

## Navigating Health Care at 65 and Beyond

Most health insurance discussions in 2014 tend to focus on the implementation of the Affordable Care Act (ACA). For millions of Americans currently on Medicare, the good news is that Medicare is not part of the Health Insurance Marketplace established by the ACA, so there is no need to replace existing Medicare coverage with marketplace coverage. Medicare, which was signed into law in 1965, remains the federal health insurance program for people 65 years of age and older. Medicare is the only true national health care program in the United States, available regardless of one's income, health history or state of residence. However, for the millions of baby boomers turning 65 each year, Medicare coverage choices and registration deadlines can be confusing.

There are two primary ways to obtain health insurance coverage through Medicare, Original Medicare or Medicare Advantage:

**Part A** covers hospitalization, medically necessary skilled nursing facilities, hospice and home care.

**Part B** covers the costs of doctor visits, preventive care, outpatient care, diagnostic and lab tests, ambulance services and many other common health care costs.

For most people, Part A does not require a premium due to previously paid payroll taxes. There are, however, deductibles and hefty co-payments for extended hospital and skilled nursing facility stays.

For coverage under Part B, premiums start at \$104.90 per month for joint tax filers with \$170,000 of annual income or less. Premiums reach \$335.70 per month for joint filers with over \$428,000 of annual income. Generally, Part B requires co-payments of 20 percent of Medicare-approved costs. One benefit to traditional Medicare coverage, however, is that there are no networks, so the insured can visit any doctor or any hospital in the country that accepts Medicare payments.

While Medicare Parts A and B provide affordable access to health care, many individuals face expensive out-of-pocket deductible, co-payment and prescription drug costs. To supplement these costs, Medicare has approved optional private supplemental plans called Medigap to address "gaps" in health coverage, as well as Medicare Part D to specifically address prescription drug expenses.

**Medigap** To help cover the cost of deductibles and co-payments, an individual can purchase an insurance policy from a private insurance company. These plans supplement Parts A and B, paying for medical costs remaining after Medicare has covered its share of the approved services. Each insurer offers a standard plan labeled with a letter by Medicare (A, B, C, D, F, G, K, L, M, N). New Medigap plans do not cover prescription drugs and cannot be used to supplement Medicare Advantage Plans mentioned below.

**Medicare Prescription Drug Program Part D** Prescription drug plans are offered and administered by private insurance companies. Plans can be stand-alone or bundled with Medicare Advantage plans. There are currently over 25 plans included in Part D. For help in determining which plan is right for you, visit [www.medicare.gov/find-a-plan/questions/home.aspx](http://www.medicare.gov/find-a-plan/questions/home.aspx).

**Medicare Advantage, known as Medicare Part C**, has two types of plans: Medicare HMOs and PPOs.

These plans must provide the same medical services as Original Medicare, and many cover additional services such as prescription drugs (Part D), vision, hearing and dental services. Medicare Part C was originally created as a way to help reduce out-of-pocket costs for Americans who could not afford to purchase Medigap policies. An important consideration, however, is that HMOs and PPOs control these out-of-pocket costs by limiting their network of doctors and hospitals by geographic areas. This will often result in higher out-of-pocket costs for individuals who frequently travel or live in alternate residences.

### **When to Enroll**

As an individual approaches age 65, enrolling on time is extremely important. If there are delays in enrollment, you may be penalized with higher premiums for the rest of your life. The Initial Enrollment Period (IEP) typically occurs around an individual's 65th birthday. If already receiving Social Security retirement benefits when the IEP begins, the Social Security Administration will automatically enroll an individual in Medicare Parts A and B. For those not yet receiving Social Security benefits, an enrollment application must be filed. Most individuals choose to enroll in Medicare at age 65 due to a lack of other available health coverage.

However, if other coverage is available, you may choose to delay enrolling in Part B. This delay could save unnecessary premiums, but only if done properly.

The most common situation where someone opts to delay enrollment in Part B would be if he or she (or a spouse) is actively employed. As long as the employer has a minimum staff of 20 workers and provides health insurance, an individual can decide to delay both Medicare Parts A and B without penalty. This permitted delay remains viable for as long as the individual continues to work and has access to health insurance through the employer.

Since no premium is usually associated with Medicare Part A, most individuals enroll at age 65 regardless of employment status. Part A may even provide limited additional coverage if an employer's plan falls short. However, if someone is enrolled in a High Deductible Health Plan with an employer, it may be advantageous to delay enrollment. Special rules exist in this situation that should be considered.

Unlike Part A, Part B includes a premium cost. If an employer's health plan covers the same services as Part B, these premiums may double unnecessarily. In this situation, an individual is permitted to delay Part B enrollment without penalty. However, delay in Part B registration is not permitted for simply having retiree health benefits, an active individual policy or a Consolidated Omnibus Budget Reconciliation Act policy (COBRA). A delay under these circumstances could prove costly.

**When the time comes to make Medicare enrollment decisions, be sure to do the following:**

1. **Consult** with a Social Security Administration agent concerning eligibility, enrollment periods and projected premiums. The Social Security's toll free number is 1-800-772-1213.
2. **Determine** if a current or former employer, association, union or trade group provides retiree medical coverage that can act as a Medicare supplement.
3. **Evaluate** all options available through Original Medicare and Medicare Advantage.
4. **Pay close attention** to deadlines and be sure Part B applications are filed on time.

There is a wealth of information available to help with the Medicare enrollment process online at [www.medicare.gov](http://www.medicare.gov) or by phone at 1-800-Medicare (1-800-633-4227).

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