



Avoiding Medicare Mistakes in Retirement

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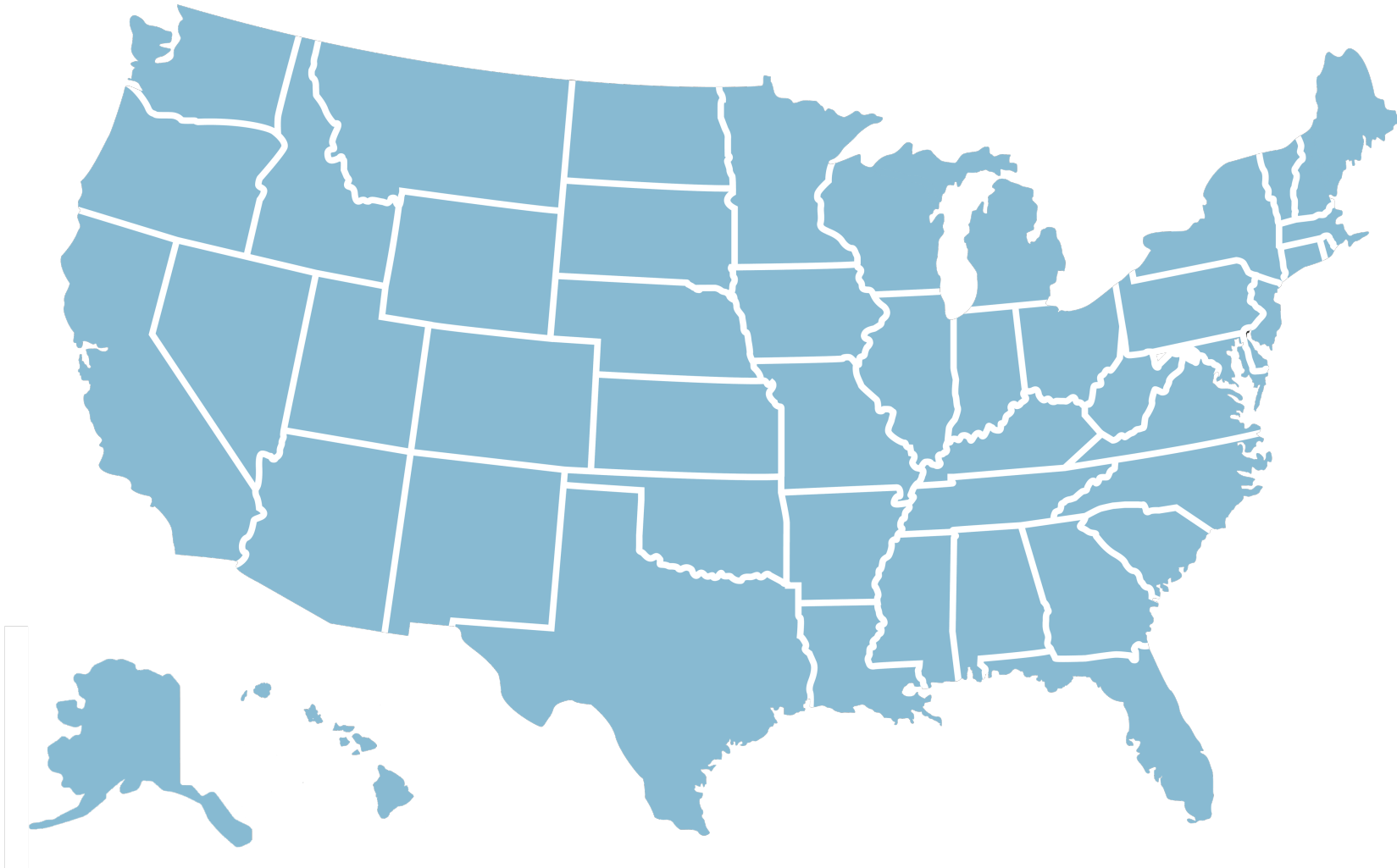


