



All About Retiree Health Insurance

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FRANCIS



Cardinal Retirement Savings
at Work Benefits

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What we will cover today

- ✓ Medicare Basics
- ✓ What Do the “Parts” Mean?
- ✓ Costs
- ✓ Other Options

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It's a Big Deal!

3.6 million
baby boomers
turn 65
each year



54%
don't
understand
benefit



Source: Medicare Consulting Firm: 65 Incorporated

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What is Medicare?

- ✓ National health insurance program for retirees
- ✓ Includes a combination of public and private insurance
- ✓ Enroll through Social Security Administration

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Handy Reference Guide



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

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Eligible for Medicare at age 65

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Humble Beginnings



488-40-6969-A

APPLICATION FOR ENROLLMENT
in the
Supplementary Medical Insurance Program
Under the Social Security Act

PLEASE READ THE ENCLOSED LEAFLET

Harry S Truman
Independence, Missouri

TO GET MEDICAL INSURANCE YES

IF YOU DO NOT WANT THIS MEDICAL INSURANCE NO

SIGN HERE *Harry S Truman*

Signature by mark (X) and by witness below

SIGNATURE OF WITNESS *[Signature]*

ADDRESS OF WITNESS

Do not write in the space above

DHET - SOCIAL SECURITY ADMINISTRATION

1965

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The Parts

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The Parts

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The Parts

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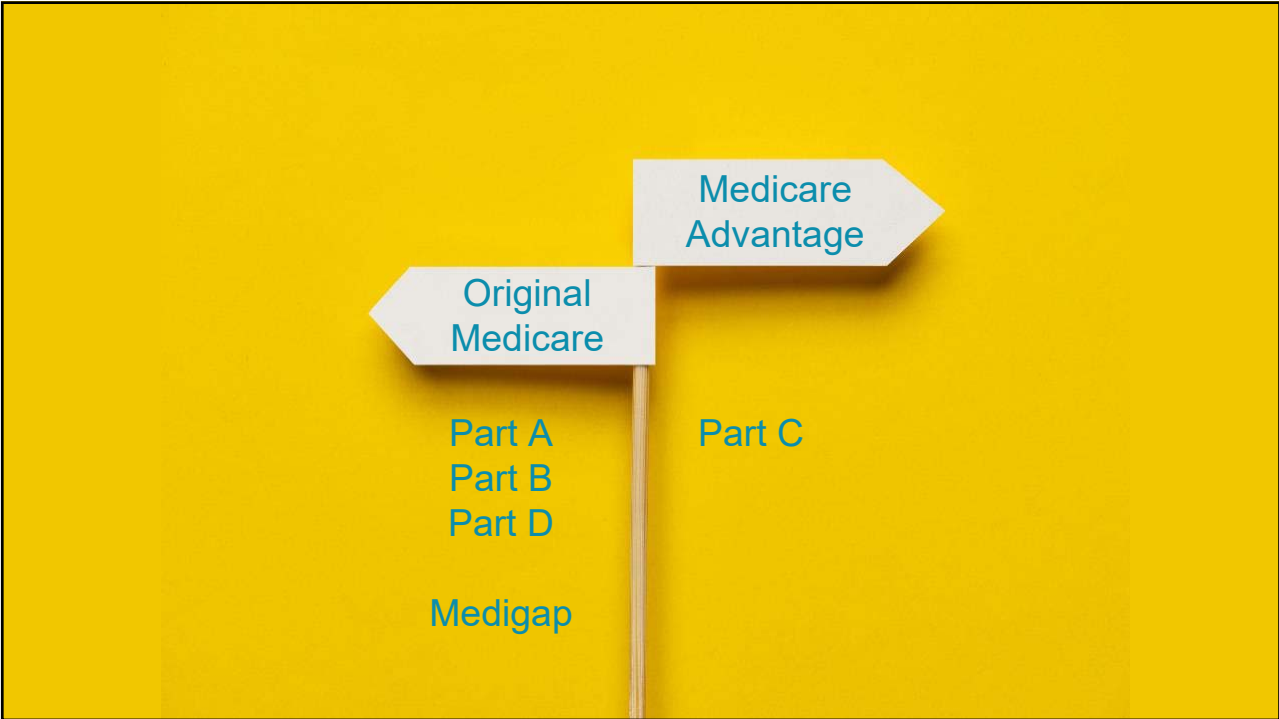


