

Five Facts Boomers Need to Know About Medicare



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Horseshmouth





Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engi...



Total Confirmed
1,292,564

Confirmed Cases by
Country/Region/Sovereignty

- 347,003** US
- 135,032** Spain
- 132,547** Italy
- 101,178** Germany
- 93,785** France
- 82,665** China
- 60,500** Iran
- 52,260** United Kingdom
- 27,069** Turkey
- 21,652** Switzerland

Admin0

Last Updated at (M/D/YYYY)
4/6/2020, 8:44:19 AM



Cumulative Confirmed Cases Active Cases

184

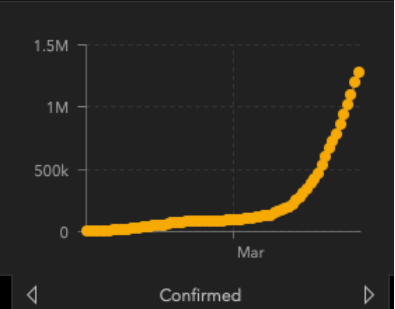
Lancet Inf Dis Article: [Here](#). Mobile Version: [Here](#). Visualization: [JHU CSSE](#). Automation Support: [Esri Living Atlas team](#) and [JHU APL](#). Contact US. [FAQ](#).

Total Deaths
72,638

- 16,523 deaths Italy
- 13,169 deaths Spain
- 8,078 deaths France
- 5,373 deaths United Kingdom
- 3,739 deaths Iran
- 3,212 deaths Hubei China
- 3,048 deaths

Total Recovered
271,013

- 77,310 recovered China
- 40,437 recovered Spain
- 28,700 recovered Germany
- 24,236 recovered Iran
- 21,815 recovered



COVID-19 Alert

- **Check current health insurance**
 - Deductible
 - Copayments and coinsurance



COVID-19 Alert

- Check current health insurance
 - Deductible
 - Copayments and coinsurance
- **What Original Medicare covers**
 - **Testing: no deductibles or copayments**
 - **Outpatient treatment: Fully covered under Part B and Medigap**
 - **Hospitalizations: Fully covered under Part A and Medigap**
 - **Skilled nursing: Up to 100 days with Medigap (no prior hospitalization requirement)**



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- **Part D: Can stock up on meds – check with plan**

