

From Deductibles to Donut Holes:
How to Decipher Your Medicare Choices
11/13/2024



Healthassist
Navigating the complexities of healthcare



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Your Host

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Agenda

- ✓ History
- ✓ Enrollment
- ✓ Coverage and Cost
- ✓ Options
- ✓ Identifying Preferences
- ✓ How to Decide
- ✓ Cost Estimate
- ✓ Inflation Reduction Act
- ✓ Coverage Gap/Donut Hole
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Medicare



The Federal health insurance program for people who are 65 and older, certain younger people with disabilities, and people with End-Stage Renal Disease

History

1965 – Medicare signed into law

1972 – End Stage Renal Disease (ESRD) covered by Medicare

1990's – Medigap/Supplemental/Medex plans evolved

1997 – Medicare + choices

2003 – Medicare Advantage plans

2006 – Prescription drug plans

2010 – Affordable Care Act

2022 – Inflation Reduction Act



Enrollment

When: It Depends

- An initial 7-month period
 - ❖ 3 months before you turn 65
 - ❖ The month you turn 65
 - ❖ 3 months after you turn 65
- A Special Enrollment Period (if remained employed)
- General Enrollment Period

Where:

- Enroll through Social Security, online
- “My Social Security” account

When to Change:

- Annual Open Enrollment (October 15-December 7)
- If already in a Medicare Advantage Plan (January 1 – March 31)



#13520036

Enrollment via Social Security

Apply Online for Retirement/Medicare Benefits



Getting Ready

Before you start your application, we recommend that you take a moment to prepare yourself by reviewing a few items:

1. Make sure you meet the requirements to apply online for [Retirement/Medicare](#);
2. [Gather all of the information you need](#) to complete the application process.



Apply & Complete

After signing in to your [my Social Security](#) account, applying for Retirement/Medicare may take between **10 to 30 minutes** to complete depending on your situation. You can save your application as you go, so you can take a break at any time.

[Start a New Application](#)

or

[Return to Saved Application Process](#)



Follow Up

Once you have submitted your application, a representative may contact you with updates or questions about your application. You may check the status of your online application by signing in to [my Social Security](#).



Say Hello to Mary

- **69-years-old**
- Resident of **Boston, MA 02114**
- **Married** to Bob Smith, age 63
- Employed with a **gross income of \$100,000**
- Combined **MAGI of \$204,000**
- Patient at **Mass General Brigham**
- Currently insured under **HMO plan**



Coverage and Cost for Options in Boston (02114) for 2025

- **Part A:** Inpatient care (no cost for most)
- **Part B:** Outpatient Care (\$174.70 per month **in 2024**)
- **Part C:** Combined inpatient and outpatient care/pay as you go plans
 - ❖ 41 Plans, premiums range from \$0 - \$299.00/month in addition to Part B premium of \$174.70 per month **in 2024**)
- **Part D:** Prescription drug plans
 - ❖ 14 plans, premiums range from \$12.40 - \$190.80/month
- **Medigap:** covers gap
 - ❖ 7 companies offering a total of 40 plans that range from \$119.00 - \$293.00 per month



Definitions used in Medicare

Modified Adjusted Gross Income (MAGI)

- Generally, it is the total of your household's adjusted gross income plus any tax-exempt interest income you may have

Income Related Monthly Adjustment Amount (IRMAA)

- If you are a person who has higher annual earnings, the IRMAA is an additional amount that you pay for your monthly Medicare Part B and Medicare Part D premiums
- Re-calculated every year using tax returns from **2 years earlier**



Part B and D Monthly Premium (2024)

Yearly Income in 2022		What you pay in 2024	
<u>Individual Tax Return</u>	<u>Joint Tax Return</u>	<u>Part B</u>	<u>Part D</u>
Less than or equal \$103,000	Less than or equal \$206,000	\$174.70	Plan Premium
Greater than \$103,000 and less than or equal to \$129,000	Greater than \$206,000 and less than or equal to \$258,000	\$244.60 (\$69.90)	\$12.90 + plan premium
Greater than \$129,000 and less than or equal to \$161,000	Greater than \$258,000 and less than or equal to \$322,000	\$349.40 (\$174.70)	\$33.30 + plan premium
Greater than \$161,000 and less than or equal to \$193,000	Greater than \$322,000 and less than or equal to \$386,000	\$454.20 (\$279.50)	\$53.80 + plan premium
Greater than \$193,000 and less than \$500,000	Greater than \$386,000 and less than \$750,000	\$559.00 (\$384.30)	\$74.20 + plan premium
\$500,000 and above	\$750,000 and above	\$594.00 (\$419.30)	\$81.00 + plan premium