The Parts

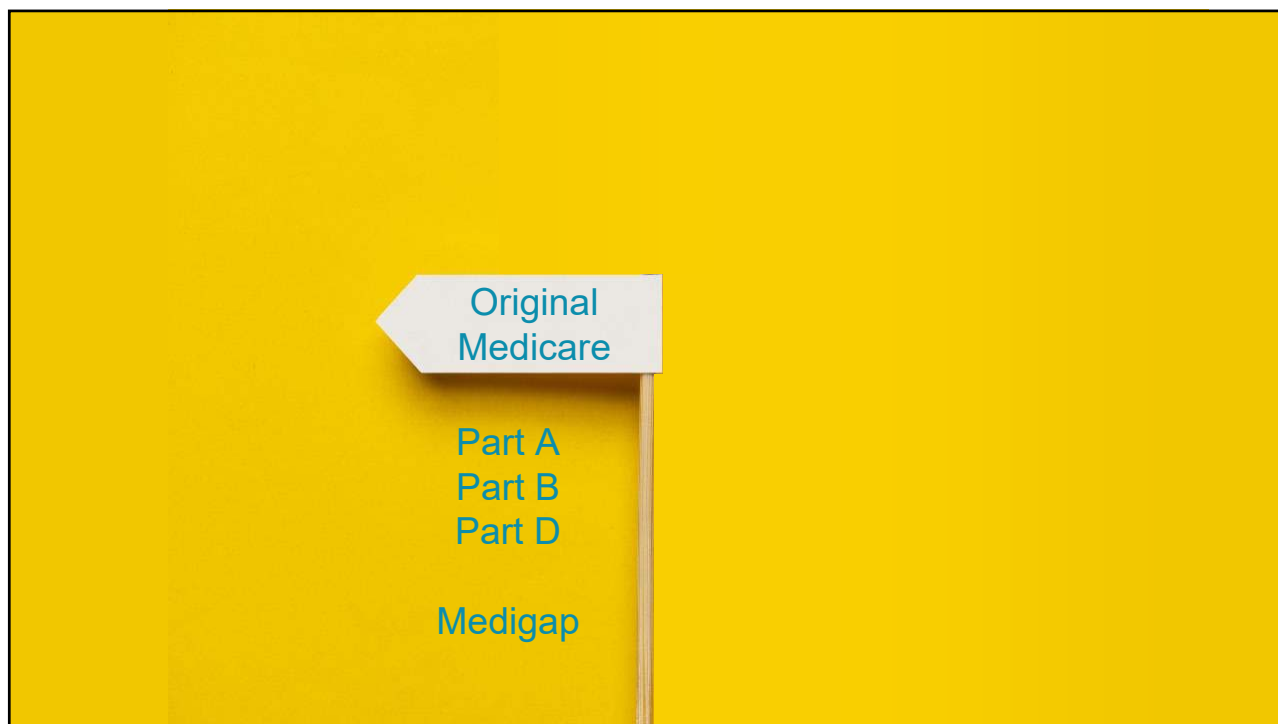
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Medicare covers what percent of medical costs?