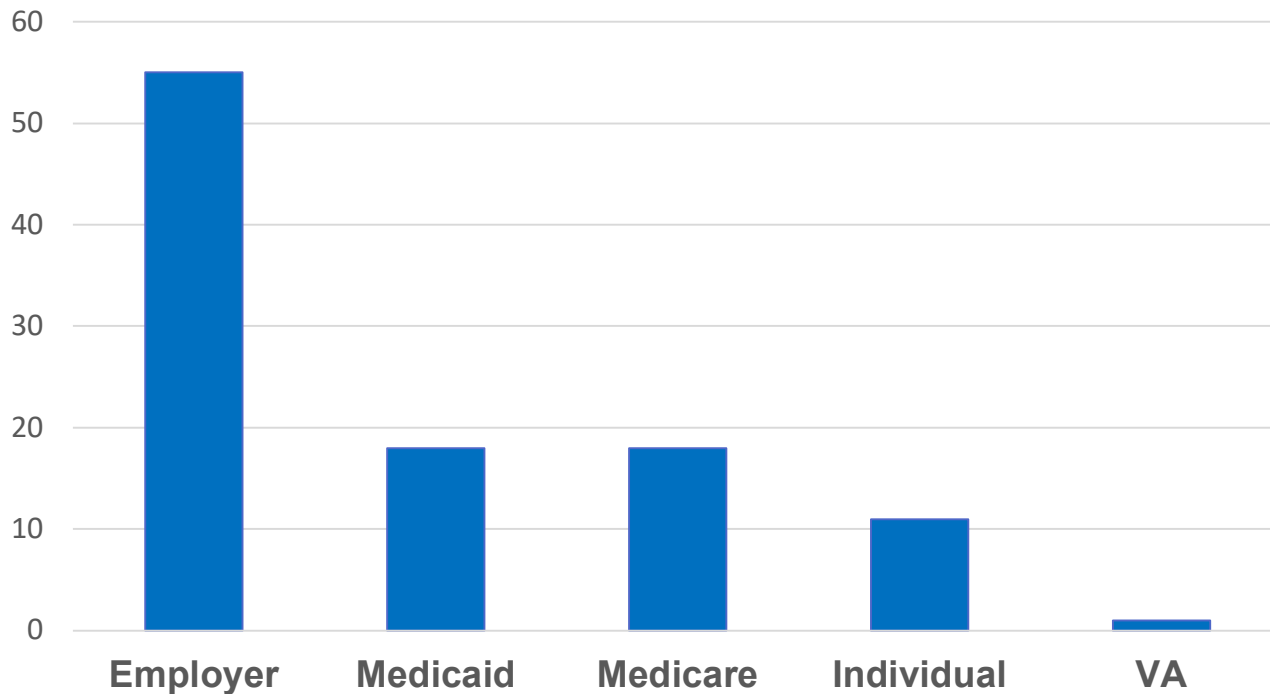


COVID-19 Alert

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- **Medicare Advantage plans: Check with plan**



Who provides health insurance in the U.S.?



Percentage of the population covered by each type of plan.

Source: U.S. Census Bureau, Health Insurance Coverage in the United States, 2016



Issue #1

Making the transition from employer insurance to Medicare



Why it's a problem

- People don't know when they can, should, or must enroll in the different parts of Medicare



Why it's a problem

- People don't know when they can, should, or must enroll in the different parts of Medicare
- **No one is advising them**
 - **HR doesn't know**
 - **Health insurance is product-driven: Group plan agents don't sell Medicare**



Why it's a problem

- People don't know when they can, should, or must enroll in the different parts of Medicare
- No one is advising them
 - HR doesn't know
 - Health insurance is product-driven: Group plan agents don't sell Medicare
- **Consequences of doing it wrong**
 - **Coverage gaps: Clients get stuck with medical bills after the fact**
 - **Late-enrollment penalties**



Your role

- Know the rules about who must enroll in Medicare and when
- Facilitate smooth transition to Medicare at the proper time



Issue #2

Not getting the right private insurance to go with Medicare



Why it's a problem

- **Medicare alone is not enough**
 - High deductibles for Part A
 - 20% coinsurance for Part B
 - No limit on out-of-pocket costs



Why it's a problem

- Medicare alone is not enough
 - High deductibles for Part A
 - 20% coinsurance for Part B
 - No limit on out-of-pocket costs
- **Supplemental insurance is provided by private insurance companies**
 - **Medigap: Benefits are standardized but prices are not – people are paying too much**
 - **Part D plans vary widely – must find the right plan for the drugs you are taking (or not)**
 - **Medicare Advantage tricks and stunts – narrowing networks, reducing benefits, raising premiums**



Your role

- **Tell clients they will need supplemental insurance to go with Medicare**
- **Help them decide between 1) Original Medicare + Medigap + Part D plan, and 2) Medicare Advantage**
- **Shop for supplemental insurance 5 months before enrolling in Medicare**
- **Refer client to licensed agent or State Health Insurance Program (SHIP)**



Issue #3

**Not understanding how much health
care will cost in retirement**



Why it's a problem

- **Employer has been subsidizing premiums: After retirement clients are on their own**



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- **Premium sharing comes out of paycheck; clients not used to budgeting for health insurance**



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- **Many people think Medicare is free and covers everything**



Why it's a problem

- Employer has been subsidizing premiums: After retirement clients are on their own
- Premium sharing comes out of paycheck; clients not used to budgeting for health insurance
- Many people think Medicare is free and covers everything
- **They don't think about health care when planning for retirement**



Your role

- **Help clients estimate first-year health care costs**
 - **Premiums for Medicare and private insurance**
 - **Out-of-pocket costs for noncovered services**



Your role

- Help clients estimate first-year health care costs
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 - Out-of-pocket costs for noncovered services
- **Estimate lifetime health care expenses**



Your role

- Help clients estimate first-year health care costs
 - Premiums for Medicare and private insurance
 - Out-of-pocket costs for noncovered services
- Estimate lifetime health care expenses
- **Make a plan for long-term care**



Laurie's story

- Turned 65 in March 2011
- Had individual health plan: Was paying \$800/month for \$1,500-deductible policy
- Knew nothing about Medicare
- I had to guide her:
 - First decide on supplemental insurance
 - Then choose drug plan
 - Finally, enroll in Medicare 3 months before March 1
 - Needed at least 5 months lead time