Steinlage Agency Services

FREE GUIDANCE ON HEALTH INSURANCE

- ✓ Free Medicare Advice
- ✓ Group vs Medicare Cost comparisons
- ✓ Navigating ACA and the transition into Medicare at 65
- ✓ Discussing Retirement, Cobra and transitioning to Medicare
- ✓ Medicare Annual Enrollment Period check ups and reviews
- ✓ IRMAA determinations-high wealth individuals
- ✓ Prescription drug reviews every year October 15 - December 7th

Servicing Medicare clients Nationwide





What We'll Cover

1. Who is eligible for Medicare
2. What is Medicare and how do we differentiate between the various parts and plans
3. Upcoming regulation changes and IRMAA appeals



Who is eligible for Medicare

01

Anyone turning 65

02

Older than 65, retiring and or leaving active employment/employer coverage/spousal benefit

- Furloughed, Laid-off, or retiring after 65
 - Medicare B enrollment can take up to 90 days to process-advise acting quickly and early to avoid delays and gaps in coverage
-

03

Under 65 and on Disability 2+ years

04

Under 65 and diagnosed with End Stage Renal Disease

Working after 65

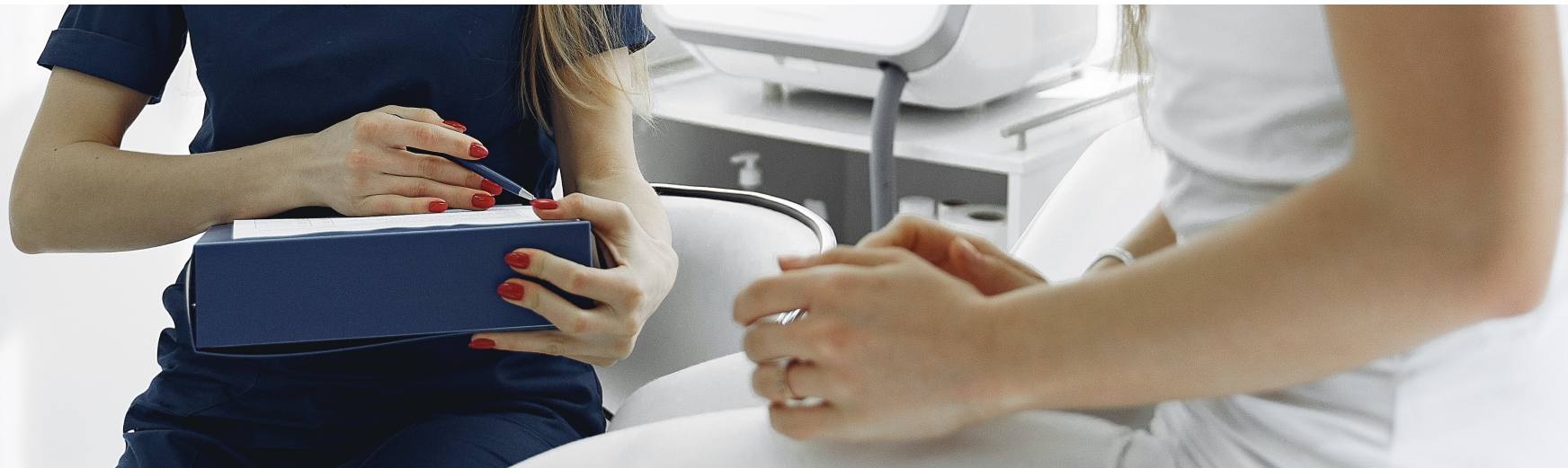
- If turning 65 with plans to continue working, the size of the employer (or spouse's employer) determines whether Medicare is required (Parts A/B).
- **NOTE** - COBRA IS NOT DEEMED ACTIVE COVERAGE
- Does the employer offering group coverage have
 - 20+ Employees then Medicare Part A/B is **optional**
 - Watch out for HSA's!
 - How to avoid IRS penalties
 - Stop HSA contributions once you enroll in Part A – avoid excess contributions!
 - Part A becomes effective 6 months prior to the date when you submit your Medicare enrollment paperwork
 - Under 20 employees then Medicare A/B is **required**



More on HSAs

USING HSA Funds-what's deemed a qualified expense?