IRMAA - What to do

Appeal or Apply for reconsideration of IRMAA

- Tax return inaccurate or out-of-date
- Life changing event that affects MAGI
 - ❖ Death of spouse
 - ❖ Marriage
 - ❖ Divorce or annulment
 - ❖ Work reduction
 - ❖ Work stoppage
 - ❖ Loss of income from income producing property
 - ❖ Loss or reduction of certain kinds of pension income
- Form SSA-44 (<https://www.ssa.gov/forms/ssa-44.pdf>)
- Supporting documents



Analysis on Medicare Website

Find Plans

Welcome to Medicare

Get Started with Medicare



Log in or create an account

Access your information anytime, anywhere



Find health & drug plans

Find & compare plans in your area



Find care providers

Compare hospitals, nursing homes, & more



Talk to someone

Contact Medicare & other helpful resources



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Medicare Plan Finder

Explore your Medicare coverage options



Don't have Medicare Part A or B yet?
[Get started with Medicare.](#)

Find Medicare health & drug plans

Use your account

Save time by logging in

- Get a summary of your current coverage
- Use your saved drugs & pharmacies to compare plan costs

Log In

Don't have an account? [Create one.](#)

Continue without logging in

ZIP CODE

PLAN TYPE

Select a plan type



Next, you can add your drugs and pharmacies for personalized cost information. [Need help picking a plan type?](#)

Start

Options in Boston (02114)

- Medicare Part A, B, and D (**14 plans**)
- Medicare Part A, B, D (**14 plans**) and Medigap (**40 plans**)
- Medicare Part C in lieu of above (**34 plans**)
- Medicare Part C (**7 plans**) and D (**14 plans**)



Identifying Preferences

Traditional Indemnity Plan (Parts A & B)*

*Traditional Medicare with Supplement plan and Part D plan

- Allows participant the choice of any provider with no effect on reimbursement
- Reimburse the patient and/or provider as expenses are incurred
- Lots of choice
- No referrals required
- Minimal and predictable co-pays
- Reasonable administrative oversight



Identifying Preferences

Preferred Provider Organization (PPO)*

*Medicare Advantage Plan

- Coverage provided to participants through a network of selected health care providers
- Enrollees may go outside the network, but incur larger costs
- Less choice
- No referrals required
- Significant and unpredictable co-pays
- Greater administrative oversight



Identifying Preferences

Health Maintenance Organizations (HMO)*

*Medicare Advantage Plan

- HMO assumes financial risks associated with providing medical services in a geographic area in return for a fixed, prepaid fee
- Financial risk may be shared with the providers
- Enrollees have no coverage outside the HMO
- Less Choice
- Referrals required
- Significant and unpredictable co-pays
- Greater administrative oversight



How to Decide

Current Plan

- Type of plan
- Level of satisfaction with plan
- Current cost for premium
- Current out-of-pocket costs
- Current out-of-pocket maximum

Retiree medical benefits for individual and/or spouse

- Type of plan
- Cost of plan



How to Decide

Status of Health

- List of medical conditions (surgeries, hospitalizations, etc.)
- List of medications (dosage and how often they are taken)

Current Providers

- Primary care and all specialists
- Preferred hospital
- Preferred pharmacy



How to Decide

- Utilization Levels
 - ❖ Current
 - ❖ Anticipated
- Travel Plans
- Preventative Care
- Preferences
- Other family members to consider: spouse, children, grandchildren



How to Decide

Other Considerations that may impact cost or coverage:

