Her Retirement®

Protecting Your Health & Wealth

Presented by Cheryl Boyles, RICP

Longevity & the Need for Long Term Care & Medicare Insurance

"Retirement is a Women's Issue"

Cheryl Boyles

Longevity is on our side!

Living 30 years retired is entirely possible.

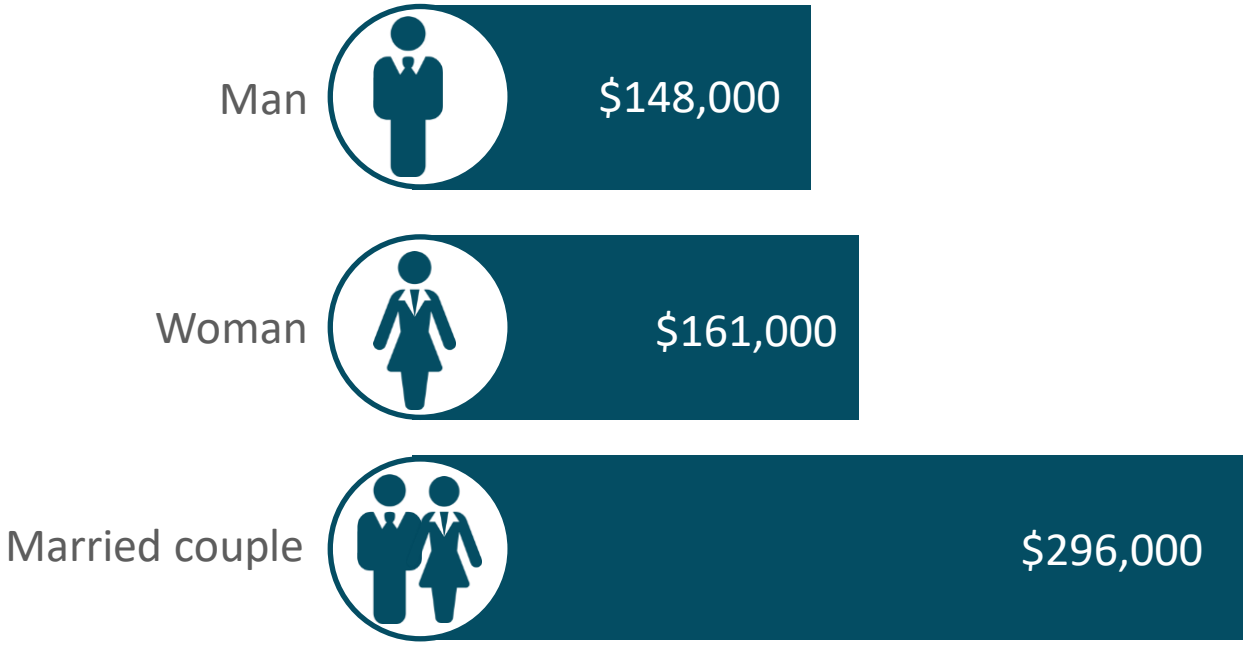
Most concern themselves, thankfully, with Income planning…

yet…

planning for Health Care Costs are just as needed...and missed.

Health Care Risk

Sixty-five-year-olds who retired in 2018 might need these amounts to cover their health expenses in retirement



Source: Employee Benefit Research Institute, 2018

Long-Term Care Risk

- More than half of people will need some form of long-term care after age 65
- Current average cost of a one-year stay in a nursing home (semi-private room): **$82,128**
- Cost in 20 years at just a 3% inflation rate: **$149,535**

Source: U.S. Department of Health and Human Services, 2018. Cost projection is a hypothetical example of mathematical principles and is used for illustrative purposes only. Actual results will vary.

Is Long-Term Care In Your Future?

The number of people using nursing facilities, alternative residential care places, or home care services is projected to increase from 15 million in 2000 to 27 million in 2050.

Source: National Center for Health Statistics 2013

What Is Long-Term Care?

Ongoing services and support for people who are unable to care for themselves due to:

- Accident
- Disability
- Prolonged Illness
- Aging

Where Can You Receive Care?