Elaine's story

- Same as Laurie's, 3 months later
- Opted for Medigap to get guaranteed issue during 6-month open enrollment period
- One year later enrolled in MA plan
- One year later changed mind and went back to Medigap for guaranteed issue
- Pros and cons of Medigap vs. MA



The retirement health care challenge

1. Smooth transition from employer insurance to Medicare
 - Avoid late-enrollment penalties
 - Avoid coverage gaps
 - Secure adequate coverage with private insurance
 - Fill Medicare gaps
 - Cover prescription drugs



The retirement health care challenge

2. Understand first-year health costs

- All premiums must be paid out of pocket (no employer subsidy)
- Additional costs: dental, copays, and more



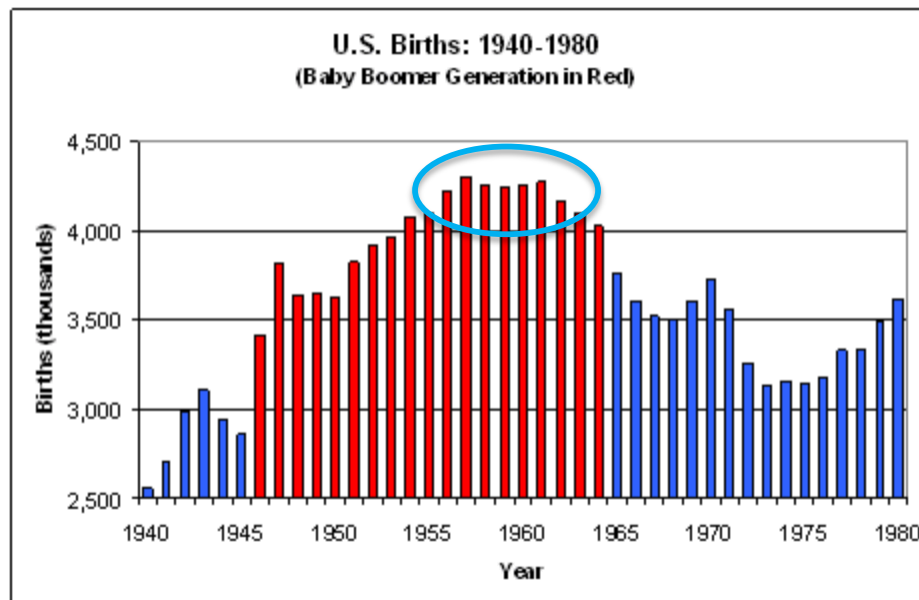
The retirement health care challenge

3. Start planning for lifetime health care expenses, including long-term care



Five Facts Boomers Need to Know About Medicare





Source: Baby Boomer Magazine

<https://babyboomer-magazine.com/baby-boomer-generation-facts-and-statistics/>

Fact #1

Medicare is mandatory once you're over 65 and retired



Coordination of benefits: Who pays?

If you are 65 or older, entitled to Medicare , and covered by . . .	Who pays first?	Who pays second?
A group health plan because you or your spouse are still working AND the plan covers 20 or more employees	Group health plan	Medicare
A group health plan because you or your spouse are still working and the plan covers fewer than 20 employees	Medicare	Group health plan
A group health plan with retiree coverage	Medicare	Retiree coverage
COBRA	Medicare	COBRA



Who pays?

If you are 65 or older, NOT enrolled in Medicare , and covered by . . .	Who pays first?	Who pays second?
A group health plan because you or your spouse is still working AND the plan covers 20 or more employees	Group health plan	You
A group health plan that covers fewer than 20 employees	Group health plan... maybe . They don't have to because if you are over 65 Medicare would be primary but only if you are enrolled	You
A retiree plan	You	You



Medicare is Primary Payer After Age 65— Unless . . .

