

Building Competencies around Healthcare: A truly healthy retirement



Increasing your own healthcare knowledge is the first step toward creating healthier retirement plans

Good news! We're all living longer. Unfortunately, that increased longevity comes with some drawbacks. Chronic illness, for example. According to a Johns Hopkins University study, 92% of people 80 and over have a chronic condition, and 73% have two or more. This makes healthcare costs, and factoring them into your planning conversations with clients, vital.

So, what can you do as an advisor to help ensure your clients are considering their health and health coverage as part of their retirement planning? You can start by brushing up on your Medicare knowledge.

A quick look at Medicare part A, B, D & C

- **Medicare Part A** helps pay for stays in hospitals or skilled nursing facilities, home healthcare, hospice care and medicines administered to inpatients. Most people don't pay a premium but will have to pay deductibles and co-payments based on the length of stay or service provided.
- **Medicare Part B** is medical insurance. Monthly premiums range from \$104.90 to \$335.70, based on the client's modified adjusted gross income (MAGI) in retirement.

- **Medicare Part D** covers prescription drugs, plus insulin and some vaccines. To get this coverage, a client must already be enrolled in Part A or B and then enroll in a private Part D drug plan or in a Medicare Advantage plan that includes Part D coverage.
- **Medicare Part C**, or Medicare Advantage Plan, includes prescription drug coverage. Some plans also cover vision, hearing, dental and wellness programs. They are provided by private HMOs/PPOs and cover all Part A and B services, except hospice.
- **Optional Medigap or Medicare Supplemental Insurance** plans are offered by private insurance companies to help cover gaps in original Medicare coverage and minimize out-of-pocket expenses.

Knowing when to enroll

- If a client is already collecting Social Security benefits, he or she will automatically be enrolled in Medicare Parts A and B at age 65. Clients not yet collecting benefits become eligible for Part A the first day of the month they turn 65.
- A client's initial enrollment period is the seven-month period beginning three months before the month they turn 65 and ending three months after the month they turn 65.
- Open enrollment, when changes to plans can be made, occurs each year from October 15 to December 7.
- With Part B, the month a client enrolls during the initial enrollment period will affect when his or her coverage starts and could create coverage gaps.
- From January 1 to February 14, a client can drop Part C and switch back to Original Medicare (Parts A and B). If they switch back to Original Medicare, they also have until February 14 to join a Part D prescription drug plan.
- If a client or their spouse is still working at 65, they may not enroll during their initial enrollment period. They can opt to enroll during general enrollment, January 1 to March 31, but coverage will not be effective until July 1 of that year, and they may incur a permanent premium increase.

For a more in-depth look at requirements and deadlines for enrollment and switches, visit Medicare.gov.

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