I was recently told, “I love Medicare 101, but I’m ready for a Medicare ‘unhinged’ – the real stuff that advisors should know to the core and not all of the usual stuff we hear.”

Well, it took about five minutes to get my brain going about that article. I shot a note out to our team on Google Hangouts and within another five minutes, I had the framework to start writing. Here are some of our favorite lines that we hear on a daily basis. And, I’ll provide the reality behind the lines.

1. I have to have dental insurance?

“What do you mean dental and vision aren’t included in Medicare? I’ve always had that coverage.” Just because you’ve always had something, it doesn’t mean it’s good coverage. It means that you are used to having the coverage. When you have employer-sponsored dental coverage, it’s often cheap! It’s highly, highly subsidized and it’s pretty darn inexpensive. And, the funny part is that most people will say, “But it hardly covers anything.” If that is the case, my question is, “Why do you all want it?” I’ve never met a dentist that says that dental insurance is a good value. But, everybody wants it. (Caveat - we do offer a dental plan or two that are relatively good values, but for the most part, dental insurance is a product that the consumer has been trained to want.)

2. They said I could change my Medicare plan every year

“The commercials and the agent I bought this plan from said I could change my plan every year if I didn’t like it.” This person enrolled into a Medicare Advantage plan and, at times, half the story is told (or remembered by the consumer) at the point of sale. Yes, if you don’t like that particular Medicare Advantage plan, you can exchange it for a new Medicare Advantage plan during the following annual election period from October 15 until December 7. Now, when that consumer says, “No, I want to get the Medigap plan that offers better coverage because I now have to get some cardiac testing done.” Ohhhh, you want the better coverage now that you have a medical issue. Understood. But, sorry, it doesn’t work that way. “But the agent and carrier said that I could change each year.” You sure can, which new Medicare Advantage plan would you like to change to, Mr. Smith? This happens constantly. Each and every year I hear the same arguments. And, just because Mr. Smith says that he didn’t know the rules, it just doesn’t matter. He’s not getting a Medigap plan this year. Read my article to find out why it’s important to get this correct out the gate as you start Medicare. This is why I am a bit psycho about making sure people understand that they have a choice between two products and they need to take time to understand how they work and what the rules are. Give your clients my 2020 Guidebook to help them learn.

3. You are a lonely individual in Medicare-land

John wants to buy a Medigap Plan G. His wife Sara wants to buy Medigap Plan N. Sara and John argue for hours about which plan they’ll eventually get. Stop. Sara, you can have Plan N and John can get Plan G. There’s no more “family plan” during the Medicare years. There’s no need to “match” just because you are married. The same holds true for Part D drug plans. Many people will say, “I’ll just take the same plan she’s taking.” No! You take different medications and you might even use different pharmacies. People get unnerved when they start not matching their spouse. Guess what, you can even have different insurance companies! How crazy and far-fetched is that? You’ll be okay not matching your spouse in the coverage arena, I promise.
4. COBRA can be bad for Medicare-eligible people

“I don’t need Medicare yet because my ex-employer is being generous and paying for my COBRA coverage for five months.” That’s great of them. But, you still need to get your Medicare set up with the government if you are eligible for Medicare – as in “over 65.” As in set up now. I hear this often. Due to COVID, I’ve got lots and lots of people post-furlough being permanently laid off. Or, they elect to retire. There are many reasons for a person to be offered and then accept a COBRA coverage offer. Remember that COBRA is the coverage that the employee “takes with them” as they leave their job. They typically can take COBRA for 18 months. The consumer thinks that the COBRA is “the same” as their active employer coverage. It is in many ways, but not in the eyes of Medicare. The minute you wake up officially enrolled in COBRA and you are eligible for Medicare, Medicare becomes your primary insurance carrier. Oh, you don’t have it activated? You have a problem. Now, when the employer so graciously offers to pay for the COBRA for a person for those five months? It’s extra hard for them to understand the need of adding Medicare’s Part B (which has a cost) when they’re getting this sweet, free medical coverage deal. I am the party spoiler, no doubt. Sorry, you need to hustle off and get your Part B added. Now, I am not saying to cancel the free COBRA; just don’t get into a big old pot of trouble by not adding your Part B. It can bite you. Read my recent Advisor Perspective COBRA article as well.

5. Can’t always trust what your buddies tell you

“My buddy told me that he pays nothing for his Medicare.” This is the oldest line in the Medicare book. Don’t listen to anything your friends tell you about their Medicare. Harsh? Yep. Real? Yep. A new client was at a party. In fact, it was his retirement party. His buddy told him that he pays nothing for his Medicare coverage. In fact, my new client took the time during his party to take a picture of the buddy’s health insurance card so that he could text it to me to show me just what he had so that maybe he could get the same “free stuff.” First, it’s ludicrous that they’re spending time talking “free Medicare” versus celebrating retirement, right? But, that’s how it goes. Second, the picture came to me via text and I wrote back, “Sure you can have that same free plan. His friend is paying the government, just like you are, but the only things he is getting for zero each month is his Medicare Advantage plan. That’s not the plan that we talked about signing up for, though.” My new client said, “Don’t forget, I want a PPO.” “I said, “Look at his card, do you see where it says HMO-POS?” That’s an HMO. “Well, I don’t want that because I don’t want to have to get referrals.” Do you see right above that where it is literally printed on his card “referral required?” End of story. He brushed it off and we enrolled him into his Medigap plan.