- Client remains covered by an employer group plan that covers 20 or more employees
 - Coverage must be based on current employment (not retiree plan)
 - Coverage may be as worker or spouse



Everyone Else Must Enroll in Medicare at 65

- This includes clients with:
 - Small employer plan (<20 employees)
 - Retiree plan
 - COBRA
 - Individual health insurance policy



Medicare Enrollment is not Automatic

- Parts A and B are automatic if on Social Security
- If not on Social Security must proactively enroll in Parts A and B during initial or special enrollment period
- Must also shop for and choose private insurance to cover:
 - Prescription drugs through Part D
 - Gaps left by Medicare



Fact #2

**If you don't sign up for Medicare on time
you'll pay a late-enrollment penalty**



Initial Enrollment Period

7-month period that begins 3 months before the month you turn 65

3 months before the month you turn 65	2 months before the month you turn 65	1 month before the month you turn 65	The month you turn 65	1 month after you turn 65	2 months after you turn 65	3 months after you turn 65
Sign up early to avoid a delay in coverage. To get Part A and/or Part B the month you turn 65, you must sign up during the first 3 months before the month you turn 65.			If you wait until the last 4 months of your Initial Enrollment Period to sign up for Part A and/or Part B, your coverage will be delayed. See chart below.			

Who is Exempt from Initial Enrollment Period?

- **Current** workers and **spouses** of current workers who are covered by an employer group health plan
- May sign up during **special enrollment period**



Special Enrollment Period

- For people who did not sign up for Medicare during their initial enrollment period because they were covered by an employer group plan based on current employment (worker or spouse).
- Special enrollment period includes the following:
 - Anytime before coverage ends – Medicare starts the first of the month you enroll
 - The month coverage ends - Medicare starts the first of the month you enroll
 - The 8-month period after the month group coverage ends – Medicare starts the first of the month after enrollment.



General Enrollment Period

- If missed the initial enrollment period, can sign up during the **general enrollment period**, Jan.1 – March 31.
- Coverage starts July 1.
- May face gap in coverage
- May pay late-enrollment penalty

If you sign up during these months:	Your coverage will begin on:
January	July 1
February	
March	



Late Enrollment Penalty

- Late enrollment penalty applies if:
 - Client is not covered by an employer-sponsored group plan and does not sign up during his **initial** enrollment period (7-month period surrounding 65th birthday)
 - Client is covered by a group plan when he turns 65 but fails to sign up during his **special** enrollment period (8-month period after group coverage ends).



