

Medicare

Making the choice
that's right for you



602-343-9301

jblack@strategyfinancialgroup.com

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ABOUT YOUR PRESENTER

- Philadelphia native and Southwest transplant since 2013
- Juggling mom of two middle schoolers and two rescued fur babies
- Former owner of an independent financial planning practice based in Albuquerque
- Merged practice with Strategy Financial Group, independent firm based in Phoenix with office in ABQ
- Licensed insurance agent and registered investment advisor representative
- Fiduciary standard
- Certified Retirement Counselor®
- Over 18 years of experience
- Passionate about financial education



A woman with short, light-colored hair is smiling and holding a blue mug. In the background, a young girl is visible, and there are two puppets: a blue elephant and a yellow duck. The scene is set indoors, possibly at a table.

Today, we will cover

- Medicare basics
- Medicare Supplements
- Medicare Advantage plans
- Prescription drug coverage
- Important dates and more
- Long Term Care Basics
- Strategies to Consider

The cost of health care in retirement is concerning

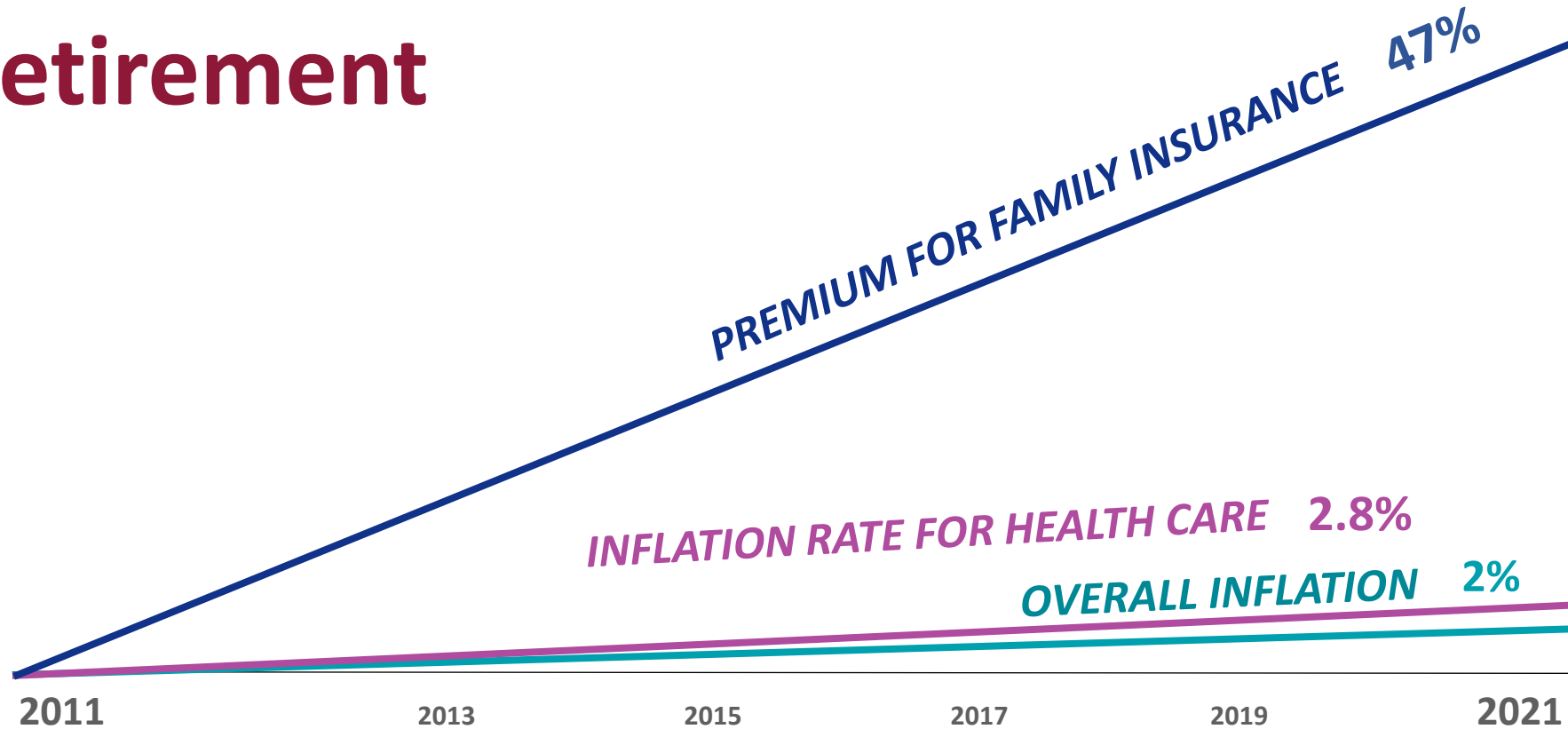
**\$6.2
trillion**

Estimated annual
health care spending in
the U.S. by 2028

5.4%

Projected annual
growth in health
care spending
from 2019-2028

Health care premium costs can have a **dramatic effect** on retirement



<https://www.kff.org/report-section/ehbs-2021-summary-of-findings/>. Accessed Dec. 14, 2021.

