to pay for the bills. Deductible and premiums are communicated in advance to its members and they are ranging from \$100-\$200. Members who wish to buy additional coverage to pick the remaining 20% can buy supplemental insurance from med-gap programs. These are private insurances selling additional coverage to seniors and they work like any other private insurance, except that they pay bills after Medicare pays its share.

Medicare Advantage programs are the substitutes of the regular Medicare part A and B. Even though the ads in TV show these plans as Medicare and they even use the similar colors of the ID cards, they are not the plan from the government. They are the private insurance industry substitutes that might offer tempting



benefits, vision or prescription, but they also come with many limits, which they do not really discuss. Sales personnel is usually trained to present only the unique and attractive features of the plans and they do not discuss, for instance, a very limited network of doctors or hospitals. Many seniors who change from regular Medicare to Medicare Advantage in order to have free services, realize that they often cannot attend their doctors or go to the hospitals of their choice. These plans are also a subject to changes within a private insurance industry, which spends only about 75-79% of the premiums on paying the bills, while the remaining funds go to fund high overhead or their organizations.

Understanding the choice of senior insurance is crucial because patients cannot change the plans for a full year. There are many situations in which private Medicare Advantage may work for you, especially if you are healthy and do not really use it. Problems start when you use it and want to continue care with your regular team of doctors and other providers. As usually, education about the plans is the key. And, as the sales people are quite persuasive, advice from someone neutral is the best way to get this education. Please, do not hesitate to call or come and ask questions if you do not know what is the best for you. My team is here for you.

Michael Bukhalo, MD

Arlington Dermatology

5301 Keystone Court • Rolling Meadows, IL 60008
Tel. 847 392 5440 | www.arlingtondermatology.net