- Provider participation in the plan
- Predictability of cost
- Prescription Drug Cost
 - ❖ Deductibles
 - ❖ Meeting out-of-pocket cap (\$2000 – new in 2025)
- Out-of-pocket costs for healthcare
 - ❖ Deductibles
 - ❖ Co-pays
 - ❖ Co-Insurance
- Out-of-pocket maximum



Cost Comparison for Mary

Comparison includes premium + out-of-pocket cost for healthcare and drugs:

- Part C Plan - HMO \$7,187 - \$10,837
- Part C Plan - PPO \$3,217 - \$12,717
- Part A, Part B, Supplemental and Part D \$5,430



Cost Estimate with Medicare Supplement and Part D

Medicare Part A, Part B, Part D and Supplemental plan (Medex CORE) for 2025		
Mary (DOB 09/23/1955)	Zip Code 02114	
	Monthly	Yearly
Part A Premium	\$0.00	\$0.00
Part B Premium *2025 TBD	\$174.70	\$2,096.40
Part B IRMAA (Income Related Monthly Adjustment Amount) (For income threshold less than \$206,000) *2025 TBD	\$0.00	\$0.00
Medigap/Medicare Supplement Plan, MA, BCBSMA Medex CORE (15% discount in year 1)	\$110.34	\$1,324.08
Part D prescription drug premium - AARP Medicare Rx Preferred from UHC PDP (\$00.00 deductible)	\$107.50	\$1,290.00
Part D IRMAA (Income Related Monthly Adjustment Amount) (For income threshold less than \$206,000) *2025 TBD	\$0.00	\$0.00
Out-of-pocket expenses for healthcare (For \$240.00 yearly outpatient deductible for Medicare Part B) *2025 TBD	\$20.00	\$240.00
Out-of-pocket expenses for prescription drugs - Estimate if use CVS	\$40.00	\$480.00
Total	\$452.54	\$5,430.48



Cost Estimate with Medicare Advantage Plan

Medicare Part A, Part B, and Medicare Advantage Plan PPO for 2025		
Mary (DOB 09/23/1955)	Zip Code 02114	
	Monthly	Yearly
Part A Premium	\$0.00	\$0.00
Part B Premium *2025 TBD	\$174.70	\$2,096.40
Part B IRMAA (Income Related Monthly Adjustment Amount) (For income threshold less than \$206,000) *2025 TBD	\$0.00	\$0.00
Medicare Advantage Plan - PPO	\$0.00	\$0.00
Part D prescription drug premium - Included in MAP	\$0.00	\$0.00
Part D IRMAA (Income Related Monthly Adjustment Amount) (For income threshold less than \$206,000) *2025 TBD	\$0.00	\$0.00
Out-of-pocket expenses for healthcare (For co-pays and co-insurance - estimate based on utilization)	\$60.00	\$720.00
Out-of-pocket expenses for prescription drugs - Estimate if use CVS	\$33.40	\$400.80
	Total	\$268.10 \$3,217.20
	Out of Pocket Maximum - out-of-network	\$9,500.00
	Maximum Liability	\$12,717.20



The Inflation Reduction Act of 2022

- Capping Insulin cost-sharing at \$35.00/month (2023)
- Ending cost-sharing for vaccines in Part D (2023)
- Extra-help paying for drugs for lower-income beneficiaries (2024)
- Eliminating out-of-pocket cost when in catastrophic coverage for drugs (2024)
- Capping out-of-pocket cost for prescription drugs to \$2000 (2025)
- Medicare Prescription Payment Plan (2025)
- Allowing Medicare to negotiate price for high-cost drugs (2026)



Coverage Gap/The Donut Hole

Eliminated on 12/31/2024



Changes in 2025

- \$2000 cap on covered Part D drugs beginning 01/01/2025
- When reach \$2000 in out-of-pocket cost, automatically get “catastrophic coverage” with no out-of-pocket costs for the remainder of year
- Medicare Prescription Payment Plan begins
- Cost sharing continues to be capped at \$35.00 for covered insulins and \$00.00 for Part D vaccines recommended by Advisory Committee on Immunization Practices
- Improved access to behavioral health in Medicare Advantage Plans
- Increased prior-authorization transparency in Medicare Advantage Plans
- Improved coordination for people with Medicare and Medicaid (dual eligibles)