<https://www.usinflationcalculator.com/inflation/current-inflation-rates/>. Accessed Dec. 14, 2021.

<https://www.usinflationcalculator.com/inflation/health-care-inflation-in-the-united-states/>. Accessed Dec. 14, 2021.

Seniors spend more on health care

	Spending All ages	Spending 65 years and older
Total Spending	\$61,334	\$47,759
Health Care Costs	\$5,177	\$6,668
Percent of Annual Spending	8.4%	13.9%

What is Medicare?

- Medicare is the largest health insurance program offered by the U.S. government, serving more than 63 million people¹
- It's run by the Centers for Medicare & Medicaid Services (CMS), part of the U.S. Department of Health and Human Services

Medicare is divided into 3 parts

- Parts A and B are Original Medicare
- Part C is Medicare Advantage
- Part D is prescription drug coverage



Original Medicare

Offered by federal government



Part **A** helps cover

- Hospital
- Skilled nursing facility
- Hospice
- Home health

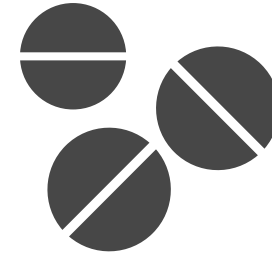
Part **B** helps cover

- Doctor appointments
- Outpatient care
- Occupational/physical therapies



Medicare Coverage

Offered by private companies



Part **C** helps cover

- Everything that Medicare parts A and B cover
- Often covers additional services like dental, vision and wellness programs

Part **D** helps cover

- Prescription drugs

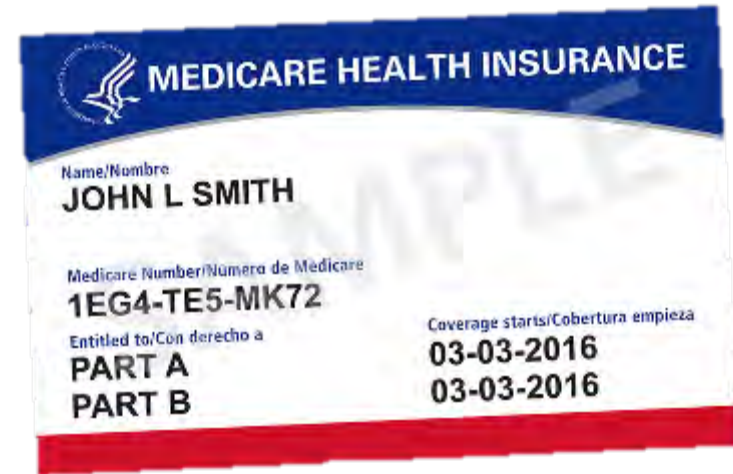


Who is Eligible?

- At age 65, you're eligible for Parts A and B, even if you still work
- You may be eligible for Medicare through your spouse, although you still must qualify by age or disability
- You may also qualify for Medicare Parts A and B if you're under 65 and have a disability

Automatic Enrollment – Part A and Part B

- Automatic enrollment for those receiving:
 - Social Security benefits
 - Railroad Retirement Board benefits
- Initial enrollment period package
 - Mailed 3 months before turning 65
 - Includes your Medicare card



Medicare Initial Enrollment Period (IEP)

- In the three months prior to turning 65
- The month in which you turn 65
- In the three months after turning 65
- If you retire after 65, enrollment depends upon when your employer-sponsored coverage ends
- Newly qualified due to disability





With Original
Medicare, you'll pay a
share of the cost.