- Health care continuation coverage (*such as coverage under COBRA*).
- Medicare and other health care coverage if you are 65 or older (*other than premiums for a Medicare supplemental policy, such as Medigap*).
- Prescription Medications-insulin and prescribed medications.
- Dental/Vision costs and premiums.



What is Medicare?

DEDUCTIBLE

The amount you pay before Medicare pays.

Part A Deductible
\$1,632/
60
day-occurrence

Part B Deductible
\$240/ year

ORIGINAL MEDICARE PREMIUMS

Part A Hospital
\$0/month

+

Part B Medical
\$174.70/month

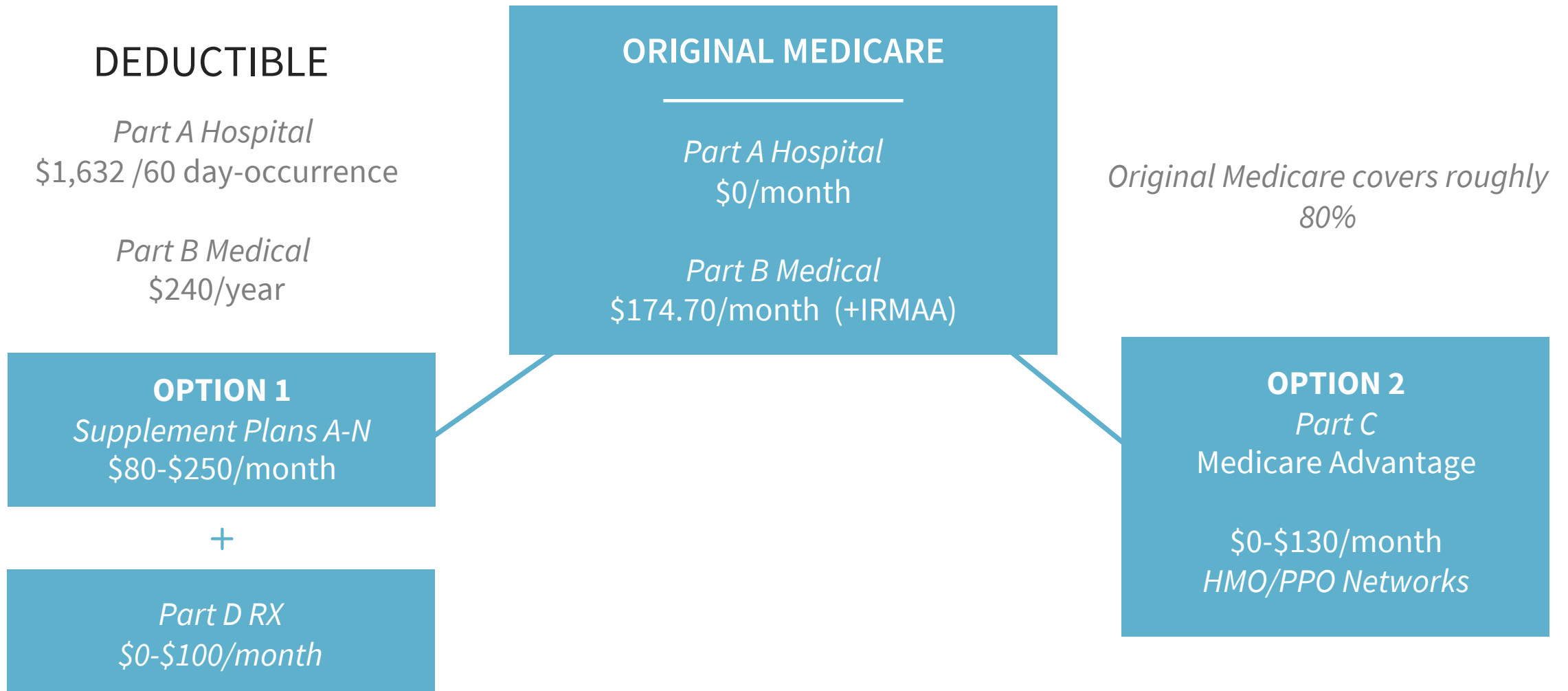
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IRMAA for B/D

NOTE

Once you meet your deductibles, Original Medicare covers roughly 80% of your Hospital and Medical costs.