Medicare Prescription Payment Plan

- Also known as “**smoothing**” plan
- Offers enrollees option to pay out-of-pocket prescription costs in monthly payments instead of all at once at the pharmacy
- Helpful for those with higher cost sharing earlier in the plan year
- Enrollees pay \$00.00 to pharmacy for covered drugs
- Part D sponsors bill enrollees monthly for cost sharing amount
- Program is available to everyone, but not all enrollees might benefit
- Those likely to benefit – if have a \$600 cost for single prescription
- Can opt-in prior to beginning of plan year or any month during year
- Part D sponsors required to notify pharmacies of enrollees likely to benefit, so pharmacy can educate enrollee



Medicare Prescription Payment Plan

	Your monthly cost for drugs covered by Part D	
	<u>Without this payment option</u>	<u>With this payment option</u>
January	\$830.03	\$166.67
February	\$391.01	\$95.85
March	\$391.01	\$134.95
April	\$384.99	\$177.73
May	\$0.00	\$177.73
June	\$0.00	\$177.73
July	\$0.00	\$177.73
August	\$0.00	\$177.73
September	\$0.00	\$177.73
October	\$0.00	\$177.73
November	\$0.00	\$177.73
December	\$0.00	\$177.73
TOTAL	\$1,997.04	\$1,997.04



Drugs to be negotiated in 2026

- **Eliquis:** Treats blood clots
- **Jardiance:** Treats diabetes
- **Xarelto:** Prevents and treats blood clots
- **Januvia:** Treats diabetes
- **Farxiga:** Treats diabetes
- **Entresto:** Treats heart failure
- **Enbrel:** Treats rheumatoid arthritis, psoriasis, and psoriatic arthritis
- **Imbruvica:** Treats blood cancers
- **Stelara:** Treats psoriasis, psoriatic arthritis, Crohn's disease, and ulcerative colitis
- **Novolog/Fiasp:** Treats diabetes



Client Scenarios – Retire or Continue Working

- 75-year-old man who is working
- 74-year-old wife on his plan
- Access to two options at work
- How do they compare to Medicare?
- Higher income beneficiaries



Cost Estimate

Medicare Part A, Part B, Part D and Supplemental Plan for 2025			Medicare Part A, Part B, Part D and Supplemental Plan for 2025		
John (DOB 01/15/1948)			Jane (DOB 02/15/1949)		
Zip Code 02115			Zip Code 02115		
	Monthly	Yearly		Monthly	Yearly
Part A Premium	\$0.00	\$0.00	Part A Premium	\$0.00	\$0.00
Part B Premium <i>*2025 TBD</i>	\$174.70	\$2,096.40	Part B Premium <i>*2025 TBD</i>	\$174.70	\$2,096.40
Part B IRMAA (Income Related Monthly Adjustment Amount) (For income threshold of greater \$386,000 and less than \$750,000) <i>*2025 TBD</i>	\$384.30	\$4,611.60	Part B IRMAA (Income Related Monthly Adjustment Amount) (For income threshold of greater \$386,000 and less than \$750,000) <i>*2025 TBD</i>	\$384.30	\$4,611.60
Medigap/Medicare Supplement Plan, BCBS of MA Medex Sapphire (15% discount in first year)	\$180.40	\$2,164.80	Medigap/Medicare Supplement Plan, BCBS of MA Medex Sapphire (15% discount in first year)	\$180.40	\$2,164.80
Part D prescription drug premium - Cigna Healthcare Saver Rx (PDP) (\$590.00 deductible)	\$15.70	\$188.40	Part D prescription drug premium - Cigna Healthcare Saver Rx (PDP) (\$590.00 deductible)	\$12.40	\$148.80
Part D IRMAA (Income Related Monthly Adjustment Amount) (For income threshold of greater \$386,000 and less than \$750,000) <i>*2025 TBD</i>	\$74.20	\$890.40	Part D IRMAA (Income Related Monthly Adjustment Amount) (For income threshold of greater \$386,000 and less than \$750,000) <i>*2025 TBD</i>	\$74.20	\$890.40
Out-of-pocket expenses for healthcare (For \$240.00 yearly outpatient deductible for Medicare Part B) <i>*2025 TBD</i>	\$20.00	\$240.00	Out-of-pocket expenses for healthcare (For \$240.00 yearly outpatient deductible for Medicare Part B) <i>*2025 TBD</i>	\$20.00	\$240.00
Out-of-pocket expenses for prescription drugs - Estimate if use Walgreens pharmacy	\$15.00	\$180.00	Out-of-pocket expenses for prescription drugs - Estimate if use Walgreens pharmacy	\$120.76	\$1,449.12
	Total	\$864.30 \$10,371.60	Total	\$966.76	\$11,601.12