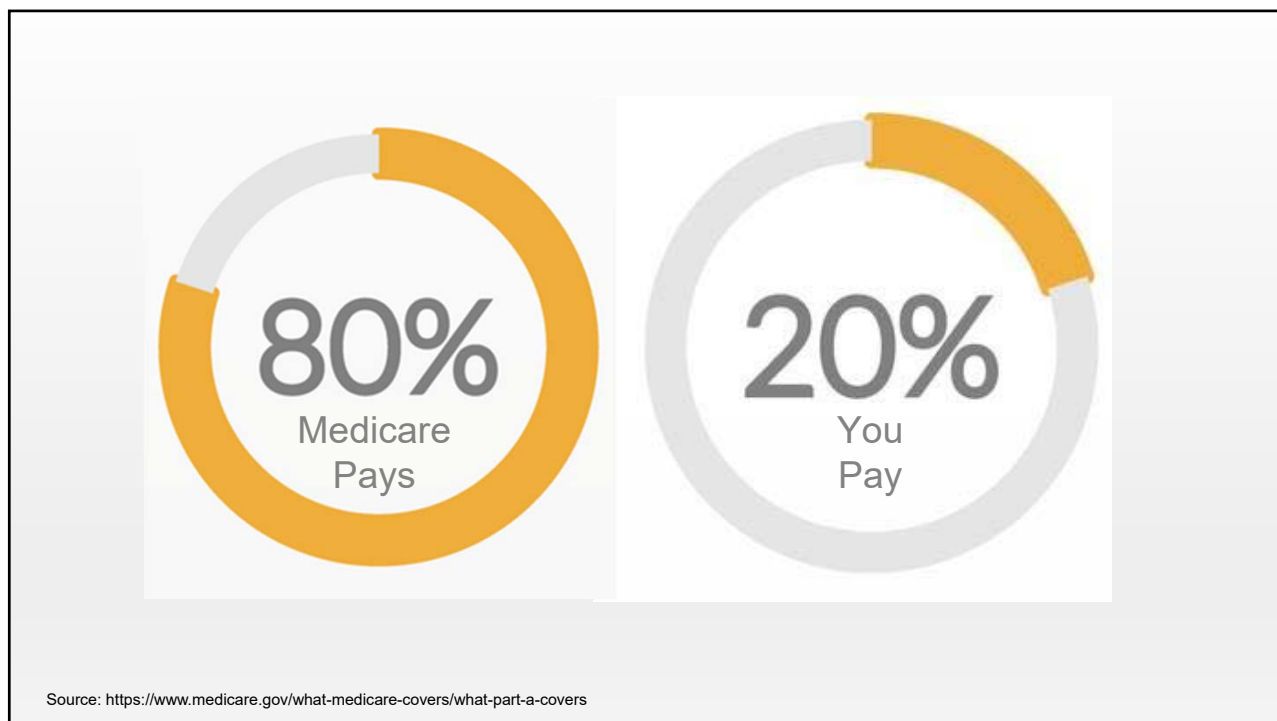
? 100%

? 90%

? 80% ✓

? 50%

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What is the Medicare Out-of-Pocket Maximum (OOP)?

- ? \$16,600
- ? \$8,300
- ? \$3,300
- ? No out-of-pocket maximum ✓

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Sold through
private insurers

MEDIGAP

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Part A – Hospital Coverage

- ✓ Hospital
- ✓ Skilled Nursing Facility
- ✓ Home Health Care
- ✓ Hospice



Source: <https://www.medicare.gov/what-medicare-covers/what-part-a-covers>

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Part A – Hospital Coverage

- ✓ \$1,667 deductible (2025)
- ✓ Days 1-60 - \$0 coinsurance
- ✓ Days 61-90 - \$419 coinsurance per day
- ✓ Days 91 and beyond - \$838 per lifetime reserve day (60 days in your lifetime)
- ✓ Benefit periods reset if you are out of the hospital for 60 consecutive days

Source: <https://www.medicare.gov/basics/costs/medicare-costs>

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Part A – Hospital Insurance

Costs for Part A

- FREE (no monthly premiums) if you're fully eligible for Social Security (40 quarters)
- Additional cost if you are not

Source: <https://www.medicare.gov/your-medicare-costs/part-a-costs>

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Part B – Medical Insurance

- ✓ Doctor's visits
- ✓ Outpatient Hospital Services
- ✓ Clinical Lab Tests
- ✓ Preventive Services



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Part B – Medical Insurance

- ✓ Monthly premium deducted from SS check or bill sent if you haven't started SS
- ✓ Covers 80% after \$257 deductible (2025)
- ✓ No out-of-pocket limit so supplemental insurance is needed