Fact #3

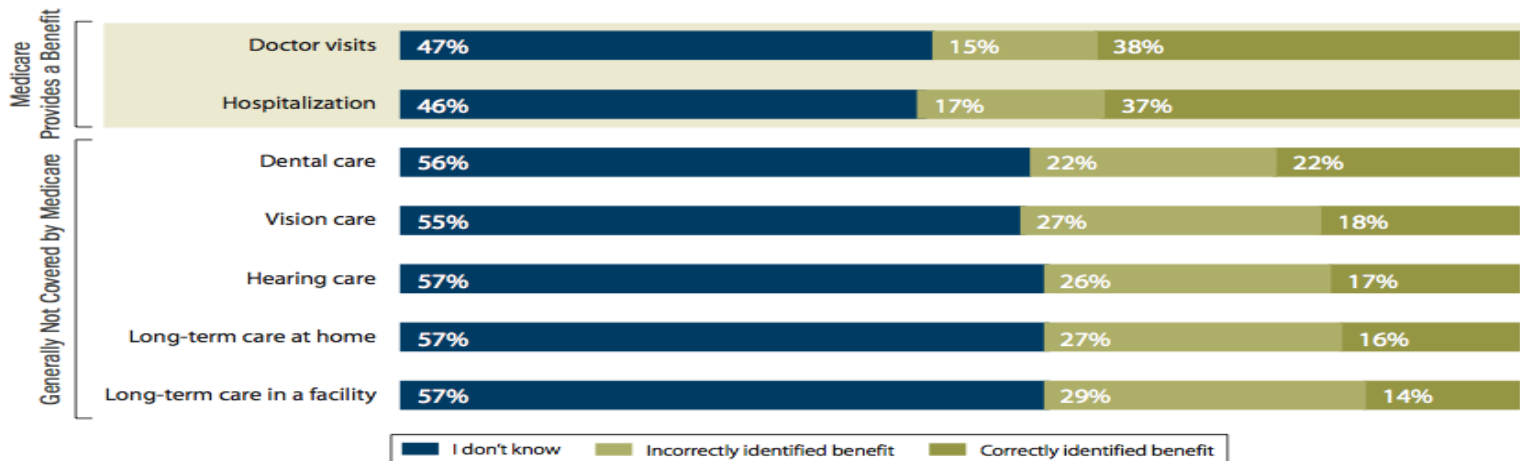
Medicare doesn't cover everything



Boomers Can't Identify Benefits

Understanding of Coverage for Specific Services

Pre-Medicare Boomers age 47 to 64



n=400

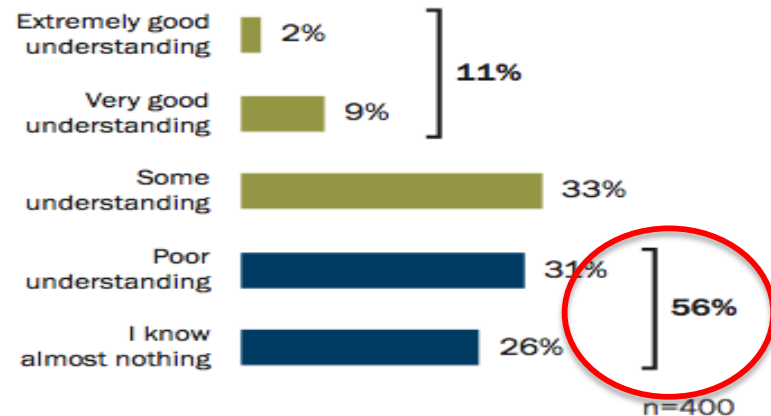
Prescription drug benefit excluded due to the individualized nature of its cost structure.

Source: Bankers Life and Casualty Company Center for a Secure Retirement, *Retirement Healthcare for Middle-Income Americans*, 2012.

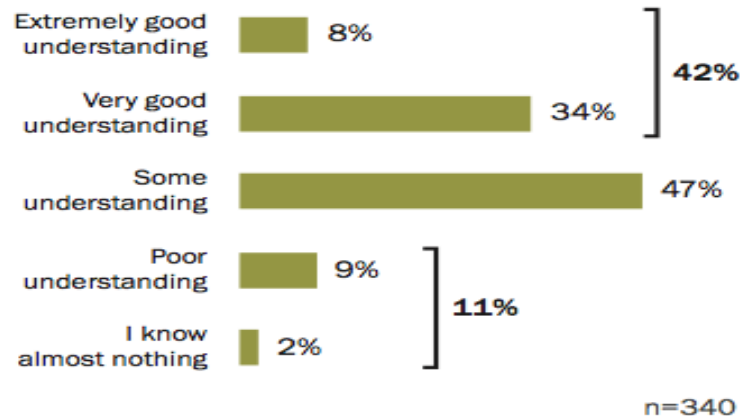
Gaps in Understanding

Overall Understanding of Medicare Benefits and Costs

Pre-Medicare Boomers age 47 to 64



Middle-income Americans with Medicare age 65 to 75



Source: Bankers Life and Casualty Company Center for a Secure Retirement, *Retirement Healthcare for Middle-Income Americans*, 2012.

What is not covered by Parts A and B?

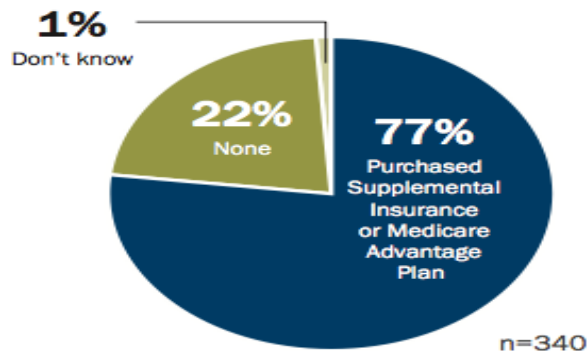
- Care delivered outside the U.S.
- Dental care
- Vision care
- Hearing aids
- Cosmetic surgery
- Acupuncture and other alternative care
- Amounts over Medicare-approved amount
- Amounts not covered by deductibles and coinsurance (20%)
- Long-term care



Supplemental Insurance is Essential

Plans or Insurance Purchased to Supplement Medicare

Middle-income Americans with Medicare age 65 to 75



Source: Bankers Life and Casualty Company Center for a Secure Retirement, *Retirement Healthcare for Middle-Income Americans*, 2012.

