

# Transcript: The Medicare Episode

**Dan:** Hey there--

So, one thing we have never talked about on this show? Medicare. You know, that free-health-care thing you may expect to get when you turn 65.

It's been on a list of things where I've been like, that is TOO big, and TOO complicated. I can't get my arms around that now.

Especially because: There's this thing called Medicare Advantage -- a kind of privatized version, run by insurance companies? Seems controversial, and REALLY complicated.

I've been like, Maybe someday.

And that someday? That's today. Or at least, we start today. Mainly because a colleague of mine just did a BUNCH of work that we get to piggyback off of.

**Sarah Jane Tribble:** my name is Sarah Jane Tribble and I'm Chief Rural Health Correspondent with KFF Health News.

**Dan:** And as Sarah Jane reported on Medicare, she was surprised by how much she didn't know. And how much other folks didn't know either.

**Sarah Jane Tribble:** At Thanksgiving, when I was working on some of these stories, I have friends who are nearing retirement. They're not really close, but they're close enough to care and they're avid NPR listeners. And they were like, wait, so what's the difference between Medicare Advantage and Medicare? And I was like, they should know.

**Dan:** Who's going to tell them?

**Sarah Jane Tribble:** Right?

**Dan:** That's us, I guess.

**Sarah Jane Tribble:** This show will help tell them.

**Dan-in-tape:** I hope so. I hope so.

**Dan:** Because this traditional-Medicare vs Medicare Advantage -- it is a high stakes decision, it happens when you first sign up.

And here's the big thing that Sarah Jane learned: if you sign up for Medicare Advantage, you're pretty much stuck with it. And some people end up with buyer's remorse. Big time.

And actually, beyond that choice -- between Medicare Advantage and what's called "traditional Medicare" --, there's literally a whole alphabet soup of other choices you're gonna need to make. Each with a price tag, and maybe some big trade-offs.

And there's been a lot of questionable information that comes at people. TV shows that older folks watch have been full of ads with People Who Were Real Famous in the 1970s.

**J.J. Walker:** Hi, I'm Jimmy JJ Walker.

**Joe Namath:** Hi, I'm Joe Namath.

**William Shatner:** William Shatner here with an important message. I've been on Medicare for longer than I'll admit, and it sure has changed.

**Dan:** Some of these ads make claims that sound too good to be true

**J.J. Walker:** And get this, I'm entitled to an extra 100 a month. That's 1, 200 a year added to my social security check. And I was like, dyn-o-mite!

**Dan:** Last year, the feds finalized new rules to try and rein in sketchy claims from some ads like these.

So understanding what's going on, it's a big deal. We'll run down what I've learned so far, including some extremely expert guidance.

Our expert, by the way, set me straight on a bunch of things, including, sadly, this: Medicare isn't actually the free-health-care thingy some of us hope for.

**Sarah Murdoch:** I think a lot of people think, Oh, Medicare is going to be free, it unfortunately is not.

**Dan:** The question is how much it's going to cost you-- in dollars, and maybe in your choices managing your own health care. And surprise! It's super complicated. **A whole alphabet soup of choices.**

So by the time we're done, you're gonna understand the difference between Medicare Advantage and traditional Medicare-- *and* how to start sorting through the alphabet soup. We'll also leave you with some solid resources to figure out what your best choice might be when the time come, either for you or somebody you care about

Let's do it.

This is An Arm and a Leg, a show about why health care costs so freaking much, and what we can maybe do about it. I'm Dan Weissmann. I'm a reporter, and I like a challenge -- so the job we've chosen here is to take one of the most enraging, terrifying, depressing parts of American life, and bring you something entertaining, empowering, and useful.

OK, when it comes to Medicare, the biggest choice folks have to make is between traditional Medicare -- run directly by the government -- and Medicare Advantage plans, which are run by private insurance companies. And again, that's plans, because a bunch of different insurance companies offer different Medicare Advantage plans.

And last year, Sarah Jane Tribble started hearing from CEOs of rural hospitals:

Medicare Advantage plans are killing us. We're spending a ton of time and money fighting with these insurance companies to get paid. And sometimes we don't get paid.