Original Medicare

Part A Costs in 2022

	You Pay
Monthly Premium	\$0 Most people paid Medicare taxes while working
Part A Deductible	\$1,556/benefit period

Part B Costs in 2022

	You Pay
Monthly Premium	\$170.10 to \$578.30* *Based on MAGI
Part B Deductible	\$233/year

Hospital Stay Copays

Up to 60 days	Nothing
Day 61 to 90	\$389/day
Day 91 to 150	\$778/day
After 150 days	100%

Skilled Nursing Stay Copays

Day 1 to 20	Nothing
Day 21 to 100	\$194.50/day
After 100 Days	100%

Medicare Pays**

80%

You Pay**

20%

**After reaching the Part B deductible of \$233/year

Monthly Medicare Premiums

If your MAGI* in 2020 was:			Part B premium	Part D premium
File Individual	File Joint	File Married & Separate		
\$91,000 or less	\$182,000 or less	\$91,000 or less	\$170.10	Your plan premium
\$91,001 to \$114,000	\$182,001 to \$228,000	N/A	\$238.10	\$12.40 + your plan premium
\$114,001 to \$142,000	\$228,001 to \$284,000	N/A	\$340.20	\$32.10 + your plan premium
\$142,001 to \$170,000	\$284,001 to \$340,000	N/A	\$442.30	\$51.70 + your plan premium
\$170,001 to \$499,999	\$340,001 to \$749,999	\$91,001 to \$408,999	\$544.30	\$71.30 + your plan premium
\$500,000 or above	\$750,000 and above	\$409,000 and above	\$578.30	\$77.90 + your plan premium

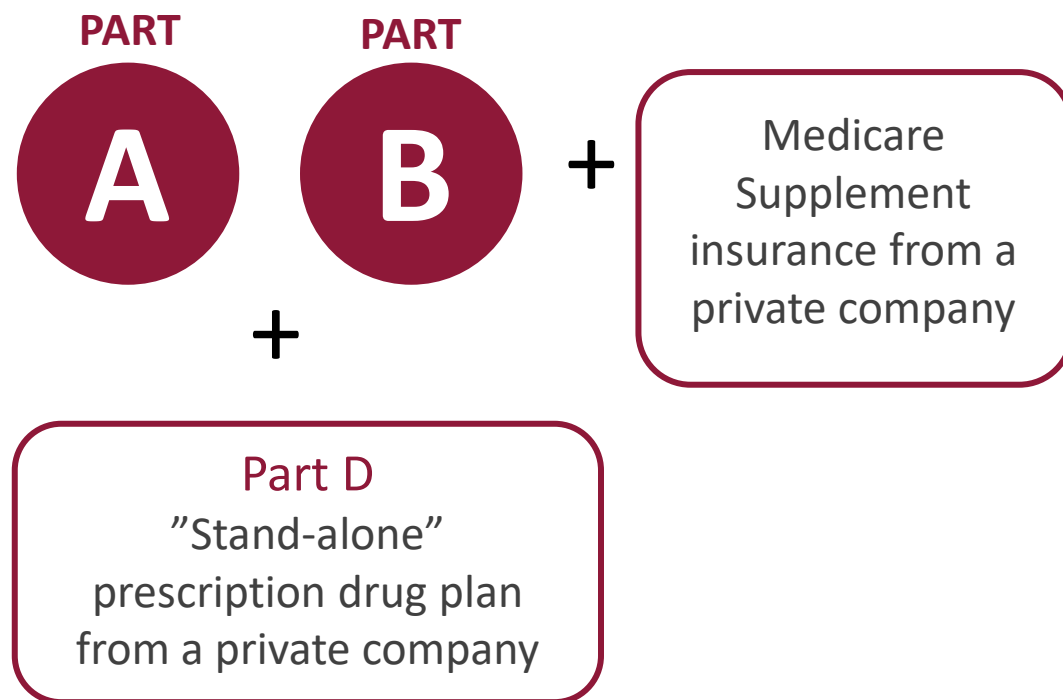
<https://www.medicare.gov/your-medicare-costs>

*Modified Adjusted Gross Income (MAGI)
Income Related Monthly Adjustment Amount (IRMAA)

Your Medicare Options

Most people get their Medicare coverage one of two ways:

ORIGINAL MEDICARE



OR

Medicare Advantage from an insurance company which includes PART A and PART B. **These plans:**

Often include prescription drug coverage as part of the plan.

Often have you pay the Part B premium in addition to the Medicare Advantage plan premium.



How a Medicare
Supplement helps
cover Original
Medicare costs

What is a Medicare Supplement?

- Unlike Original Medicare, a Medicare Supplement plan is funded by individual policies offered through private insurance companies.
- Insurance companies are required to offer the same basic benefits for each lettered plan, though they do have the ability to charge different premiums.