6. Have wealth? You get IRMAA

IRMAA – the income-related monthly adjustment amount. It’s a tax. It’s a surcharge. It’s an additional fee that you will pay Medicare each and every month because you have a higher annual income than those in the lowest income level. (And, it’s on page eight in our guidebook.) It might not be fair, it might not feel fair and it might not make you happy, but you do have a higher modified adjusted gross income than other folks and that’s the way it is. It doesn’t matter that no one told you it would work like this. It doesn’t matter that you, “Paid into the system your whole life and this is what you get?” Unfortunately, I find that most people have zero idea of what Medicare will actually cost them on a monthly basis until I explain it to them. “But my advisor never mentioned this.” “Oh, they didn’t?” Well, then let’s just relay that to the Social Security Administration and they’ll happily not charge you the additional amount, no worries. Sorry, it’s not gonna fly.

7. Can’t trust what your buddies tell you – part 2

“My insurance company paid for hundreds and hundreds of thousands of dollars for my procedures and I paid nothing at all. And I have a zero-premium Medicare Advantage plan.” Sorry, your friend who told you that is just plain old forgetting about all of those bills that they got. I’m not calling them a liar, but they are stretching the truth – a lot. Most plans will charge a co-pay of approximately $300.00 per night of hospitalization. So when your friend is in the hospital for three nights for that million dollar procedure? He’s getting a bill for $900 – and then some for other items. So take it with a grain of salt when you hear all of this magical talk about zillions of dollars of free health insurance being tossed like fairy dust. You’re not the only one spending money on medical care, rest assured.

8. Contrary to headlines, prescription costs are high for some

If you take pricey medications, they will cost you far more than you can imagine. Sad, but true. All of the hoopla you hear saying the donut hole is closed, the costs of prescription medications for seniors is lower than ever before – generally untrue. Try and explain to the person who is covered under group health insurance and takes Xarelto that his $10.00 coupon pricing is no longer valid and he’ll have to pay $400 per 90 days just because he’s on Medicare. Xarelto, by the way, is certainly not an uncommon medication. Medications are costly. And they only get more costly for Medicare beneficiaries. Today I spoke with a person that has an insulin pump. I hate to tell you that I got excited and said, “Oh, that’s great!” What a rotten thing to say about having an insulin pump. But, when someone has an insulin pump, if they get a Medigap plan, the insulin and pump are both covered through Medicare Part B and the Medigap plan. So it costs very little
out of pocket, if anything, for the consumer. If he were injecting 90 units of insulin per day, he could be looking at $300 per month in charges to his wallet. So, the insulin pump is a “good deal.” At the end of the day, realize that medications are costly and are getting more costly as time goes by, contrary to what you might hear.

9. Can’t listen to professionals

Medical billers, rehab coordinators, home healthcare folks, doctors and nurses. Excellent and extremely worthwhile professions, each and every one of them. However, they are not insurance experts. The rehab biller that told our client last week, “You should cancel your Part B with Medicare; you’re wasting your money.” (Really? And the proposed coverage for that rehab service would be?) The home health aide that told the daughter of 93-year old Mary that, “she should really just get a Medigap plan versus the Medicare Advantage plan to secure better coverage.” That won’t happen – Mary will be declined a Medigap policy due to pre-existing conditions. You just got the family’s hopes up. Or, the nurse that tells my client, “Everybody gets Xarelto for no charge.” I don’t know why you’re the only person out there paying $1,200 a year for no reason (is the implication to my client’s brain). And, my new favorite: my friend whose husband has been hospitalized for three weeks with a serious medical condition. He was admitted during August; he’s turning 65 and his Medicare is effective 9/1/2020. She sent a text today saying that a nurse told her that his Medicare coverage will not begin until he is discharged. His ACA coverage ended on 8/31/2020. Do you really think that is a calming thing to tell her? And, it’s not accurate. Please stop talking to clients when you are out of your professional zone.

10. Re-read 1-9; Welcome to my world

I hope that this gives you a glimpse into my world of Medicare. It shows you what my clients face. If your client doesn’t have a good source to go to and say, “Hey, I was told this… or I heard this… Or, I read this… is it true?” you can see what an incredible challenge the Medicare system is for them.

Yes, we all want spectacular and perfect health insurance because our health is that important. We want to believe the commercials and the misinformation because it would be fabulous if it were all true. And at the end of the day, we’ve learned that every person wants a Medigap plan. However, they want it to cost what a zero premium Medicare Advantage plan costs – as in zero per month.

I hate to be the bubble-burster, but it won’t happen… So, I do the best I can to align coverage, budgets, needs, pre-existing conditions and more with the best plans possible.

Happy annual election period to you and your clients!

Credit for the concept of this article goes to Heather Dulle from Protective Life. Heather and I do a number of Medicare sessions together for her advisors.

Joanne Giardini-Russell is a Medicare nerd with Giardini Medicare, which was created to help those approaching Medicare eligibility or those currently enrolled in Medicare better understand what they are purchasing and how their choices may affect their long-term outcomes regarding care, finances, etc.