

If you don't know these five critical facts about Medicare, your retirement, your bank account, and even your health could suffer.

Rule No. 1 is don't be late

or it will cost you! Medicare is a big deal. Its spending in 2015 totaled \$646 billion and made up 20% of our total national health spending. It can cover a lot of what would be your personal health spending in retirement, too. Under current Medicare rules, enrollees will pay nothing for annual wellness visits with Medicare-accepting doctors and nothing when they get certain screenings, such as mammograms, colonoscopies, diabetes screenings, and many more. There's much more to know about Medicare, and if you're in retirement or anywhere near it, you'd do well to learn more, so that you can get the most out of the program. Here are the facts about Medicare that every retiree should know.

Enrollment in Medicare is automatic for those who are already receiving Social Security benefits at age 65, but not for everyone else. Enrolling on time matters a lot, because those who enroll late risk having to pay more for it for the rest of their lives — as some of your premiums may rise by 10% for each year that you were eligible for Medicare but didn't enroll. You're eligible for Medicare at age 65, and can sign up anytime within the three months leading up to your 65th birthday, during the month of your birthday, or within the three months that follow. Enrolling via the Medicare website at www.medicare.gov should take most people 10 minutes or less. You can also enroll by calling 800-772-1213 or visiting a Social Security office about three months before your 65th birthday.

Rule No. 2. Medicare comes in several forms.

Traditional or “original” Medicare features Parts A and B that respectively cover hospital expenses and medical expenses. If you opt for original Medicare, you'll likely add Part D, too, which offers prescription drug coverage, including insulin supplies. Many folks with original Medicare also choose to buy “Medicare Supplement Insurance,” commonly referred to as Medigap. It can help pay for more of your medical expenses and can cover more things, too, such as healthcare received abroad. Instead of opting for parts A, B, D, and Medigap, though, you can choose from among available Medicare Advantage plans, sometimes referred to as Part C. Offered by private insurance companies, they are required to provide at least as much coverage as Parts A and B — and they usually offer significantly more.

Rule No. 3. Medicare covers a lot — but some important things are not covered.

Part A covers hospital inpatient care, skilled nursing facility care, and some home healthcare and hospice care. Part B covers physicians' services, service from other healthcare providers, certain therapies, lab tests, home healthcare, durable medical equipment (such as blood sugar monitors, wheelchairs, or crutches), and some preventive services such as screenings and vaccines. Lots of other items or treatments are covered (some only under certain conditions), such as artificial limbs, ambulance services, hospice care, mental-health care, and transplants.

That's all great, but there are still some common (and sometimes costly) issues and expenses that Medicare doesn't cover. For example, it generally doesn't cover vision, hearing, or dental expenses, as well as basic home health help, such as assistance with bathing or toileting — unless you're also receiving skilled nursing care. Alternative medicines or treatments (such as

acupuncture, acupressure, homeopathy, or chiropractic care) are generally not covered. Care you receive while outside the U.S. is not covered, either, with original Medicare. When it comes to Part D, lots of prescription drugs are covered, but not all. Weight-loss pills, erectile dysfunction treatments, fertility drugs, and over-the-counter medicines are among those not covered.

Rul No 4. It's not free

Medicare can be very inexpensive for some people, but it isn't free. Part A is free for most people, but it carries a deductible (\$1,316 for 2017) — and it's not a simple annual deductible, either. Instead, it applies per “benefit period,” with a benefit period beginning when you are admitted to a hospital or a skilled nursing facility and ending once you've not received inpatient care for 60 consecutive days. Thus, if you are in and out of hospitals frequently, you may have to pay that deductible several times in a single year.

Part B, meanwhile, charges monthly premiums — which are \$148 for most folks in 2021 — and features an annual \$183 deductible. After you pay the deductible, you'll generally be paying 20% of the Medicare-approved cost of various products and services. Premiums and costs for Parts C and D vary widely. Original Medicare sports deductibles, too. For 2017, there's a \$1,316 deductible tied to Part A coverage of original Medicare (which covers hospital inpatient care, skilled nursing facility care, and some home healthcare and hospice care). It may not seem that noteworthy, but it is — because it's not a simple annual deductible. Instead, it applies per “benefit period,” with a benefit period beginning when you are admitted to a qualifying facility and ending once you've not received inpatient care for 60 consecutive days. Thus, if you are in and out of hospitals frequently, you may have to pay that deductible several times in a single year. Ouch. If you opt for a Medicare Advantage plan, though, the cost structure will be different.

Rule No. 5. A Medicare Advantage plan might serve you best

While original Medicare will often have you footing 20% of many bills with no limit on how much you end up spending, a Medicare Advantage plan will cap your out-of-pocket spending. The average out-of-pocket cap was recently \$7,500, but many plans feature caps below \$3,000 and the limit for 2017 is \$6,700. Once you hit that limit, the plan will pay all further costs. With Medicare Advantage plans, you might be charged a certain copay per doctor visit or service, and many services will simply be paid for through your premium. Better still, some plans charge the enrollee nothing in premiums. (If that sounds crazy to you, understand that the Medicare program pays the insurance company offering the plan a set sum per enrollee and if the insurer thinks it can make a profit without charging its customers anything, it can do so.) The average monthly premium for Medicare Advantage plans was recently \$36. So what are you getting with such a plan?

Remember that Medicare Advantage plans are required to offer at least as much coverage as original Medicare, and most offer more than that, such as including prescription drug coverage and perhaps dental, vision, and/or hearing coverage. Study your options closely to determine which plan will serve you best. For example, know that while original Medicare will give you access to doctors all over the U.S., it doesn't cover healthcare provided outside abroad. Some Medicare Advantage plans do cover treatments abroad, but Medicare Advantage plans tend to be limited to a local network of healthcare providers (though some of the networks are large). About a third of all Medicare enrollees are in Medicare Advantage plans. Note that if you choose

original Medicare or a Medicare Advantage plan and you're not happy with it, it's not a permanent decision. You can switch between plans in any year during the annual enrollment period. Social Security can make your retirement much easier, and so can Medicare. Learning more about how to maximize your Medicare can save you money and perhaps even have you living longer.