Med Supplement plans help cover the gaps in Original Medicare

- Copayments
- Coinsurance
- Yearly Deductibles

Medicare Supplement Options

Medicare Supplement Insurance (Medigap) Plans								
Benefits	Plan A	Plan B	Plan D	Plan G*	Plan K**	Plan L**	Plan M	Plan N
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used up)	100%	100%	100%	100%	100%	100%	100%	100%
Medicare Part B coinsurance or copayment	100%	100%	100%	100%	50%	75%	100%	100% ***
Blood (first 3 pints)	100%	100%	100%	100%	50%	75%	100%	100%
Part A hospice care coinsurance or copayment	100%	100%	100%	100%	50%	75%	100%	100%
Skilled nursing facility care coinsurance			100%	100%	50%	75%	100%	100%
Medicare Part A deductible		100%	100%	100%	50%	75%	50%	100%
Medicare Part B deductible								
Medicare Part B excess charges				100%				
Foreign travel emergency (up to plan limits)			80%	80%			80%	80%

Medicare first eligible before 2020 only	
Plan C	Plan F*
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
80%	80%

Out-of-pocket limit (in 2022)**	
Plan K \$6,620	Plan L \$3,310

- *Plans F and G also have a high-deductible option. These high-deductible plans pay the same benefit as Plan F and G after one has paid a 2022 calendar year \$2,490 deductible. Benefits from high-deductible Plan F and Plan G will not begin until out-of-pocket expenses exceed \$2,490.
- ** Plans K and L: After you meet your annual out-of-pocket limit and your annual Part B deductible (\$233 in 2022), the plan pays 100% of covered services for the rest of the calendar year.
- ***Plan N requires a \$20 copayment for doctor visits and \$50 for emergency room visits.
- <https://www.medicare.gov/supplements-other-insurance/how-to-compare-medigap-policies>

Medicare Supplement Plans

Medigap Benefits Chart	Plan G	Plan N
Medicare Part A coinsurance and hospital costs (up to an additional 365 days after Medicare benefits are used up)	100%	100%
Medicare Part B coinsurance or copayment	100%	100%***
Blood (First 3 pints)	100%	100%
Part A Hospice care coinsurance or copayment	100%	100%
Skilled Nursing Facility care coinsurance	100%	100%
Part A Deductible	100%	100%
Part B Deductible		
Part B Excess Charges	100%	
Foreign Travel Emergency (up to plan limits)	80%	80%

***Plan N requires a \$20 copayment for doctor visits and \$50 for emergency room visits

Original Medicare

Part A Costs in 2022

	You Pay
Monthly Premium	\$0 Most people paid Medicare taxes while working
Part A Deductible	\$1,556

Part B Costs in 2022

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Medicare Pays**	You Pay**
80%	20%

**After reaching the Part B deductible of \$233/yr.

Medicare Supplement Enrollment Periods

Open Enrollment Period

Starts the month of your Medicare Part B effective date and lasts for six months. You are guaranteed issue, regardless of health status.

Special Enrollment Period

Guaranteed issue right or another qualifying circumstance.

NOTE: Not all plans are guaranteed issue under special enrollment periods.

Outside Enrollment Period

Must pass medical underwriting. No guaranteed issue from the insurance company.



How a Medicare
Advantage helps
cover Original
Medicare costs

What is a Medicare Advantage Plan?

- Unlike Original Medicare, a Medicare Advantage plan is funded by individual policies offered through private insurance companies
- Benefits from Medicare Advantage plans vary in several ways, although many plans have a low monthly premium you are responsible for several costs.

With a Medicare Advantage plan, you might be responsible for:




- Copayments & coinsurance
- Yearly deductibles & out-of-pocket costs
- Staying inside a network of doctors & hospitals

Medicare Advantage

OPTION 2

Choose a
Medicare Advantage Plan

Medicare Advantage Plan
Offered by private companies

PART C		Combines Part A (hospital insurance) and Part B (medical Insurance) in one plan
PART D		Usually include prescription drug coverage
		May offer traditional benefits not provided by Original Medicare

Important Dates

October 15 – December 7

Annual election period (AEP) for Medicare Advantage plans and prescription drug plans (Part D) for the next calendar year. Effective date January 1.

January 1 – March 31

Annual disenrollment period if choosing to return to Original Medicare.

Generally, you can only make changes to your plan due to special conditions, like moving out of your plan area or receiving Medicaid coverage

Medicare Supplement vs. Medicare Advantage

Considerations	Medicare Supplement Plan	Medicare Advantage Plan
Monthly premium	YES	LOW
Includes Part D and dental/vision	NO	USUALLY
Copayments to providers	NO	YES
Up to \$10,000 out-of-pocket costs	NO	YES
Restricted to network of doctors and hospitals	NO	YES
Can I appeal coverage decisions to Medicare?	YES	NO
Can my plan drop my doctor?	NO	YES
Can my plan be canceled?	NO	YES
Ability to travel the country and use any doctor and hospital	YES	NO



Choosing what's right for you



What is Part D?