Source: <https://www.cms.gov/newsroom/fact-sheets/2023-medicare-parts-b-premiums-and-deductibles-2023-medicare-part-d-income-related-monthly>

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Part B – Medical Insurance

Costs for Part B

- \$185 per month for most in 2025
- Higher income people pay more

Source: <https://www.medicare.gov/basics/costs/medicare-costs>

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Costs for Part B – Based on Income

Find out if you'll pay a higher Part B premium in 2025:

If your yearly income in 2023 (for what you pay in 2025) was			You pay each month (in 2025)
File individual tax return	File joint tax return	File married & separate tax return	
\$106,000 or less	\$212,000 or less	\$106,000 or less	\$185.00
above \$106,000 up to \$133,000	above \$212,000 up to \$266,000	Not applicable	\$259.00
above \$133,000 up to \$167,000	above \$266,000 up to \$334,000	Not applicable	\$370.00
above \$167,000 up to \$200,000	above \$334,000 up to \$400,000	Not applicable	\$480.90
above \$200,000 and less than \$500,000	above \$400,000 and less than \$750,000	above \$106,000 and less than \$394,000	\$591.90
\$500,000 or above	\$750,000 or above	\$394,000 or above	\$628.90

Source: <https://www.medicare.gov/basics/costs/medicare-costs>

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Part D – Prescription Drug Insurance

- ✓ Covers part of the cost of prescription drugs
- ✓ Offered through private insurers
- ✓ Need to shop for plans based on what medicines you take
- ✓ Monthly premiums increase as income rises



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Part D – Prescription Drug Insurance

How much does Medicare Part D usually cost?



Monthly premiums

Average of \$53.95 in 2024
(\$46.50 in 2025).



Annual deductible

Up to \$545 in 2024 (\$590
in 2025).



Copays/coinsurance

Vary by plan, drug and/or
pharmacy.

Source: <https://www.nerdwallet.com/article/insurance/medicare/how-much-does-medicare-part-d-cost>

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Costs for Part D

Find out if you'll pay a higher Part D premium in 2025:

If your filing status and yearly income in 2023 was			
File individual tax return	File joint tax return	File married & separate tax return	You pay each month (in 2025)
\$106,000 or less	\$212,000 or less	\$106,000 or less	your plan premium
above \$106,000 up to \$133,000	above \$212,000 up to \$266,000	not applicable	\$13.70 + your plan premium
above \$133,000 up to \$167,000	above \$266,000 up to \$334,000	not applicable	\$35.30 + your plan premium
above \$167,000 up to \$200,000	above \$334,000 up to \$400,000	not applicable	\$57.00 + your plan premium
above \$200,000 and less than \$500,000	above \$400,000 and less than \$750,000	above \$106,000 and less than \$394,000	\$78.60 + your plan premium
\$500,000 or above	\$750,000 or above	\$394,000 or above	\$85.80 + your plan premium


Premium amounts listed don't include any late enrollment penalties.

Source: <https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/monthly-premium-for-drug-plans>

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Medigap Plans

- ✓ MUST HAVE with traditional Medicare
- ✓ Average monthly premium \$217 (2023)

 Medicare Supplemental Insurance (Medigap)

Medigap costs:	What you pay in 2024:
Premium	Varies based on which Medigap policy you buy, where you live, and other factors. The amount can change each year. You must have Part B and keep paying your Part B premium to keep your Medigap policy.
Other costs	<ul style="list-style-type: none"> Medigap usually helps pay your portion of the costs (like deductibles and coinsurance) for services that Part A and Part B cover in Original Medicare. The amount you'll pay for Part A and Part B services if you have a Medigap policy varies depending on the policy you buy. Some Medigap policies include extra benefits to lower your costs, like coverage when you travel out of the country.