How to fill the gaps in Medicare



Option 1: Medicare + Supplement + Part D

DEDUCTIBLE

Part A Hospital
\$1,632 per 60-day occurrence

Part B Medical
\$240/year

ORIGINAL MEDICARE

Part A Hospital
\$0/month

Part B Medical
\$174.70/month (+IRMAA)

Original Medicare covers roughly 80%

OPTION 1

Supplement Plans A-N
\$80-\$250/month

+

Part D RX
\$0-\$120/month

- Medicare is primary payor, Supplement is Secondary payor. This combo gives close to 100% coverage.
- Supplement plans cover the gaps in Medicare. Plan F, G, N cover Part A/B deductibles, and the 20% coinsurance gap.
- Allows for nationwide access.
- Foreign care coverage.
- Visit any doctor nationwide so long as that doctor accepts Medicare.
- Part D covers prescriptions.
- Dental/vision will be an additional plan/premium. \$40-\$60/month.

Option 2: Part C Medicare Advantage

ORIGINAL MEDICARE

Part A Hospital
\$0/month

Part B Medical
\$174.70/month (+IRMAA)

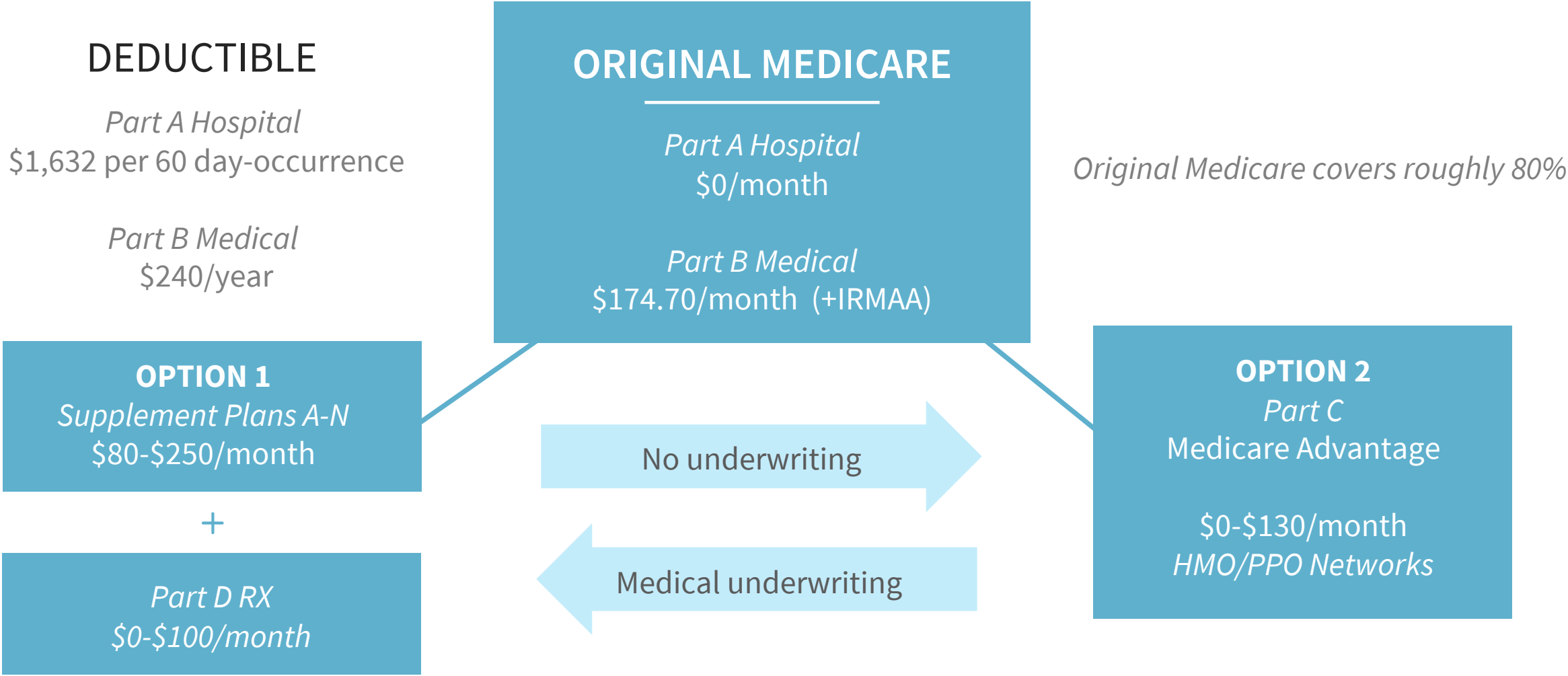
OPTION 2

Part C
Medicare Advantage

\$0-\$130/month
HMO/PPO Networks

- Medicare is no longer primary payor.
- Part C Medicare Advantage plan manages the care.
- Part C Medicare Advantage covers Hospital, Medical, and Prescriptions .
- *Sometimes Dental/vision/hearing/gym/OTC/Utilities/Groceries/Pet food/ Part B premium reduction.*
- Low monthly premium with higher out of pocket copays/coinsurance when using care.
- When using care, member pays deductibles, copays, coinsurance up to the plan's max out of pocket.
- Max out of pocket ranges \$1,900-\$10,000. Depending on the region/product.

Caveat! Medical Questions!



Review Periods

ANNUAL ENROLLMENT PERIOD (AEP)

- October 15 to December 7.
- Shop Part D or Medicare Advantage plan. Changes will take effect on January 1st.

OPEN ENROLLMENT PERIOD (OEP)

- January 1 to March 31.
- Can make a one time move from Part C carrier to Part C carrier or drop your Part C and move to Original Medicare.