What Clients Need To Know About Supplemental Insurance

- Medicare leaves too many gaps.
- With Medicare alone, there is no limit to out-of-pocket spending.
- The array of supplemental plans can be confusing.
- Medigap plans are standardized, but prices are not.
- Medicare drug plans and Medicare Advantage plans can change from year to year, requiring annual review of existing plans and survey of new offerings.
- How you can help: Help clients shop for the right plan and avoid the costly ones.



Fact #4

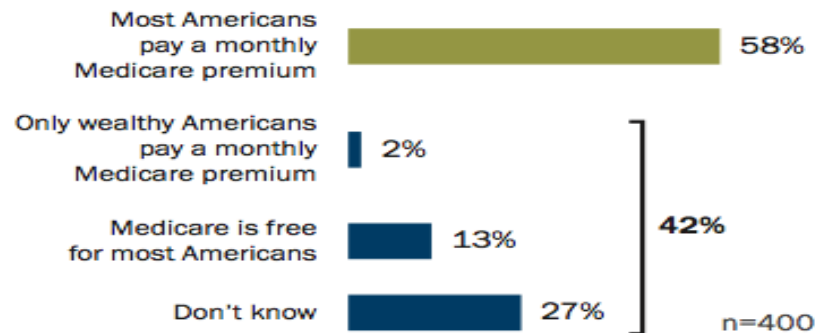
Your out-of-pocket health care costs in retirement will probably be higher than you expect



Medicare Is Not Free

Understanding of Medicare Monthly Premium

Pre-Medicare Boomers age 47 to 64

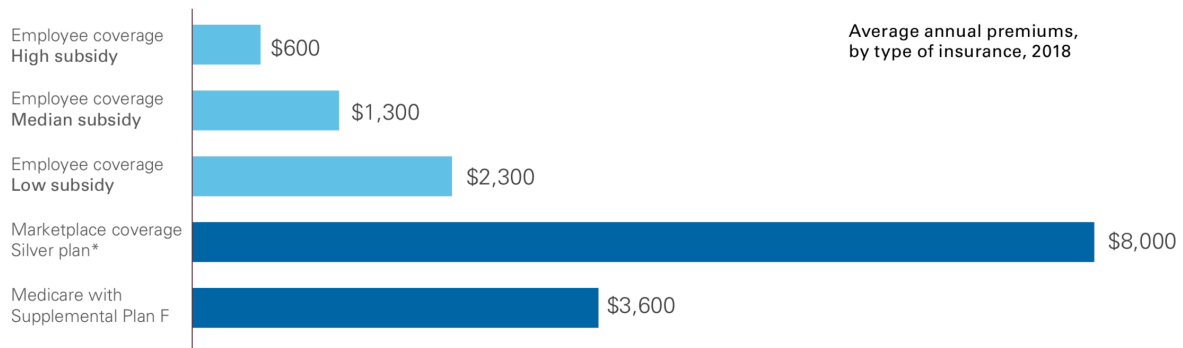


Source: Bankers Life and Casualty Company Center for a Secure Retirement, *Retirement Healthcare for Middle-Income Americans*, 2012.