Source: <https://www.medicareadvantage.com/costs/average-cost-of-medicare-supplement>
 Source: <https://www.kff.org/medicare/issue-brief/key-facts-about-medigap-enrollment-and-premiums-for-medicare-beneficiaries>

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It's Your Decision

Stay with plan for entire year

Medicare A, B, D
and
Medigap

or

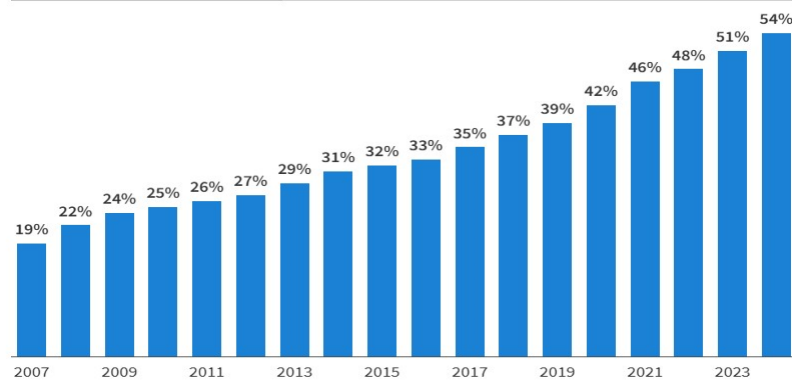
Medicare
Advantage
Plan (Part C)
A & B (&D)

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Figure 1

Total Medicare Advantage Enrollment, 2007-2024

Medicare Advantage Penetration Medicare Advantage Enrollment



Note: Enrollment data are from March of each year. Includes Medicare Advantage plans: HMOs, PPOs (local and regional), PFFS, and MSAs. About 61.2 million people are enrolled in Medicare Parts A and B in 2024.

Source: KFF analysis of CMS Medicare Advantage Enrollment Files, 2010-2024; Medicare Chronic Conditions (CCW) Data Warehouse from 5 percent of beneficiaries, 2010-2016; CCW data from 20 percent of beneficiaries, 2017-2020; CCW data from 100 percent of beneficiaries, 2021-2022, and Medicare Enrollment Dashboard 2023-2024. • Get the data • Download PNG

KFF

Source: <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2024-enrollment-update-and-key-trends/>

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Traditional Medicare Covers . . .

- ? Both vision and dental
- ? Neither vision nor dental ✓
- ? Vision only
- ? Dental only

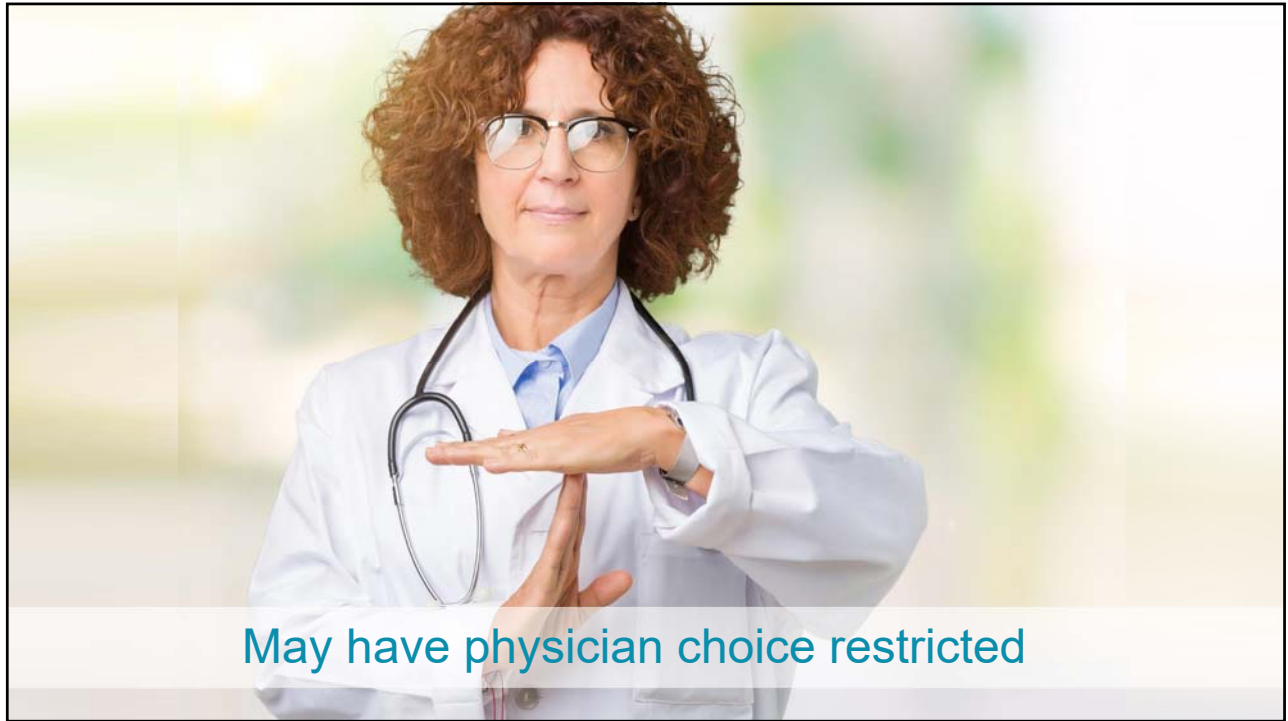
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Medicare Advantage

