Medicare Myths That Could Derail Your Clients' Estate Plans: What Estate Advisors Need to Know

When you sit down to help a client optimize their retirement income and protect their legacy, you probably discuss taxes, trusts, and investments. But there's a hidden risk that can completely undo even the most carefully planned estate: Medicare.

A Hidden Risk in Estate Plans

Many common beliefs about Medicare are simply incorrect. Misunderstanding enrollment timing, coverage limits, and cost-sharing can result in unexpected out-of-pocket costs, permanent penalties, and coverage gaps that quickly deplete your clients' assets.

60M+

Americans on Medicare

Depending on Medicare for their healthcare coverage

10%

Part B Penalty

Per 12-month period enrollment is delayed

$100K+

Annual LTC Costs

Long-term care costs often surpassing this amount annually

35+

States Licensed

Ready to support your clients across the country

With over 60 million Americans depending on Medicare — and healthcare rules becoming more complex each year — proper Medicare planning is essential for safeguarding your clients' long-term financial security. Here are the essential Medicare facts you need to understand to minimize financial risks effectively and help keep your clients' plans secure.

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The Permanent Penalty Trap

A common misconception is that Medicare enrollment is always flexible throughout the year. It isn't. Without other creditable coverage, missing the Initial Enrollment Period (the seven-month window around a client's 65th birthday) could result in **permanent, lifetime penalties.**

Part B Penalties

Premiums increase by **10% for each full 12-month period** enrollment is delayed.

Part D Penalties

Calculated at **1% of the national base premium** multiplied by the number of uncovered months.

Over a long retirement, these penalties can amount to significant dollars, directly lowering cash flow visibility and retirement income.

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The Long-Term Care Illusion

Perhaps the most dangerous myth is that Medicare will cover long-term care in a nursing home or assisted living facility.

What Medicare Actually Covers

Medicare only covers **short-term, skilled nursing stays** — only if the client meets strict requirements, including a qualifying 3-day inpatient hospital stay (observation status does not count). It does **not** cover custodial care, which makes up most nursing home care.

The Real Risk

With long-term care costs often surpassing **$100,000 annually**, relying on Medicare to cover the expenses is a major risk. Clients need complementary planning options — such as:

- Long-term care insurance
- Medicaid planning

...to avoid rapid asset depletion.

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Original Medicare vs. Medicare Advantage: Predicting the Unpredictable

Clients are often attracted by the $0 premiums of Medicare Advantage plans, believing they will save money automatically. However, the full picture is more complex.

Medicare Advantage Risks

- Provider networks restrict access
- Out-of-pocket maximums can total **$4,000 to over $8,000 annually**
- Increasing instability — as many as **1 in 10 enrollees** could face forced disenrollment in 2026 due to insurers leaving markets

Original Medicare + Medigap

- Much more **predictable costs**
- Medigap covers most deductibles and coinsurance
- Clients can see **any doctor who accepts Medicare**
- Fits more smoothly into retirement budgets

Helping clients understand this difference is key to smoothly fitting it into their retirement budgets.

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The IRMAA Surcharge: A Hidden Tax on Success

Medicare premiums in a year are based on income from **two years earlier**. A one-time income spike can trigger the **Income-Related Monthly Adjustment Amount (IRMAA)**.

Common IRMAA Triggers

A Roth conversion, selling a business, or liquidating property can all cause a sudden income spike.

What It Affects

This surcharge affects **both Part B and Part D** premiums, potentially moving clients into higher premium brackets unexpectedly.

Planning Imperative

Estate and corporate finance professionals need to account for these ongoing, income-based healthcare costs in their **liquidity planning** to prevent unexpectedly moving clients to higher premium brackets.