**Sarah Jane Tribble:** And then I was also hearing about patients showing up at the hospital and these local hospitals saying, oh, no, we actually don't take your plan. And so you've got these small town, you know, folks who have only one hospital and a long, you know, large radius. And they would show up and the hospital would be like, Ah, you're going to have to pay out of pocket because we don't take this Medicare Advantage plan. And the patient, of course, would be like, but I'm on Medicare, you're supposed to take care of me.

**Dan:** Yeah. Isn't that deal with Medicare? Everybody accepts it. You get on Medicare, you're taken care of?

**Sarah Jane Tribble:** I began wondering, how much does signing up for a Medicare Advantage plan actually affect the care you get?

**Dan:** And the answer seems like: Maybe a lot.

A little Google searching turns up a lot of headlines about claims getting denied, and about hospitals dropping Medicare Advantage plans.

It also turns up a report from the Inspector General's office at the federal Department of Health and Human Services.

If you've got regular insurance, you may be familiar with what's called "prior authorization." That's when your provider needs to get the insurance company's OK-- their authorization -- before going ahead with whatever they think you need. A test, a procedure, a prescription.

And sometimes the insurer issues a denial. They say no.

The Inspector General's report looked at a random sample of denials by Medicare Advantage plans. They found one out of every eight denials was for care traditional Medicare totally covers.

Which, you know, as you get older, if you got sick, you could have eight of these requests in like a month.

Sarah Jane started talking with patients.

**Sarah Jane Tribble:** I called one gentleman in Washington state, and he wanted out of his Medicare Advantage plan and he couldn't get out.

**Dan:** That's Rick Timmins.

**Rick Timmins:** I'm a retired veterinarian. I'm living on Whidbey Island in Washington, which is just north and west of Seattle.

**Dan:** Wow. So, is your life just a succession of paddling trips and, uh...

**Rick Timmins:** Ha ha ha ha ha ha.

**Dan:** and swims in the sound?

**Rick Timmins:** Yes, sort of. Although the water is a little bit too cold for me to swim in. So, it's kayaks when we get out into the water.

**Dan:** Rick signed up for Medicare Advantage in 2016 after attending an informational seminar run by an insurance agent.

**Rick Timmins:** ...uh, nice guy, and he said, you know, the best thing to do is to get a Medicare Advantage plan because they cover everything, and it's, it's far less expensive than traditional Medicare,

**Dan:** OK, why would that guy say Medicare Advantage is far less expensive than traditional Medicare? I mean, for one, a lot of us think Medicare's gonna be free.

And even if it's *not*, why should -- I mean, how could -- one kind of Medicare be more expensive than another?

We're gonna have a *lot* of details on this later, but here let's just get into the difference between Medicare Advantage and traditional Medicare. Traditional Medicare is run by the government. Government pays all the bills.

BUT traditional medicare only pays 80 percent of everything. You're on the hook for the other 20 percent. There's no out-of-pocket limit. Let's bring back Sarah Jane Tribble to briefly say what that means:

**Sarah Jane Tribble:** You could pay out the wazoo. It could bankrupt you.

**Dan:** Out the wazoo. Because you know: Medical bills, hospital bills-- they can get into the tens of thousands, hundreds of thousands of dollars. Twenty percent of that is paying out the wazoo.

To avoid that risk, if you're on traditional Medicare you basically need another insurance policy-- a supplement, often called Medigap -- like it covers the gaps that traditional Medicare leaves.

Some people get Medigap from their old employers. But most people have to pay for it. It can get expensive.

Medicare Advantage plans -- plans run by private insurance companies -- DO have an out of pocket limit. You don't have to buy a supplement. That's an advantage.

Also, there are things traditional Medicare doesn't pay for -- like dental care, and glasses, and hearing aids. Medicare Advantage plans generally DO cover those things.

As Rick recalls, the insurance agent pushed Medicare Advantage kinda hard.

**Rick Timmins:** Basically what he said was, yeah, if you want to sign up for traditional Medicare, I can help you for that, but if you want Medicare Advantage, which is a much better program...