- Home
- Assisted-Living Facility
- Adult Day-Care Center
- Nursing Home

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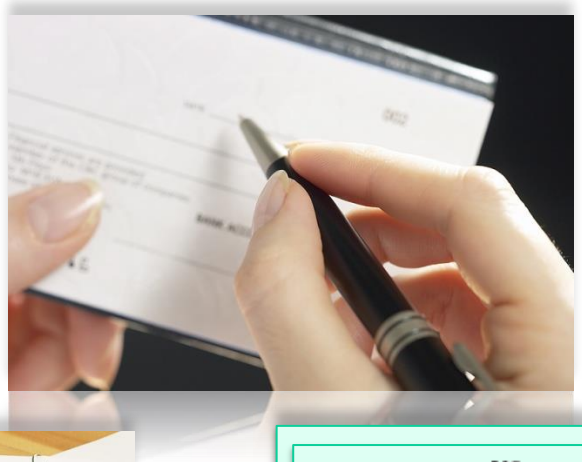
If You Need Help Someday, What's Your Greatest Concern?

- Ensuring you won't have to rely on your family?
- Staying in your home as long as possible?
- Preserving assets for loved ones?
- Protecting income for your healthy spouse?

How Will You Pay for Long-Term Care?

- Pay out-of-pocket
- Rely on government programs such as Medicare or Medicaid
- Purchase Long-Term Care insurance
- Reverse mortgage



Paying for Long-Term Care - *Medicaid*

- Medicaid is a program of last resort for people with limited assets
- You may have to spend down your assets to qualify
  - Married couple $117,240
  - Single person $2,000

- Medicaid limits where you can receive care
- The state may seek reimbursement from your estate for benefits paid to you

Source: National Clearinghouse for Long-Term Care Information, March 4, 2013

Long-Term Care Insurance
How Does It Work?

- Reasonably good health
- Premium is based on your age, health and the features and benefits you choose
- Pays benefits when a licensed health care professional certifies that you are cognitively impaired or need help with 2 out of 6 activities of daily living
  - Eating
  - Bathing
  - Dressing
  - Toileting & Personal Hygiene
  - Transferring (getting in/out of bed or a chair without assistance)
  - Maintaining Continence (being able to control bladder or bowl function)

Long-Term Care Insurance
How Does It Work?

3 Types of Coverage

Traditional "Stand Alone" LTC policy

- Purchase a maximum daily benefit (i.e. $150 per day benefit x 365 days = $54,750)
  - Min $125/day benefit protects a home in MA
- Determine a contract term (i.e. 3yr, 5 yr or lifetime benefit)
  - Purchasing a maximum benefit amount (i.e. $54,750 x 5 yr benefit = $273,750 pool of money)
  - Can extend the term beyond 5 years (i.e. $100/day utilized can provide 7.5 yrs of benefit)
- COLA Increases – Can purchase 1%,2% or 3% inflation rider to increase benefit annually
- Payments are made annually, semi-annually, quarterly or monthly

Long-Term Care Insurance
How Does It Work?

3 Types of Coverage

Hybrid - Life Insurance with LTC Rider

- Purchase a cash value life insurance policy with a LTC benefit Rider
- Annual premium payments
- Must qualify medically
- The Death benefit can be utilized if a LTC need
- Must satisfy 2/6 ADL's and qualify for LTC benefits

Long-Term Care Insurance
How Does It Work?

3 Types of Coverage

Hybrid – Asset-Based LTC

- Purchase an annuity with an LTC benefit
  - Lump-sum purchase payment
  - Receive 2-3 times multiple of the annuity premium payment for LTC purposes
  - Must satisfy 2/6 ADL's to qualify for LTC benefits
- Typically receive a 1-3% compounded return on annuity value
- Typically receive a Death benefit of 125% - 200%
- Must qualify medically

The Cost of Waiting

No one knows when the need for long-term care services will arise. It may be smart to buy a policy when you're young and in good health.

- The cost is based on your age, so it may never be more affordable
- A change in your health may leave you unable to purchase a policy at any price

Elder Care Law Attorney

Coordinating an LTC Policy with a well thought out plan can be the most effective method to protect your retirement outcome and ultimately your estate

- Revocable Living Trust – Assets placed in the trust will bypass probate cost and delay associated with probate
- Does not protect assets from LTC cost and Medicaid spend-down
  - In Massachusetts you are allowed to keep $2,000 when applying for Medicaid . Over this amount must spend-down on care.
  - Community Spouse is allowed to keep 50% of their assets up to $123,600. in countable assets.

