

Understanding Medicare: Your guide for maximizing benefits and avoiding pitfalls

You may be breathing a sigh of relief as you approach eligibility for Medicare, the U.S. government's health insurance program primarily for individuals aged 65 and older. After all, the free Part A of Medicare covers costly hospital stays, while Part B, with a modest premium, pays for doctor visits and outpatient services. You will also have the option to enroll in a Medicare Advantage program, which encompasses Parts A and B plus prescription drug coverage along with, in many cases, extra benefits like dental and vision care.

If that all sounds better than a commercial plan with hefty premiums and a sky-high deductible, there's a reason. Medicare was designed to make healthcare more accessible and affordable for older Americans. However, choosing the right Medicare coverage may be more complicated than you expect, and navigating it requires a solid understanding of the available options.

What to know before you enroll

Before you enroll in Medicare benefits, you'll want to take the time to do some research. You may want to visit the official [Medicare website](#), which offers detailed information and tools for plan comparison.

You can get the most out of your coverage by taking these steps:

- Thoroughly assess your healthcare needs including any regular medications and specialist services to select the right combination of coverage.
- Consider enrolling in a Medigap policy to cover gaps in original Medicare such as deductibles and copayments.
- Stay informed about annual enrollment periods. After your initial enrollment, which can come as soon as the month you turn 65, you will have an opportunity to make changes in your plan every year from October 15 to December 7 during open enrollment.
- Re-evaluate your plan every year if you opt for coverage under a Medicare Advantage or Part D prescription drug plan. The doctors, facilities, and medications these plans offer can change every year, and their premium costs may also go up or down.
- Take advantage of the preventive services offered by Medicare, such as annual wellness visits and screenings, which can help in maintaining your health and detecting any issues early.

Also, make sure you avoid common mistakes, such as missing the annual enrollment period, which can result in penalties or selecting a plan that doesn't cover your regular medications.

Optimizing your benefits: 3 scenarios

The Medicare coverage you choose should reflect your own unique needs including the doctors who know you best, the medicines you're taking, and the medical facilities offering the best combination of convenience and quality.

Here are three examples of how people at or near retirement age made the most of their Medicare benefits.

Case study 1: The working beneficiary

John is a 67-year-old project manager who wants to explore Medicare options to complement his existing employer-sponsored health benefits as he nears retirement. John's company offers insurance through an HMO with a strictly defined network of hospitals and doctors, all located in the Northeast where the company is headquartered. John has a vacation home in Florida, and he wants to make sure he has coverage during the months he spends at his beach house.

John's company has **more** than 20 employees, so it is considered the primary payer for employees who have both Medicare and employer-provide insurance.¹ (Companies with fewer than 20 employees are considered secondary payers.) That means when John has a health claim, it is first submitted to the employee-based insurer. If they reject it, it is then submitted to Medicare. That gives John an additional layer of assurance his claims will be paid.

In the end, John opts to enroll in the free Medicare Part A so he won't have to worry about pricey hospital bills outside his network. He thinks he can wait until he's back up north to see a doctor most of the time, so he decides not to pay for Medicare Part B. He also keeps the prescription drug coverage under his employer-paid plan so he doesn't have to pay extra for Medicare Part D. He knows neither his employer-based plan nor Medicare offers much coverage outside the U.S. and purchases travel insurance separately whenever he goes overseas.

If you're in the same situation as John, spend some time thinking about what kind of healthcare you're likely to need. Find out how much is covered by your employer-based plan and how much Medicare might cover. Carefully weigh the total costs, including premiums, copays, and deductibles, against the benefits you expect to receive from both your employer's plan and Medicare. Make sure to re-evaluate your coverage every year during annual enrollment as networks, drug formularies, and costs can change.

¹ ["Your Guide to Who Pays First,"](#) Centers for Medicare and Medicaid Services

Case study 2: The retired business owner

Sandy, a recently retired small business owner at 65, navigates the complexities of relying solely on Medicare and supplements for her healthcare needs. She has several chronic health conditions, including diabetes and high blood pressure, so she wants to make sure her medications are covered. In addition, she's worried about the fact that Parts A and B have no maximum out-of-pocket spending limit on copays.