- ✓ Bundled plan sold by insurance companies
- ✓ Still pay for Part B then a supplemental cost for everything else
- ✓ Can include coverage for things not covered by traditional Medicare (dental, vision, etc)
- ✓ May be lower cost

Source: <https://www.medicarefaq.com/faqs/average-cost-of-medicare-advantage/>

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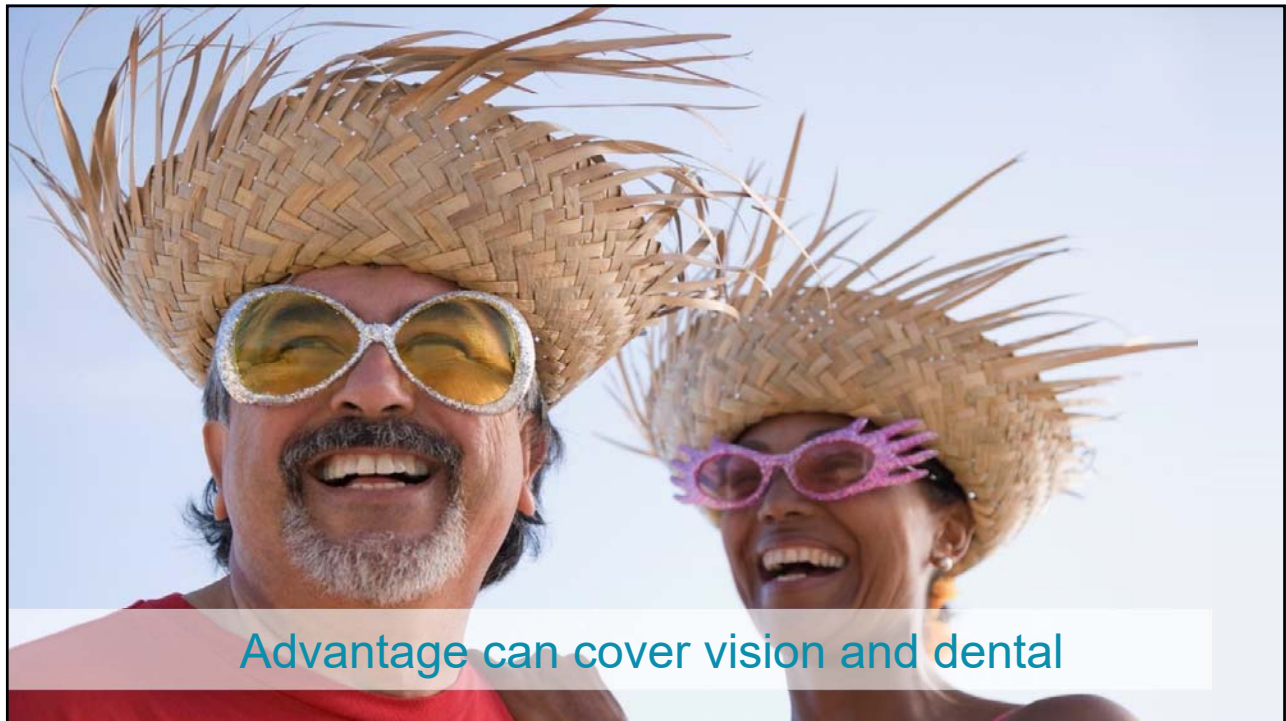
May have physician choice restricted