**Dan:** Then sign right here. So Rick did. Fast forward five years. Rick's wife notices a little bump on his ear.

**Rick Timmins:** She said, you should get that looked at. I have a family history of melanoma. My two sisters have had melanoma.

**Dan:** Rick says he saw his primary care doc, then started trying to get his insurance company's promise that seeing a specialist would be covered. He says he called and called, over more than six months.

**Rick Timmins:** It was not a fun time. I mean, I didn't know what it was, but I knew that it was growing and it was sore and you know, I was frightened. It's like you can't think about anything else when you're wondering about what's happening with this little lump.

**Dan:** Rick says when he did get seen, the thing was the size of a dime. They found it was malignant, cut his earlobe off, and scanned his lymph nodes. They were clean, but he spent a year on immunotherapy. Now he says he's getting scans every six months.

Sarah Jane Tribble asked Rick's insurance company about all this. They said they wouldn't comment on his case.

And he's had enough of Medicare Advantage. On traditional Medicare, you don't need anybody's OK to go see a specialist. You just go.

But of course to switch to traditional Medicare, he'd need a supplement, a Medigap policy.

**Rick Timmins:** Otherwise, uh, you just, forking out thousands of dollars if you have any issues.

**Dan:** Because you're on the hook for 20 percent of everything. No out of pocket limit. Paying out the wazoo.

But Rick doesn't think he can get a medigap policy. Because in most states -- including Washington, where Rick lives -- insurance companies don't have to issue you a Medigap policy if you have pre-existing conditions.

Not unless you sign up for it when you FIRST enroll in Medicare.

**Rick Timmins:** The insurance companies can tell me, no, we don't want to insure you. You've had too many issues. Look, you had a knee replaced. You had cancer.

**Dan:** This is what made Rick's story -- and the whole Medicare situation -- so striking to Sarah Jane Tribble.

**Sarah Jane Tribble:** It's sort of shocking, actually, right? The Affordable Care Act passes and makes it so that everybody with pre existing conditions can get insurance no matter what, but it leaves out the people who might need that the most, who are 65 and older.

**Dan:** Four states have laws that do require Medigap insurers to take everybody. But only four.

**Sarah Jane Tribble:** If you're Rick in Washington state, you could get rejected.

**Dan:** I talked to someone else who would like do-overs on signing up for Medicare Advantage. In the 1970s, in his 20s, Robert Wolpa was a professional musician, a guitar player.

**Robert Wolpa:** Played in bands up and down the west coast. Went to Canada with an Elvis act. It was really a lot of fun.

**Dan:** And he worked in call centers for decades. When he turned 65, he says he got inundated with ads and calls and flyers.

**Robert Wolpa:** I got one of the mailers says have a free dinner on us. And we'll teach you all about Medicare, the ins and outs of Medicare.

**Dan:** He went, and got what he thinks of in retrospect as a hard-sell pitch for Medicare Advantage, which he bought. And over time, he's gotten disillusioned.

He says you know it's one thing to have to call to get a referral or a pre-authorization. Is this doctor covered? No. Oh okay. Which doctor is covered? It's a lot of calls. And then there's the difficulty of getting through the calls.

**Robert Wolpa:** It got harder and harder and more frustrating, talking to some of these people who didn't know what they were doing. I mean and I've been a call center guy for most of my life but these poor people. I mean they are so undertrained and underpaid

**Dan:** At least, that's the impression Robert gets, as a guy who spent years working in call centers.

Robert has priced out a Medigap plan. Because he's got pre-existing conditions-- HIV, a pacemaker-- it would be expensive: four hundred seventy nine dollars. Which is almost a third of what he gets from social security.

**Robert Wolpa:** And I said, okay. Next option.

**Dan:** I suggest maybe his work background gives him an advantage in jumping through hoops, making all those calls: both knowing how to navigate, and having empathy that could help him keep his blood pressure from spiking too hard. He says, yeah, up to a point. For now.

**Robert Wolpa:** And I think to myself, you know, I'm 71. I just turned 71 in November and I'm, I'm a little, I've got, I've got a little of the HIV cognizant crap. Like my, my short term memory is gone.

