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| **The Important Differences between Medicare and Medicaid****For investors focused on retirement, Medicare looms large as the source of health insurance when you reach 65. Unfortunately, many consumers confuse Medicare with Medicaid. You should understand the difference between the two as it applies to your financial plans.**Both Medicaid and Medicare are government-sponsored programs run by the Centers for Medicare & Medicaid Services. Medicare pays medical bills for folks when they reach age 65. Medicaid helps low-income people of every age pay for health care.**You’ve paid for Medicare coverage.** Part of your payroll taxes fund Medicare. It primarily serves seniors age 65+ without regard to their income. It also covers dialysis patients and younger disabled people. Medicare pays about 80% of your medical bills1. You must pay the rest through deductibles for hospital costs and monthly premiums for non-hospital coverage.**Retiree, Medigap, and Medicare Advantage coverage.** Your job or former job may provide you with health coverage. Typically, this will be your primary coverage, with Medicare taking a secondary role. If you want additional coverage, you can get a Medigap policy. Alternatively, you can replace your regular Medicare coverage with a private Medicare Advantage policy that offers similar coverage, usually with some extra benefits.**Medicaid is a federal-state partnership.** Your state helps determine the extent of coverage. Those receiving Medicaid─ including low-income families, pregnant women, children, and Supplemental Security Income recipients─ usually pay no cost for covered medical costs, although a small co-payment may be required in some cases. Some states may have a work requirement for Medicaid recipients.**Medicaid coverage is income-based.** For the elderly, pregnant, disabled, parents/caretakers, or children to qualify, the family must earn less than 100% to 200% of the federal poverty level (FPL)2. Others might qualify if their income is below 133% of the FPL ($12,760 for individuals3), depending on whether your state chose expanded Medicaid under the Affordable Care Act. Medicaid can also pay for a limited amount of long-term care, depending on your income and assets.**Medical costs are a concern for everyone.** As you approach or enter retirement, you owe it to yourself to understand your Medicare options for covering medical costs. You also need to understand Medicare’s and Medicaid’s limitations for folks requiring long-term care.Call me today to review how to help protect your retirement nest egg from potentially ruinous medical expenses. With careful planning, we can help manage the risk to your finances as your medical needs increase.

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