Family Assets, Massachusetts Medicaid Nursing Home Eligibility Information & Rules For 2018 (updated January 21, 2018)

Consult a qualified Elder Care Law attorney for complete legal advice as this is not complete and comprehensive advice and only meant for informational purposes

Long-Term Care Planning Checklist

- ❑ Explore services and costs in your area
- ❑ Assess your finances
- ❑ Talk to your family about your plans
- ❑ Compare options with the help of a qualified financial professional
- ❑ Prepare health-care directives and discuss with a qualified Attorney

Planning for Higher Health Care Costs in Retirement

What Can Cause Your Health Care Budget to Change in the Future?

- Health care costs will likely increase due to:
  - Higher insurance premiums (inflation)
  - Higher utilization with declining health
- A change in health status may require:
  - Expensive prescription drugs (donut hole)
  - More services not covered by insurance
    - Dental
    - Vision
    - Hearing
    - Alternative care
    - Long-term care

Planning for Future Health Care Costs

According to this source . . .	You will need to have this much at the start of retirement to pay for future medical expenses, not including long-term care
Fidelity	$260,000 for couples
Employee Benefit Research Institute	$124,000 for men $140,000 for women $259,000 for couples
Your own customized analysis	???

What Is Medicare?

- National health insurance program for people 65+
- Administered by the Centers for Medicare and Medicaid Services (CMS), an agency within the Dept. of Health and Human Services
- Enrollment through the Social Security Administration (SSA.gov)
- Don’t confuse Medicare and SS eligibility

Who Is Eligible for Medicare?

- Everyone over 65
  - All U.S. citizens
  - Legal residents who have lived in the U.S. continuously for at least 5 years
- People under 65 who have been receiving Social Security disability benefits for 24+ months

Enrolling in Medicare?

If you are not receiving Social Security when you turn 65:

Must sign up through Social Security Administration during a Medicare enrollment period

- **Initial enrollment period:** If you are not covered by a group plan at 65
- **Special enrollment period:** If you are covered by a group plan at 65
- **General enrollment period:** If you missed your initial or special enrollment period

Enrolling in Medicare?

- **If you are receiving Social Security when you turn 65:**
  - Medicare Parts A and B are automatic (can decline if don't want Part B)
  - Coverage starts 1st of month turn 65
  - Parts C, D and "medigap" plans are not automatic; must choose private insurer and proactively enroll

Transitioning to Medicare?

What if I'm on a group or other plan now, age 65, and not retiring yet?

Do I stay or go to Medicare?

Call your HR Dept and get your plan's Summary of Benefits and exactly what is coming out of your paycheck each month. Then we need to review the costs of your current Group plan vs the Cost of…Part B, Supplemental Plans and Out of Pocket Costs – This is TOTAL costs.

Determine the costs of Part B Premium and your new Medicare Advantage or Medigap Supplement plan. It may be more cost effective to to choose Medicare coverage, but not always!

If you want **to <u>leave your group plan,</u>** you need take 2 forms with you to SS. **<u>The Part B application and Request for Employment Information form.</u>** (We have both forms.) You must let SS and Medicare Know you are coming off a group.

Best Time To Enroll in Medicare

To avoid late-enrollment penalties:

Sign up during initial or special enrollment period

To avoid gaps in coverage:

Sign up before current coverage ends

Original Medicare Part B –Premiums are Based on Income

Income Penalty
Why Tax and Retirement Planning are
Crucial
to Retirement Wellness!

If your yearly income in 2019 (for what you pay in 2021) was			You pay each month (in 2021)
File individual tax return	File joint tax return	File married & separate tax return	
$88,000 or less	$176,000 or less	$88,000 or less	$148.50
above $88,000 up to $111,000	above $176,000 up to $222,000	Not applicable	$207.90
above $111,000 up to $138,000	above $222,000 up to $276,000	Not applicable	$297.00
above $138,000 up to $165,000	above $276,000 up to $330,000	Not applicable	$386.10
above $165,000 and less than $500,000	above $330,000 and less than $750,000	above $88,000 and less than $412,000	$475.20
$500,000 or above	$750,000 and above	$412,000 and above	$504.90

The 2021 Medicare IRMAA (Income-Related Monthly Adjusted Amount)
The additional surcharge on top of their Medicare Part B and Part D premiums

What if You Don’t Enroll in Medicare on Time?