**Dan:** After talking with Robert, this part really gave me pause. I mean, dealing with insurance companies and all the attendant hassles is hard work.

It's not the kind of job I'd wish on somebody as they get older and start slowing down.

And it could be a job that increasing numbers of people are signing up for: Last year the number of people in Medicare Advantage plans became the majority of people on Medicare.

OK, I may have scared the bejesus out of you. I'm a little scared myself.



But I've got some super-practical information coming your way. I talked with one of THE best people in the country to find out: What should I know BEFORE it's time to sign up for Medicare?

Turns out, a LOT. That's next.

This episode of An Arm and a Leg is produced in partnership with KFF Health News-- a nonprofit newsroom covering health care in America. Their reporters, like Sarah Jane Tribble, are amazing, and I'm honored to work with them.

OK, so if you want traditional Medicare, you pretty much need to choose it when you first sign up for Medicare.

And signing up for Medicare turns out to involve a LOT of choices, and a lot of different price tags.

And some big potential pitfalls. It's wild, the things I've learned.

I found maybe the best person in the country to learn from.

**Sarah Murdoch:** My name is Sarah Murdoch. I'm the Director of Client Services at the Medicare Rights Center, and we're a national non profit that assists with Really any Medicare issue that you could conceive of and we serve like a massive quantity of people on our helpline, about 20, 000 people in a year.

**Dan:** What would you want people to know when they're like, say, I don't know, 64, uh, about the choices there? Because I think a lot of us think like, Oh, I'm going to turn 65. I'm going to call the federal government or maybe they'll call me and I never have to think about health insurance again, or, you know, paying these ridiculous prices. And I think that's not exactly true. Right?

**Sarah Murdoch:** To start off, they're not going to call you.

**Dan:** And not only do I have to call THEM, I have to do it on time. Apparently, I get a seven month window -- like three and a half months on either side of my 65th birthday. And I better not miss it.

Because if I do, well, number one: I have to wait until the following January to sign up. And till then, I better have some OTHER health insurance. Because no Medicare for me.

And not only that: When I do sign up, I'm gonna have to pay a penalty. When Sarah told me this, I was like, are you kidding me?

**Sarah Murdoch:** No, I wish I was kidding, but unfortunately, unfortunately not. So yeah, there are very stringent kind of enrollment windows that people need to stick to.

**Dan:** I kind of couldn't take it all in at once. I was like, So either I have to wait, or else I have to pay? Is that it? Sarah's like, no, dummy

**Sarah Murdoch:** You would have to wait and you would have to pay. So,

**Dan:** You're going to charge me for not having Medicare? That sounds awful.

**Sarah Murdoch:** I love talking to people like you said when they're 64 because you can kind of head off the pitfalls before they happen.

**Dan:** Oh, get this: The penalty is not a one-time late fee. It bumps up what you pay for the rest of your life.

Holy crap. I had done some homework before talking with Sarah, but I had not seen that one coming at all. So yeah. Don't miss that deadline! And for the rest, the part I thought I'd done my homework on, boy did Sarah fill in a lot of blanks.

Just to get started, here's the big picture: Medicare is alphabet soup. There's part A, that covers hospital bills. There's part B, that covers doctor visits. And there's part D, for drugs.

What's part C? Oh, that's Medicare Advantage. If you've got that, it basically takes over for A, B and-- a lot of the time, D.

And let's say you don't want to go with Medicare Advantage when you first sign up for Medicare, because for most people, this is like your one shot at getting traditional Medicare, accepted just about everywhere, no questions asked.

Then, you'll need to buy a Medigap supplement, of course, so you don't end up paying out the wazoo if you run into health problems-- because traditional Medicare only pays 80 percent.

But no matter what you pick-- Medicare Advantage or traditional Medicare--it's gonna cost you. As we heard from Sarah right at the top of this episode...

**Sarah Murdoch: I think a lot of people think, Oh, Medicare is going to be free, it unfortunately is not.**

**Dan:** Each part has its own price tag. Or tags. Sarah walked me through it..

And actually, the very first step involves some GOOD news.