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Traditional Medicare favors travelers

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Medicare Enrollment is Automatic

- ? True
- ? False
- ? It's not that simple ✓

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Different Enrollment Periods

Initial Enrollment
(seven-month period surrounding your 65th birthday)

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Initial Enrollment Period

3 months < 65	2 months < 65	1 month < 65	Month you turn 65	1 Month > 65	2 months > 65	3 months > 65
Sign up to avoid a delay in coverage			If you wait, coverage will be delayed for:			
			1 month	2 months	3 months	

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Do I have to enroll if I still have employer coverage?



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Different Enrollment Periods

Initial Enrollment

(seven-month period surrounding your 65th birthday)

Special Enrollment

(only for those who delay due to other coverage)

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Special Enrollment Period

- ✓ Those with employer coverage have until 8 months after employer coverage ends
- ✓ Next annual election period October 15 – December 7 with coverage beginning on January 1
- ✓ Coverage retroactive six months (be careful with HSA contributions.)

Source: [Medicare.gov/sign-up-change-plans/joining-a-health-or-drug-plan#:~:text=When%20you%20first%20become%20eligible,switch%2C%20or%20drop%20a%20plan.](https://www.medicare.gov/sign-up-change-plans/joining-a-health-or-drug-plan#:~:text=When%20you%20first%20become%20eligible,switch%2C%20or%20drop%20a%20plan.)

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Different Enrollment Periods



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Annual Open Enrollment

- ✓ October 15 – December 7
- ✓ Current Medicare beneficiaries who want to start, switch or drop a Medicare Advantage or drug plan
- ✓ Changes take effect January 1

Insurance companies can change premiums at any time, so check every year!

Source: [Medicare.gov/sign-up-change-plans/joining-a-health-or-drug-plan#:~:text=When%20you%20first%20become%20eligible,switch%2C%20or%20drop%20a%20plan.](https://www.medicare.gov/sign-up-change-plans/joining-a-health-or-drug-plan#:~:text=When%20you%20first%20become%20eligible,switch%2C%20or%20drop%20a%20plan.)

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If You Fail to Apply

- ✓ Part A: No penalties since Part A is free
- ✓ Part B: 10% penalty for every 12-month period you could have had Part B, **paid for as long as you have Part B (the rest of your life)**
- ✓ Part D: You owe a late enrollment penalty if there is a period of 63 or more days in a row where you didn't have Part D or other credible prescription drug coverage.

Source: <https://www.medicare.gov/pubs/pdf/10050-medicare-and-you.pdf>. Example for illustration purposes only.

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How to Apply

- ✓ Go to www.ssa.gov
- ✓ Click on “Apply for Medicare Benefits”
- ✓ Call Social Security at 800-772-1213

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The screenshot shows the Medicare.gov website. At the top left is the Medicare.gov logo. Below it is a navigation bar with links for Basics, Health & Drug Plans, and Providers & Services. The main content area features a large banner with the text "Remember to protect your Medicare card" and two buttons: "Protect Yourself/Learn How" and "Log in/Create Account". Below the banner is a green bar with the text "See how Medicare is responding to Coronavirus" and a "Learn More" button. At the bottom, there are four service tiles: "Find plans" (Find health & drug plans), "Get started" (Learn about Medicare), "Find care providers" (Compare hospitals, nursing homes & more), and "Want a new plan now?" (See if you can join).

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**Cardinal
at Work**

Retirement Savings
Benefits

Francis LLC is a Registered Investment Adviser with the SEC.

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