MEDICARE SUPPLEMENT PLANS ARE NOT SUBJECT TO THE MEDICARE AEP OR OEP.

- May rate shop supplement plans anytime throughout the year. Most states require health questions and underwriting.



IRMAA and Recent Changes

INCOME RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA)

The standard Part B premium amount in 2024 is \$174.70/month.

CMS will release the 2025 Part B premium and IRMAA benchmarks in Fall of 2024.

Most people will pay the standard Part B premium amount. If the modified adjusted gross income as reported on the IRS tax return from 2 years ago is above a certain amount, then standard B/D premiums increase. These premium adjustments are called, Income Related Monthly Adjustment Amount (IRMAA).

IRMAA is a surcharge added to the standard Part B premium and Part D premium.

If the 2022 modified adjusted gross income is above joint filing couple, then the 2024 Medicare costs are adjusted to reflect a higher monthly premium.

These readjust each year as of 1/1.

CMS will use the 2023 MAGI on file to adjust the 2025 IRMAA premiums owed.

IRMAA Premiums

Medicare premiums are annually adjusted and use a [2 year look back](#). The 2022 Modified Adjusted Gross Income determines the Part B and Part D premiums owed for 2024. Medicare updates their figures each year based on the prior 2 year tax return.

The chart below shows the applicable costs for Part B and Part D in 2024 based on a household 2022 MAGI .

Single	Couple MAGI	Part B	Part D
< \$103,000	< \$206,000	\$174.70	Premium (varies)
\$103,000 to \$129,000	\$206,000 to \$258,000	\$244.60	\$12.90
\$129,000 to \$161,000	\$258,000 to \$322,000	\$349.40	\$33.30
\$161,000 to \$193,000	\$322,000 to \$386,000	\$454.20	\$53.80
\$193,000 to \$500,000	\$386,000 to \$750,000	\$559.00	\$74.20
> \$500,000	> \$750,000	\$594.00	\$81.00

Appealing IRMAA

If income has gone down due to any of the following situations, then we can successfully reduce the IRMAA.