**Sarah Murdoch: Part A, which is hospital and inpatient coverage is free for most people.**

**Dan:** If you've paid into social security and medicare for ten years, that's you. So, great.

And unfortunately, that's where the easy, simple part... ends.

Next, we move on to Part B-- doctor bills. Outpatient stuff.

**Sarah Murdoch: Part B has a monthly premium, uh, of \$174... let me just get the exact, it's \$174 and change,**

**Dan:** A hundred seventy-four dollars and seventy cents.

And important to note: Picking a Medicare Advantage plan does NOT mean you skip paying this part B premium, this 174 dollars and seventy cents. It applies to pretty much everybody.

And folks with higher incomes -- starting at 103,000 dollars -- can pay more.

OK, that's part B. Doctor visits. On to part D for drugs.

Fun fact: This is 100 percent run by private insurance companies, actually.

Which, among other things, means it involves shopping for a plan. Every year.

**Sarah Murdoch: Those plans and their premiums change year to year. In New York, like we would see them ranging from anywhere from like \$3 monthly premium to \$120. So all over the place.**

**Dan:** \$3 sounds good, but I'm guessing there's a catch.

**Sarah Murdoch:** Yes, so not every plan is identical.

**Dan:** Some Part D plans cover more drugs than others. Some leave you paying more for the drugs they do cover. Which one is a good deal will depend on what meds you need.

Ugh, sounds fun, right? Well, Sarah tells me there's actually a bit of good news here, because we're not on our own with this.

**Sarah Murdoch:** Medicare does on medicare. gov have a really great tool called plan finder where people can enter their medications. It sort of matches up your medications with the plans that cover them in the most affordable way.

**Dan:** This is a huge relief, because shopping on my own? Yeesh.. It looks like there are 21 different Part D plans in my area, so comparing all of them would be a big job.

Now I've got Parts A, B, and D. I'm on the hook for, well start with 174 seventy, plus however much for drugs.

And if I still want traditional Medicare -- just about everyone takes it, hardly any pre-authorizations to worry about -- I still need a Medigap plan. Also called a supplement. Again, I'm shopping for insurance from private companies.

And guess what? We've got a whole new bowl of alphabet soup!

**Sarah Murdoch:** Yeah. So there's 10 Medigaps. They all have a letter.

**Dan:** Yep, and each letter has its own set of benefits and exclusions -- some have higher deductibles, others cover some extras, like help with skilled nursing care -- but they're all supposed to protect you from paying out the wazoo.

So for example, Plan G is the most comprehensive, and the most expensive. And of course, once I've picked a letter, I'm sifting through however-many companies offer any given plan in my area.

Where I live, in Illinois, it looks like there are 57 Plan G's on offer. Prices: A hundred thirty bucks to four sixty four.

But here's another little bit of good news, for us. Because Sarah has a super important tip.

**Sarah Murdoch:** I think it is very important for people to keep in mind there that all the G's are identical, right? So, a G offered by the company 1, that's 500, versus the G offered by company 2, that's 300. Have identical benefits, so there's no reason to pick the, um, more expensive.

**Dan:** I ask Sarah: Wait. How are any of these companies getting away with charging more for the exact same thing? Like, why would anybody ever choose the more expensive one? She's like, maybe they just don't know any better.

**Sarah Murdoch:** Maybe they had that company, you know, when they were working and they have, you know, preconceived notions about it

**Dan:** So when people call the helpline, Sarah and her colleagues tell them...

**Sarah Murdoch:** pick one that's the most affordable. Don't make some other selection for whatever reason you might imagine in your head.

**Dan:** So that's some really good advice right there. And of course it turns out in the case of Plan G, which just happens to be the example Sarah's using, there IS a caveat: In some states, there are Plan G's sold with a high deductible and lower premiums. Okay, more to watch out for. But in general, that's some really good advice right there.

All of this leaves me with a big take-away:

Medicare's not free -- there's that 174 seventy for the Part B premium -- and then you may be looking at a bunch of money on top of that, for a Medigap plan.