Health insurance premiums before and after retirement

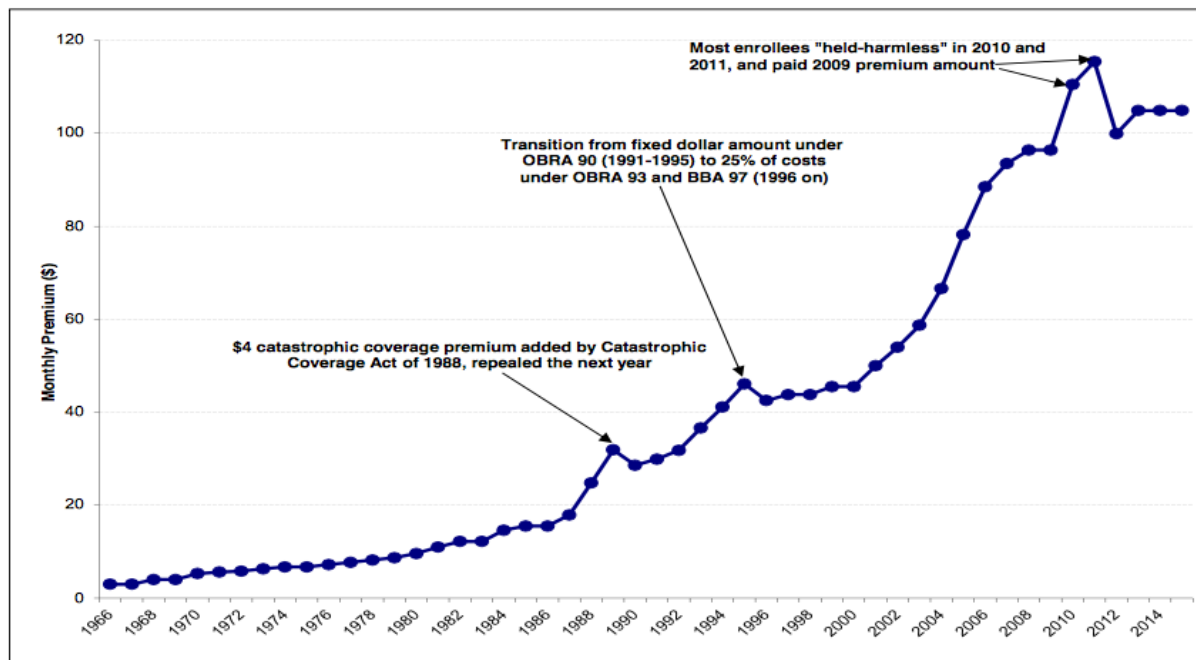
Figure 4. With the loss of employer subsidies, retirees need to cover additional insurance expenses



* Health insurance subsidies vary based on income and family size.

Source: Mercer's 2016 National Survey of Employer-Sponsored Health Plans, Mercer-Vanguard health care cost model, 2018.

Figure I. Monthly Medicare Part B Premiums
(1966-2015)



Source: CRS figure, based on the 2015 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplemental Medical Insurance Trust Funds, Table V.E2.

Monthly premiums for high-income clients

MAGI Single	MAGI Joint	MAGI Married filing separately	Part B monthly premium paid to Medicare	Part B income-related adjustment amount paid to Medicare	Part D monthly premium (average) paid to insurer	Part D income-related adjustment amount paid to Medicare	Total Parts B & D premium
≤ \$87,000	≤ \$174,000	≤ \$87,000	\$144.60	\$0.00	\$40.00	\$0.00	\$184.60
\$87,001 - \$109,000	\$174,001 - \$218,000		\$144.60	\$57.80	\$40.00	\$12.20	\$254.60
\$109,001 - \$136,000	\$218,001 - \$272,000		\$144.60	\$144.60	\$40.00	\$31.50	\$360.70
\$136,001 - \$163,000	\$272,001 - \$326,000		\$144.60	\$231.40	\$40.00	\$50.70	\$466.70
\$163,001 - \$499,999	> \$326,001 - \$749,999	\$85,001 - \$412,999	\$144.60	\$318.10	\$40.00	\$70.00	\$572.70
≥ \$500,000	≥ \$750,000	≥ \$413,000	\$144.60	\$347.00	\$40.00	\$76.40	\$607.40