- You may pay late-enrollment penalties.
- Your health care expenses may not be covered by insurance.
- Your private insurance options may be limited.

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What Does Medicare Cover?

2021 MEDICARE PART A

Part A is Hospital Insurance for confinement in a hospital or skilled nursing facility per benefit period.

*A benefit period begins on the first day you receive service as an inpatient and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

WHEN YOU ARE HOSPITALIZED* FOR:	MEDICARE COVERS	YOU PAY
1-60 DAYS	Most confinement costs after the required Medicare deductible	$1,484 DEDUCTIBLE
61-90 DAYS	All eligible expenses after patient pays a per-day coinsurance	$371 A DAY COINSURANCE as much as: $11,130
91-150 DAYS	All eligible expenses after patient pays a per-day coinsurance (These are Lifetime Reserve Days that may never be used again)	$742 A DAY COINSURANCE as much as: $44,520
151 DAYS OR MORE	NOTHING	YOU PAY ALL COSTS
*SKILLED NURSING CONFINEMENT: Following an inpatient hospital stay of at least 3 days and enter a Medicare-approved skilled nursing facility within 30 days after hospital discharge and receive skilled nursing care	All eligible expenses for the first 20 days; then all eligible expenses for days 21-100 after patient pays a per-day coinsurance	After 20 days $185.50 A DAY COINSURANCE as much as: $14,840
HOSPICE CARE: Must meet Medicare's requirements, including a doctor's certification of terminal illness	All but very limited copayment for outpatient drugs and inpatient respite care	Medicare CO-PAYMENT
BLOOD	100% of approved amount after first 3 pints of blood.	First 3 pints

2021 MEDICARE PART B

Part B is Medical Insurance and covers physician services, outpatient care, tests, and supplies - per calendar year.

ON EXPENSES INCURRED FOR:	MEDICARE COVERS	YOU PAY
ANNUAL DEDUCTIBLE	Incurred Expenses after the required Medicare deductible	$203 ANNUAL DEDUCTIBLE
MEDICAL EXPENSES Physicians' services for inpatient and outpatient medical/surgical services; physical/speech therapy; and diagnostic tests	80% of approved amount	20% of approved amount*
EXCESS DOCTOR CHARGES** (Above Medicare Approved Amounts)	0% above approved amount	ALL COSTS
CLINICAL LABORATORY SERVICES	Generally 100% of approved amount	Nothing for services
HOME HEALTHCARE	100% of approved amount; 80% of approved amount for durable medical equipment	Nothing for services; 20% of approved amount* for durable medical equipment
OUTPATIENT HOSPITAL TREATMENT	Medicare payment to hospital, based on outpatient procedure payment rates	Coinsurance based on outpatient payment rates
BLOOD	80% of approved amount after first 3 pints of blood.	First 3 pints plus 20% of approved amount for additional pints

*On all Medicare-covered expenses, a doctor or other healthcare provider may agree to accept Medicare assignment. This means the patient will not be required to pay any expense in excess of Medicare's approved charge. The patient pays only 20% of the approved charge not paid by Medicare.

**Physicians who do not accept assignment of a Medicare claim are limited as to the amount they can charge for a covered service. In 2021, the most a physician can charge for a service covered by Medicare is 115% of the approved amount for nonparticipating physicians (may vary by state). *Note: In New York, the most a physician can charge for services covered by Medicare is 105% of the approved amount for nonparticipating physicians. For routine office visits covered by Medicare, a nonparticipating physician can charge up to 115% of the fee schedule amount.*

What Does Medicare NOT Cover?

KEY TAKEAWAYS

- Even with Medicare Part A and Part B

You Pay

Hospital Deductible + 20% Services

of your healthcare costs.

- No Stop Loss per Year = No End

- No Pharmacy is Covered in Medicare unless in hospital settings and its limited

Filling the GAP?
How to Choose Supplemental Coverage

- It is not One-size fits all- Couples could have different plans based on need
- Would you Self-insure the 20% remainder balance and/or Prescription Costs on my own– No Plan Needed
- Do you Travel Around (US or Foreign) or Settle in 1 or 2 places?
- Do you have a Pre-Existing Condition or Ongoing Chronic Illness?
- Do you like the freedom to go to Specialists without a referral?
- Is cost a concern and you need to keep it to a minimum?
- Do my Doctor's have certain insurances they take?
- Do I have a number of meds I need covered? Or none?
- Do you want dental, vision, hearing, and a gym included in your plan?