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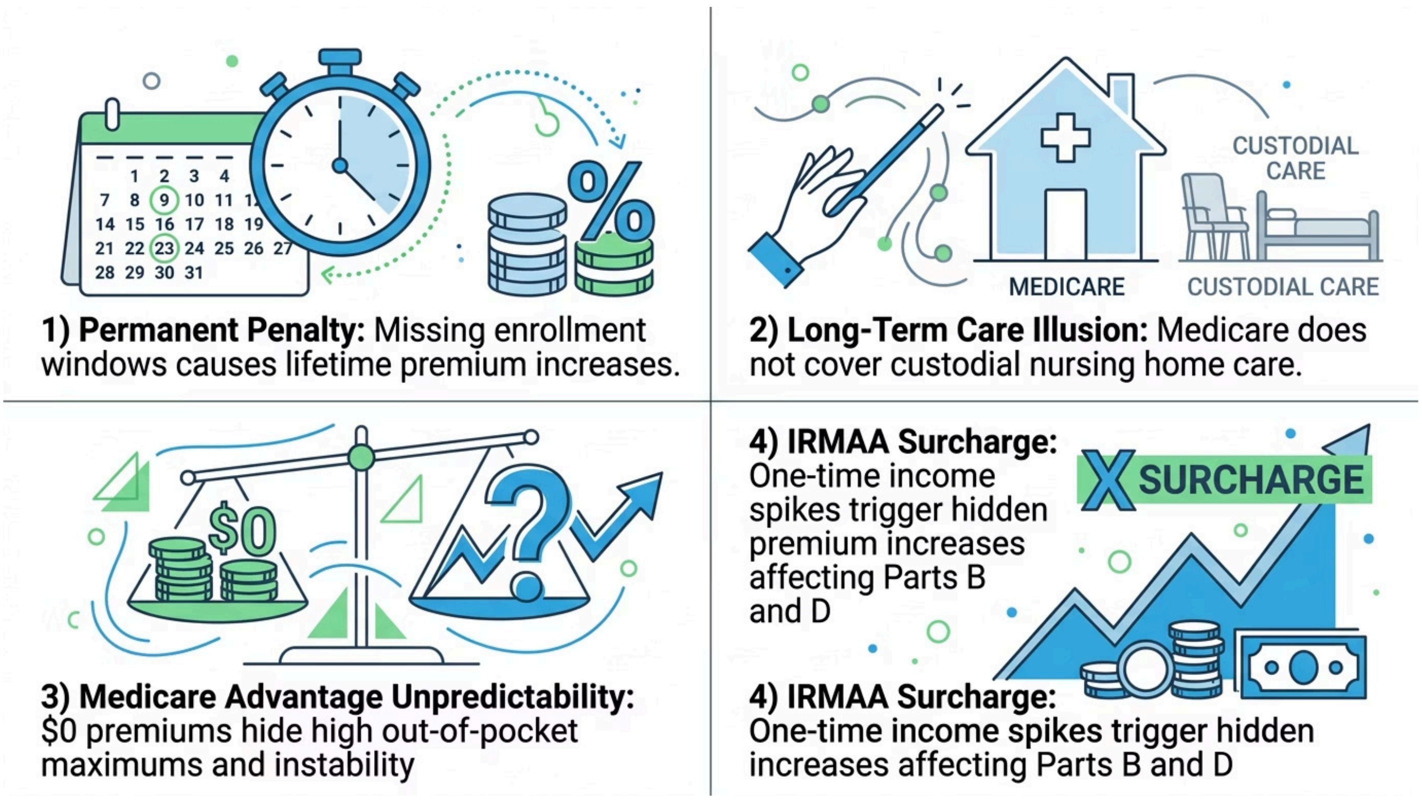
The Four Big Medicare Trouble Areas at a Glance



Each of these trouble areas represents a real financial threat to your clients' estate plans. Addressing them proactively is helpful as a comprehensive advisor.

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A Friend to Come Alongside You is Priceless

> "Do It Yourself" isn't a Medicare plan. Navigating these complexities requires a dedicated professional to ensure compliance at all levels.

As an estate planning attorney, having a reliable, independent Medicare Advisor you can trust makes your work smoother and helps ensure your clients receive clear, objective guidance during major life transitions.

Direct Partnership

Partner directly with Elder Law & Estate Attorneys to educate clients and handle individual coverage transitions.

Seamless Integration

Integrate Medicare seamlessly into your asset-protection goals with clear, compliant guidance.

No Cost to Clients

Clear, compliant Medicare guidance provided at **absolutely no cost** to your clients.

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Meet Rodney Powell — The Medicare Video Guy

That is exactly where I can help. I am **Rodney Powell**, known as the **"Medicare Video Guy."** I partner directly with Elder Law & Estate Attorneys to educate clients, handle individual coverage transitions, and integrate Medicare seamlessly into your asset-protection goals.

300+

Educational Videos

Comprehensive Medicare education content

17K+

YouTube Subscribers

A trusted and growing audience

#1

Ranked in Texas

Top ranking on Medicare Agents Hub in Texas

35+

States Licensed

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