Fact #5

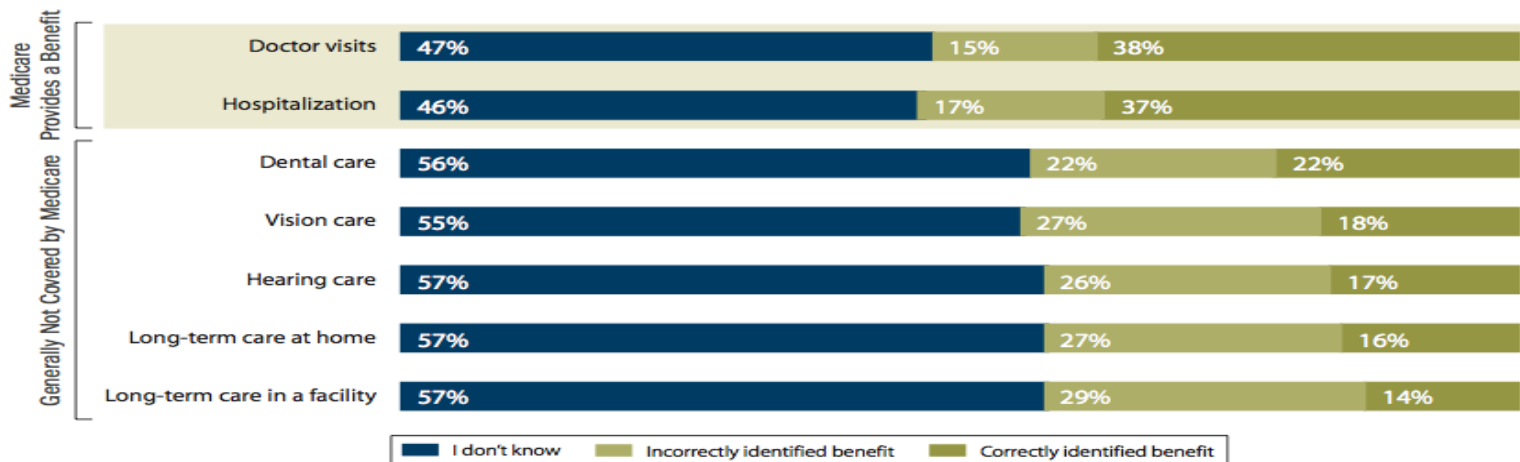
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Prescription drug benefit excluded due to the individualized nature of its cost structure.

Source: Bankers Life and Casualty Company Center for a Secure Retirement, *Retirement Healthcare for Middle-Income Americans*, 2012.

Recommendations for Consumers

- Make good health a priority
- Don't wait to learn about Medicare
- Understand what isn't covered
- Talk openly about your health care future
- Plan ahead for healthcare costs

Bankers Life and Casualty Center for a Secure Retirement, May 2011



Recommendations for Advisors

- Prepare to educate your clients about Medicare
- Alert clients to Medicare enrollment periods
- Guide them on supplemental insurance
- Help them evaluate options for paying for long-term care
- Build future health care costs into the retirement income plan



Savvy Medicare – An Advisor Education Program & Client Education Workshop

Online Access To Everything You Need To...



First Educate Yourself...

Part 1: Learn



Advisor Research, Education & Tools

1. Online Webinar Orientation



2. Twice-monthly eNewsletter with Online Updates



3. Website



Part 2: Interact

Email Questions To The Expert

When you're stuck on a particular client case get your questions answered

Elaine Floyd, CFP®
Director of Retirement & Life Planning



...Then Educate Your Clients

Part 3: Promote

Client Workshop Promotions

FINRA-reviewed:

1. Toolkit with:
 - ✓ Workshop descriptions
 - ✓ Brochure
 - ✓ Posters



2. Invitations



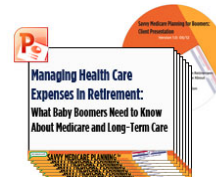
3. Press Release



Part 4: Present

Client Presentation

1. PowerPoint (45-slides)



2. Speaker Notes (20-pages)

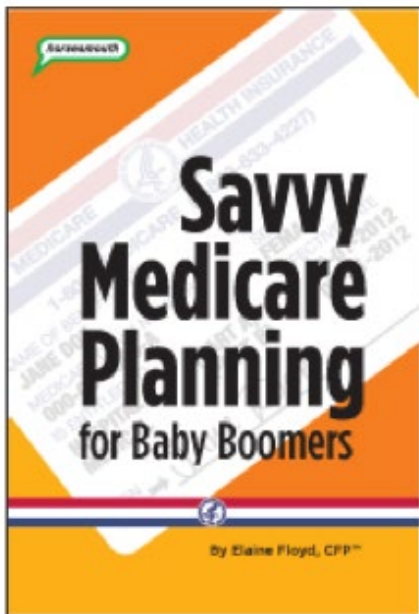


Part 5: Connect

Client Handouts

50 copies of the Baby Boomers Guide to Medicare





6 CE credits for CFP®

On-Demand Webinars + Study Guide

Session 1

Medicare basics- May 7

Session 2

Supplemental insurance – May 14

Session 3

Managing health care expenses in retirement; planning for long-term care – May 21

Session 4

Marketing and communicating your Savvy Medicare planning services – May 28

All webinars will be held at 2:00 pm ET/11:00 am PT and will be recorded and posted to the Savvy Medicare website



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