Summary of Supplemental Options

Medigap Supp

- Any provider who bills Medicare
- Monthly premium
- National & some International coverage
- Must add Part D Drug Plan Separately
- Must add own Dental & Vision
- Must get own Gym membership

Med Advantage

- Carrier Networks are incorporated, sometimes necessary
- HMO's & PPO's can keep cost down if healthy or Chronic
- Most Include Part D Drug
- Dental, Vision, Hearing, Transportation & Gym membership may be included

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Medicare Supplements - CMS Fixed

MEDICARE PLANS / BENEFITS	Plans Available to All Applicants							Medicare First Eligible Before 2020 Only	
	A	B	D	G▼	K■	L■	N●	C	F▼
Basic Benefits									
Hospitalization (Part A Coinsurance)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medical Expenses (Part B Coinsurance or Copayment)	100%	100%	100%	100%	50%	75%	Copay●	100%	100%
Blood (first three pints)	✓	✓	✓	✓	50%	75%	✓	✓	✓
Part A Hospice Care Coinsurance or Copayment	✓	✓	✓	✓	50%	75%	✓	✓	✓
Skilled Nursing Facility Coinsurance			✓	✓	50%	75%	✓	✓	✓
Part A Deductible		✓	✓	✓	50%	75%	✓	✓	✓
Part B Deductible								✓	✓
Medicare Part B Excess Charges				100%					100%
Foreign Travel Emergency			✓	✓			✓	✓	✓
Out-of-Pocket Annual Limit■					$5,880	$2,940			

▼ Plans F and G also have a high deductible option which requires first paying a plan deductible of *($2,340 in 2020)* before the plan begins to pay. Once the plan deductible is met, the plan pays 100% of covered services for the rest of the calendar year. Plan HDG does not cover the Medicare Part B deductible. However, Plan HDG counts your out-of-pocket payment of the Medicare Part B deductible toward meeting the plan deductible. An additional $198 (Part B deductible) may be payable by the patient.

■ Plans K and L pay 100% of covered services for the rest of the calendar year once you meet the out-of-pocket yearly limit *($5,880 for Plan K, $2,940 for Plan L in 2020)*. The out-of-pocket annual limit does NOT include the charges from your provider that exceed Medicare-approved amounts, called 'excess charges'. You will be responsible for paying excess charges. The out-of-pocket annual limit may increase each year for inflation.

● Plan N pays 100% of Medical Expenses *(Part B Coinsurance)* except for a copayment of up to $20 for some office visits and up to $50 copayment for emergency room visits that do not result in an inpatient admission. The emergency room copayment is waived if the insured is admitted to any hospital, and the emergency visit is covered as a Medicare Part A expense.

