

What Does Medicare Cover?

What Is Medicare?

Medicare is the federal health insurance program for elderly persons and certain disabled individuals. In 1965, Medicare was enacted to provide a “safety net” of health-care coverage for qualifying individuals.

Medicare is packaged in two major parts. Part A is hospital insurance protection. It covers hospitalization, some hospice care, and a limited amount of post-hospital skilled nursing and home health care. Part B, which is medical insurance, covers physicians’ services, outpatient hospital care, physical therapy, diagnostic tests, and a variety of other services. More recently, Medicare added Part D, prescription drug coverage.

At first glance, it appears that Uncle Sam has everything covered. But unfortunately, there are many limitations.

Medicare Costs

Every time you go to the hospital, you have to pay a certain amount of your hospitalization costs, unless your visits are separated by fewer than 60 days. If that’s the case, you pay the deductible only the first time.

If you stay in the hospital longer than 60 days, you will be required to pay a copayment every day for days 61 through 90.

You also have a lifetime reserve of 60 days that can be used in conjunction with more than one extended stay. These days also have an associated copayment. Medicare won’t cover any stays longer than 90 days once you have depleted your 60-day reserve.

Will Medicare Pay for Skilled Nursing Care?

Medicare will pay for the first 20 days of skilled nursing care, but only after you’ve been in the hospital for three days. This means you’ll have paid at least the deductible for that three-day stay. From the 21st day through the 100th day, Medicare will cover some of the costs of skilled nursing care, but you still have a copayment. After 100 days, Medicare will not pay for skilled nursing care, and you must bear the full cost.

What About Medigap?

Medicare supplemental insurance, or “Medigap,” is designed to pick up where Medicare stops. As such, it usually pays the deductibles and copayments required by Medicare. Coverage will vary according to the benefits outlined in each specific policy.

Medigap insurance may not pay for any additional procedures that aren't specifically addressed by Medicare. Most policies will only help to cover the deductibles and copayments imposed by Medicare.

What About Long-Term Care?

Medicare provides only limited coverage for skilled nursing care and pays for only up to 100 days of care following a three-day hospital stay. Medigap doesn't fill the gaps in this coverage.

If you are concerned about meeting your potential long-term-care needs, you should look into additional insurance to help fill in the gaps. In many cases, it may be best to consider purchasing a private long-term-care insurance policy to help protect against these potentially devastating costs.