Sandy considers a Medigap policy that would cover her deductible and copayments under Parts A and B, but she decides it costs more than she wants to pay. Instead, she opts for a Medicare Advantage plan, **also** known as Part C, which limits her annual spending and provides affordable prescription drug coverage as well as benefits to offset dental and vision costs.

If you're in Sandy's situation and relying entirely on Medicare for post-retirement healthcare coverage, carefully review your options for Medigap and Medicare Advantage plans to cover costs for prescription drugs and gaps in Medicare coverage. A Medigap policy can offer additional security, especially if you anticipate frequent healthcare services.²

Case study 3: The pre-retirement couple

Tom and Maria have been married for 30 years, and they are now planning to retire. Both worked for large corporations for many years, and they're accustomed to high-quality benefits coverage. However, Tom has already experienced some serious health problems including a minor cardiac event two years ago. Maria, on the other hand, is in great shape and still does Pilates three times a week.

When Tom and Maria first sat down together to plan their Medicare coverage, they assumed they'd both enroll in the same plan. However, as they look at the details, it becomes clear they have very different healthcare needs requiring separate strategies.

Maria is interested in a Medicare Advantage program that covers hospital stays, doctor visits, and most prescription drugs with a modest additional premium. The plan includes a benefit that will cover regular preventive dental visits as well as an eye exam and basic glasses at no cost. It will even provide her with a discount on gym membership.

Tom, on the other hand, wants the most comprehensive health coverage so that if he becomes ill again, it won't affect his and Maria's future financial security. He opts for a Medigap policy that will cover all the costs Medicare doesn't including prescription drugs, deductibles, and copays.

If you're preparing for post-retirement healthcare with your spouse, remember you won't necessarily need the same combination of benefits. What works for one of you may not be optimal for the other, especially when it comes to prescription drugs and specialist services.

² [“What Is the Difference Between Medicare Advantage and Medigap?”](#) National Council on Aging, December 2022

If you do choose to supplement traditional Medicare coverage, spend some time comparing the costs and coverage of Medicare Advantage against Medicare with a Medigap supplement. Think about how much the premiums cost but also evaluate the risk of not having the coverage. How much could you end up paying for a complex or long-lasting medical issue?

Finally, keep an eye on enrollment windows after retirement to avoid penalties and ensure seamless transition from employer coverage to Medicare.

Make your Medicare coverage work for you

Medicare is a valuable benefit for older Americans, helping them manage the large and growing costs of healthcare in retirement. However, the program has lots of interrelated parts and features, and there is no single solution that fits every situation. You shouldn't sign up for Medicare on autopilot.

Instead, you can maximize the value of your Medicare coverage by understanding as much as possible about how it works and what it covers and by making a realistic assessment of your own likely healthcare needs. If you need help, ask your financial professional who can guide you to a solution that makes sense for you.

This article is provided for general informational purposes only. Neither New York Life Insurance Company, nor its agents, provides tax, legal, or accounting advice. Please consult your own tax, legal, or accounting professional before making any decisions.

SMRU #6169541 exp. 1/18/2026

Tagging

Tag Type**Tags**Modification

Locked

Component

Rich Text

Permissions

Agent, Registered Rep, Eagle, GO

CertificationsAudience

Client, Prospect

Target Segment

Professional, Mature Affluent, Affluent Retirees

Target MarketLife Event

Retirement

Financial Strategy

Protection

Sales Solution TopicAsset Type

Article

Asset Subtype(Articles/Newsletters)

Topic Article

Asset Subtype (ExternalLinks)Asset Subtype (Images)Asset Subtype (PDFs)Asset Subtype (Text)

Page Copy

Asset Subtype (Videos)

Understanding Medicare: Your guide for maximizing benefits and avoiding pitfalls

Pages

Articles