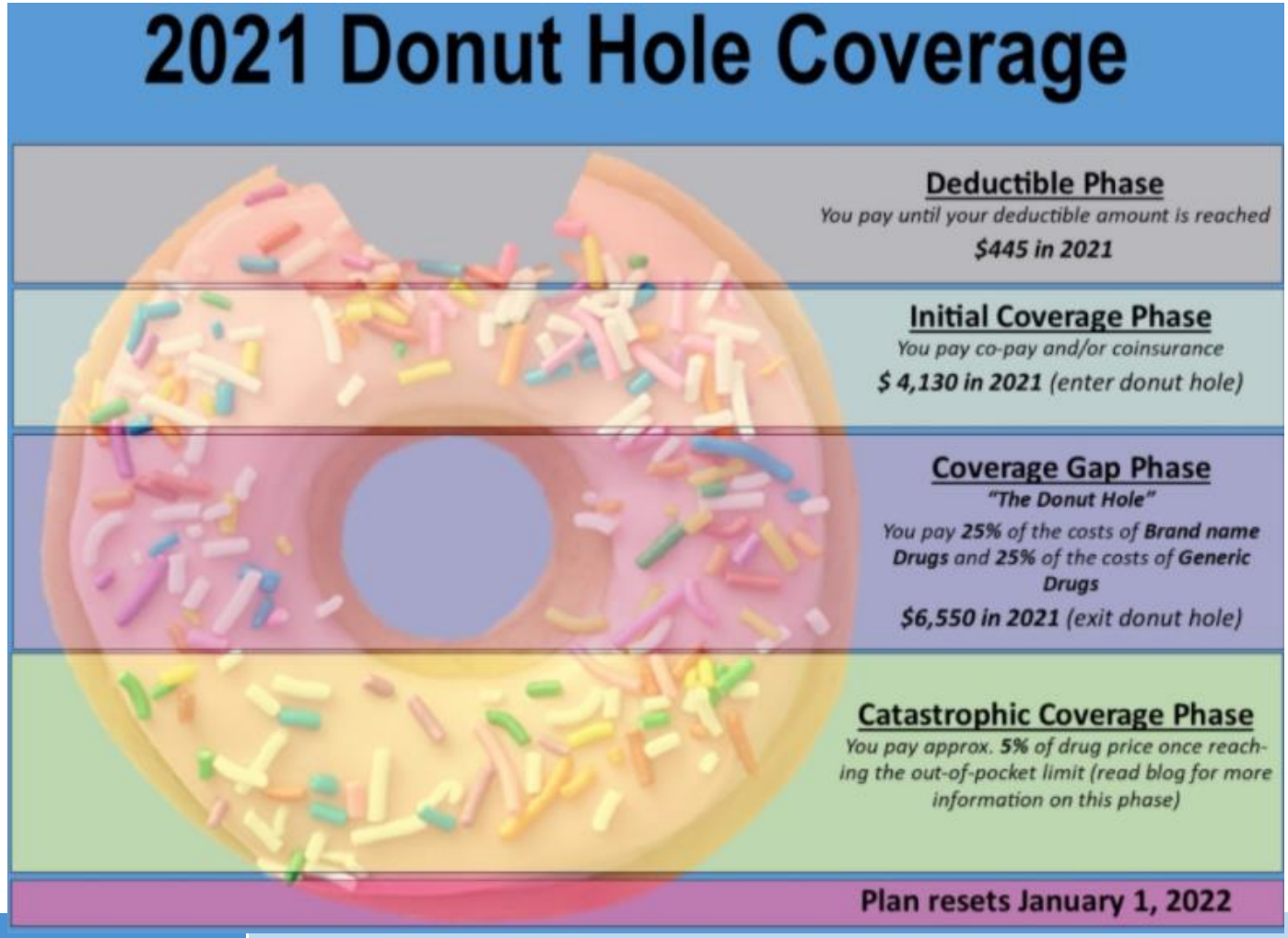
Example of Medicare Supplement With Part D Drug Costs

➢ PART B Premium	$148.50 (Depending on Income)
➢ Supplement - Plan G	$192.00 (Ex: Female Turning 65 in 33573 zip code with United American)
➢ Part D – drug plan	$33.06 (Nat Avg. in 2021) $7.30 (lowest in area)
TOTAL AVG COST PER MONTH	$373.56 monthly Approximately
➢ Annually Max out of pocket (MOOP)	$4,482.72 Appr Annual MOOP

Example of Medicare Advantage (Includes Part D Drug Costs)

➢ PART B Premium	$148.50 (Depending on Income)
➢ Supplement - Advantage	$0.00 or - **$130.00 (HMO Give-back)**
➢ Part D – drug plan	$0.00
TOTAL AVG COST PER MONTH	**$148.50 or $18.50 w/ GB**
➢ Annually Max out of pocket (MOOP)	**HMO $3,400 or PPO $5,500 (No Give Back plans with PPO's)**

Part D Coverage
All Supplemental Plans



What Choice NOT to Make!

Medicare Made Simple
5 Common Mistakes in Choosing a Medicare Advantage Plan

1. Limiting Yourself with 1 Carrier or Captive Agent
2. Letting a friend refer you to their "best plan"
3. Not Checking your Meds on the plan
4. Not Checking the Network of YOUR Dr's
5. Buying a plan online without the help of a licensed independent agent, we have been trained, certified and work with all the plans and know how they work for you!

Three Reminders

1. Enroll in Medicare on time.
2. Shop carefully for private insurance to go with Medicare.
3. Plan for higher health care costs in retirement.