- Recent marriage, divorce, or widow;
- Recently stopped work or reduced work hours;
- Lost income-producing property because of a disaster or other event beyond control;
- Experienced a scheduled cessation, termination, or reorganization of an employer's pension plan; or
- Received a settlement from an employer or former employer because of the employer's closure, bankruptcy, or reorganization.
- Appeal form <https://www.ssa.gov/forms/ssa-44-ext.pdf>

OVERVIEW OF CHANGES HAPPENING TO MEDICARE PART D INFLATION REDUCTION ACT “IRA”:

CURRENT BENCHMARKS FOR 2024

- Exposure under part D is capped at roughly \$3,300/year in out of pocket costs. This \$3,300 cap includes what is paid towards the drug plan deductible, prescription copays and prescription coinsurance. *The 2024 \$3,300/year spending cap does not include paid monthly plan premiums.*

BENCHMARKS AND CHANGES FOR 2025

- 2025 Total elimination of the Donut Hole.
- A new \$2,000/year out of pocket spending cap for Part D.
- When \$2,000 is satisfied in TRUE OUT OF POCKET “TROOP” COSTS (deductible, Initial Coverage Stage prescription copays and coinsurance), then the Part D plan will pay 100% for **covered Part D** drug costs for the remainder of the year.
- *The 2025 \$2,000 spending cap does not include the monthly drug plan premium*

2025 Medicare Part D



DEDUCTIBLE PHASE

You are responsible for 100% of your prescription drug costs until your deductible* is met

*Your plan may have an annual deductible of no more than **\$590**.

Plans may vary.



INITIAL COVERAGE PHASE

You pay up to 25% of co-insurance for medications covered in your plan's formulary.

Max out of pocket **\$2,000**, then your plan pays the rest of the medication included in your plan's formulary



CATASTROPHIC PHASE

After you reach your True Out-Of-Pocket (TrOOP) costs for prescription drugs, you pay nothing and your medication is **100% covered**

Everything resets January 1st and you return to the deductible stage at the beginning of each year



Smoothing Provision 2025

MEDICARE PRESCRIPTION PAYMENT PROGRAM OR M3

Beginning in 2025, the prescription drug law requires all Medicare prescription drug plans (Medicare Part D plans)—PDP and MAPD—to offer enrollees the option to pay out-of-pocket prescription drug costs in the form of capped monthly payments instead of all at once at the pharmacy.

ELIGIBILITY REQUIREMENTS

- *Open to All but most likely to benefit those with at least one prescription which costs over \$600/month.*
- *Opting in will take all prescription costs and divide payments over the course of one calendar year.*
- *Opting in will be made available to the insured at any point during the year.*
- *Once opted in, participants pay \$0 to pharmacy and will receive a monthly invoice from their Part D plan for cost sharing incurred for covered Part D medications/prescription refills.*
- *If the Part D enrollee has not opted in to the cost sharing program and has a medication at \$600 or more, the pharmacy is required to send out a standard “Medicare Prescription Payment Plan Likely to Benefit Notice”.*
- *If/when the insured opts in, the requests will be processed in 24 hours.*
- *Voluntarily cancel this payment plan at anytime.*
- *When switching PDP plans during the AEP, opt in must be reselected.*
- *Note carrier can not terminate Part D Plan for failure to pay while opted into the Prescription Payment Plan.*
- *Payment Plan is separate from the prescription plan premium. Two separate invoices will be received.*

Medicare Part D Changes

MAY IMPACT CREDITABLE COVERAGE STATUS OF EMPLOYER PLANS

- The IRA has made it more likely that employer sponsored health plans (particularly HDHPs) will not be creditable coverage in 2025 and future years
- What is Credible Coverage – Employers that provide prescription drug coverage to individuals who are eligible for Medicare Part D must inform these individuals and CMS whether their prescription drug coverage is creditable – as good as Medicare Part D Coverage
- When a plan option loses its creditable status employees will need to weigh their options and consider whether enrollment in Part D is appropriate. For those not already enrolled in Medicare Part A, it will take weeks to enroll and gain access to the Medicare card / Medicare ID number, which is needed to enroll in Part D. Thus jeopardizing their ability to enroll during the Part D open or special enrollment period.





What to take away

- Health care costs can play critical role in retirement
- Each client has a unique Medicare review
 - There is no one size fits all recommendation
- Many variables to consider
- We recommend starting this process 6 to 12 months from the 65th birthday or date of desired Medicare eligibility and an annual review each year once enrolled in Medicare.

Thank you.



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