

Think ahead when choosing your Medicare plan

As you approach retirement, it can be exciting to look forward to enjoying more time for hobbies and passion projects. And for many, that is how things play out. But as much vitality as we may have on our retirement date, things inevitably change. It's important to acknowledge that for some, illness may disproportionately inflate future health care expenses. That's why any pre-existing or chronic conditions and your family medical history are important considerations when making your Medicare decisions.

There are a number of choices to consider when enrolling in Medicare:

- Original Medicare or Medicare Advantage?
- If choosing Original Medicare, which Part D and which Medigap plan?
- If Medicare Advantage, which network?

Every step of the way, it's important to consider your future needs in addition to today's costs. And that can mean taking stock of potential health issues.



Consider what would be the best coverage for you

With Original Medicare, Parts A and B are very clearly defined. But the private insurance options (Part D and Medigap or a Medicare Advantage plan) offer a great deal of choice. Enrollees search for available plans by ZIP code, then choose the level of coverage they want. At 65, an enrollee may feel fit and healthy, and may be tempted to choose less expensive — and less comprehensive — plans.

With Medigap coverage in particular, making a frugal choice may be shortsighted for those with pre-existing conditions, chronic conditions or a family history of disease. That's because there is a “guaranteed issue right” of Medigap coverage only during the first 6 months after Initial Enrollment in Original Medicare, or within 12 months of trying out a Medicare Advantage plan.

After that, Medigap providers may charge more or reject an applicant altogether; a later attempt to switch to a more robust Medigap plan may be denied. Therefore, if you anticipate a greater-than-average need for health care *in the future*, you may want to choose the most comprehensive Medigap plan you can afford *at Initial Enrollment*.

The situation can also be tricky if the enrollee has chosen the Medicare Advantage option. Suppose a person develops a condition for which access to medical providers or the level of coverage would be better on Original Medicare. They can switch to Parts A and B — but Medigap coverage, which covers out-of-pocket expenses, may be denied.

It is possible for this patient to switch to another Medicare Advantage option, and perhaps that will solve their medical provider and coverage issues. But they will have to wait for an open enrollment period.

SWITCHING PLANS

Guaranteed

Original Medicare + Medigap
Medicare Advantage



OK during open enrollment

Medicare Advantage
Different Medicare Advantage



OK during open enrollment

Not Guaranteed

(subject to medical underwriting)

Original Medicare + Medigap
Original Medicare + Different Medigap



Can try anytime



May be denied

Medicare Advantage
Original Medicare + Medigap



May be denied anytime except during
a special enrollment period

Other considerations

Medicare doesn't cover long-term care. Individuals who anticipate needing long-term care — for any reason — may want to purchase long-term care insurance. Unfortunately, those with chronic or pre-existing conditions may already be considered uninsurable. In those cases, a steady stream of income — such as an annuity — could be a solution to paying for future health care expenses. There may be other ways to provide for care, and your financial professional can help you strategize and make a plan.



Work with your financial professional to account for Medicare expenses as part of your retirement income plan.



#DecodingMedicare



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