Retire or Continue Working?

Medicare Part A, Part B, Part D and Supplemental Plan for 2025		
John and Jane combined		
Zip Code 02115		
	Monthly	Yearly
Part A Premium	\$0.00	\$0.00
Part B Premium <i>*2025 TBD</i>	\$349.40	\$4,192.80
Part B IRMAA (Income Related Monthly Adjustment Amount) (For income threshold of greater \$386,000 and less than \$750,000) <i>*2025 TBD</i>	\$768.60	\$9,223.20
Medigap/Medicare Supplement Plan, BCBS of MA Medex Sapphire (15% discount in first year)	\$360.80	\$4,329.60
Part D prescription drug premium - Cigna Healthcare Saver Rx (PDP) (\$590.00 deductible)	\$28.10	\$337.20
Part D IRMAA (Income Related Monthly Adjustment Amount) (For income threshold of greater \$386,000 and less than \$750,000) <i>*2025 TBD</i>	\$148.40	\$1,780.80
Out-of-pocket expenses for healthcare (For \$240.00 yearly outpatient deductible for Medicare Part B) <i>*2025 TBD</i>	\$40.00	\$480.00
Out-of-pocket expenses for prescription drugs - Estimate if use Walgreens pharmacy	\$135.76	\$1,629.12
Total	\$1,831.06	\$21,972.72
Employer Plan - HPHC PPO		
John and Jane combined		
	Monthly	Yearly
HPHC PPO Premium	\$529.37	\$6,352.44
Out of pocket cost for healthcare	\$100.00	\$1,200.00
Out of pocket cost for prescription drugs	\$130.00	\$1,560.00
Total	\$759.37	\$9,112.44
Out-of-pocket maximum		\$3,000.00
Maximum Liability		\$12,112.44



Tips before enrollment

- Enroll at the right time – especially Part B
- Medicare is *primary* for retirees and COBRA recipients
- Cannot contribute to a Health Savings Account (HSA) when on Medicare (tax penalty if you do)
- Conduct analysis:
 - ❖ Utilization of healthcare
 - ❖ Prescription drugs taken regularly
 - ❖ Risk tolerance



Tips before enrollment

- Consider family members
- Consider all costs, not just premiums
- Understand IRMAAs
- Evaluate financial moves to minimize IRMAAs



Tips once enrolled

- Make sure prior insurance is terminated
- Show providers Medicare card and Insurance ID cards
 - ❖ Be sure they know Medicare is now primary
- Revisit every year during Annual Open Enrollment:
 - ❖ October 15th – December 7th
- Make sure you pay all premiums



Other Considerations

- Vision
- Dental
- Hearing
- Long Term Care
- Future Medicare changes



Resources

Medicare:

1-800-Medicare (633-4227)

<https://www.medicare.gov/>

Medicare and You:

<https://www.medicare.gov/publications/10050-medicare-and-you.pdf>

Social Security:

1-800-772-1213

<https://www.ssa.gov/>



Resources

Social Security, Medicare Premiums: Rules for Higher-Income Beneficiaries

www.cms.gov/newsroom/fact-sheets/2024-medicare-parts-b-premiums-and-deductibles?ref=biztoc.com

SHINE: Serving the Health Insurance Needs of Everyone

State health insurance assistance program that provides free counseling



Summary

- Medicare system requires consumers to be active, informed participants
- Understand your preferences
- Decide when it's best for you to enroll
- Conduct analysis based on your specific utilization of healthcare and prescription drugs
- Consider all associated costs when planning
- Re-assess every year



How To Find Me



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