Or, if you go with Medicare Advantage and avoid paying for a medigap plan, you are looking at dealing with private health insurance companies that we all love so much,

All the shopping for a plan: Do I get an HMO? A PPO? What's the difference again?

And then all the questions, all the run-arounds, all year round: Is my doctor covered? Is my doctor still covered *this* year? Is the company gonna approve the care my doctor says I need? If they don't, what the hell am I gonna do?

It all left my colleague Sarah Jane Tribble pretty ticked off.

**Sarah Jane Tribble:** The thing that blew my mind is how expensive it is to have any form of Medicare, right? It's not a free ticket for your health care. This is to me, the most outrageous thing that you're going into retirement, you've lived your life. And America is supposed to give you this promise of Medicare, and then the promise is actually hundreds of dollars a month.

**Dan:** Or you can save some money by signing up for Medicare Advantage, and hope it works out for you.

And hey: It does work for some people. My mom's on a Medicare Advantage plan-- she's 93 and definitely sees a few doctors -- and she's got no complaints.

Here's Sarah Murdoch from the Medicare Rights Center:

**Sarah Murdoch:** When people ask, I think often, like, which one is better? It's like, that's, that's not, I can't answer that because people's needs are different. People's doctors are different. Um, where they live and their access to different services might be different. If you're in a plan that all your doctors take and that's great, you can save some money that way too on those premiums.

**Dan:** And hope the insurance company doesn't change the deal next year. And that your doctors don't decide to leave the plan.

OK, I'm not trying to freak you out -- or myself. And I actually have some good news, thanks to Sarah Murdoch.

Because: We've covered a lot of ground on What You Should Know About Medicare. But holy crap, there is SO much more to know. Medigap plans are regulated by states-- that's 50 different setups right there. Not to mention the ten different flavors of Medigap. And all the kajillion and one different Medicare Advantage plans out there.

There's deals we haven't talked about too. Some people with low incomes qualify for Medicaid, which kind of serves as a Medigap. Some people can get government subsidies to cover that Medicare Part B premium. And again, all of this is state-by-state, 50 different deals.

So if you're looking at actually signing up for Medicare, you're gonna have a lot more questions than I can start to answer here.

And the good news is: You don't have to go to an insurance broker, like Rick and Rob did, and hope they steer you right instead of chasing a higher commission.

Sarah Murdoch says: Every state has an agency you can call. They're called SHIPS - for State Health Insurance Assistance Programs -- the A is silent, I guess. And their job is to give unbiased advice.

If you're in New York, you might even end up talking with Sarah or one of her colleagues.

**Sarah Murdoch:** The ships don't get anything. They don't have any financial incentive. We participate in the New York ship, like I don't care what plan you pick. I just want to help you pick something that is going to work for you. And that may be original Medicare with a Medigap and Part D. It might be a Medicare Advantage plan. It might be, you know, Medicare and Medicaid.

**Dan:** So if this episode is pitched at someone who's at or approaching age 64, the bottom line is like, go get on a ship. Go sail on a ship. Is that right?

**Sarah Murdoch:** Yeah. There's a central website, [shiphelp.org](http://shiphelp.org), where you can just click on your state and it will kind of direct you to the phone number to call. So, they're there as a resource.

This was a LOT. Let's just review:

First: Medicare isn't free. Got it.

Second: Don't forget to sign up on time! You could end up paying a late fee every month for the rest of your life.

Third: When you sign up for Medicare, think real hard about the choice between Medicare Advantage and traditional Medicare. Cuz if you pick Medicare Advantage, you probably won't get do-overs. And maybe, if you're PLANNING on retiring and don't want to deal with Medicare Advantage, ask yourself: Where am I gonna get the money to pay for that Medigap plan? Build that into your budget.

And finally: When you get there, catch a SHIP: That's [www dot ship help dot org](http://www.shiphelp.org).

There's a LOT more to cover with Medicare Advantage. There have been scandals, including ways insurance companies milk the program for profits. We may get to that someday.

Meanwhile, I hope this has been useful and eye-opening.

We'll be back in a few weeks with a new episode about... Medicaid!

Till then, take care of yourself.