- Medicare Part D is an optional prescription drug benefit program intended to help Medicare beneficiaries reduce out-of-pocket drug costs.
- It is a federally enacted program but is administered by private insurance companies.

Important Note: If you decide to delay taking Part D, you may incur a late enrollment penalty.

Medicare Part D

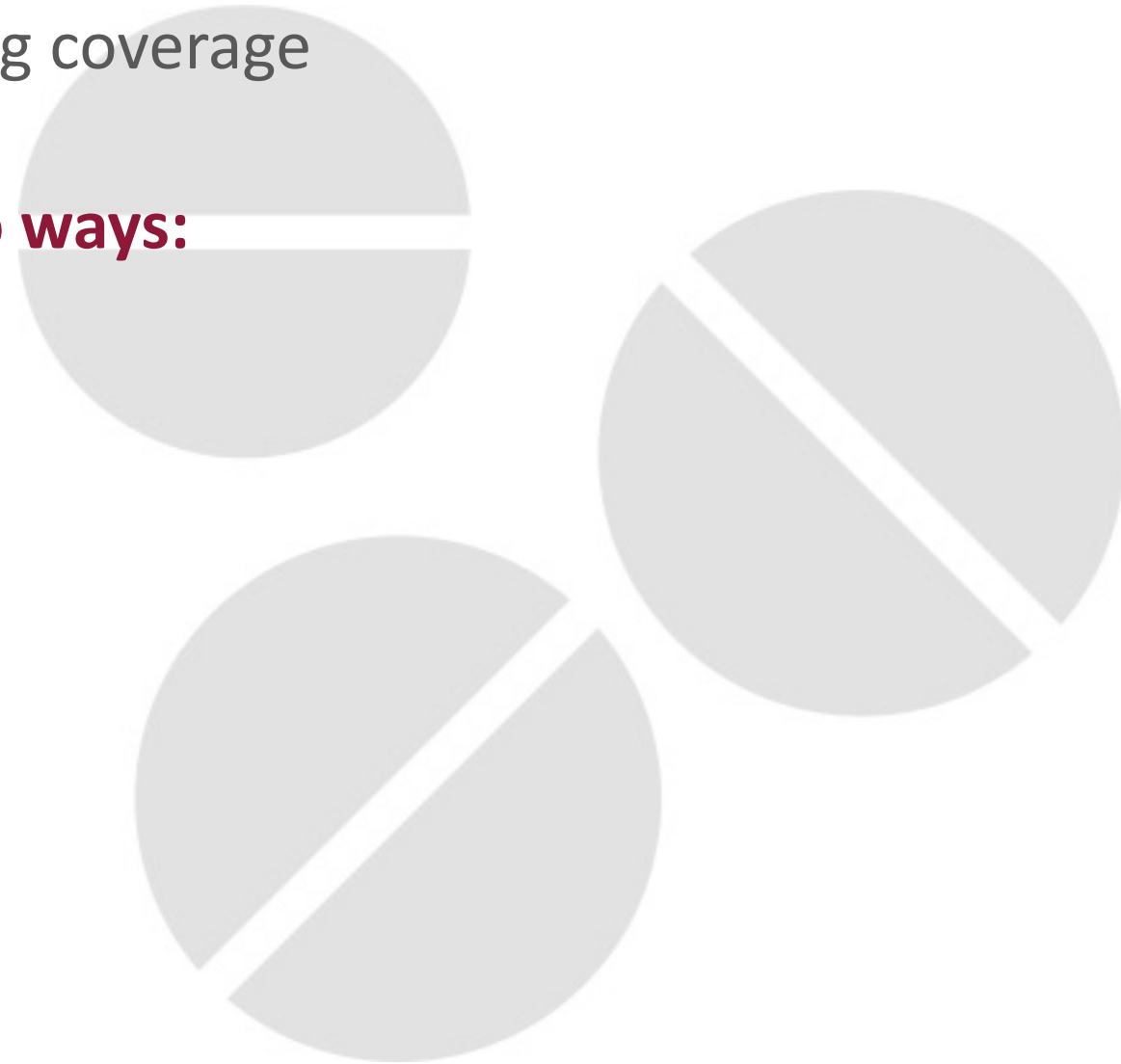
- Part D is prescription drug coverage.
- Part D plans are required by federal law to offer the basic benefits offered by Medicare.

Medicare Part D

Prescription drug coverage

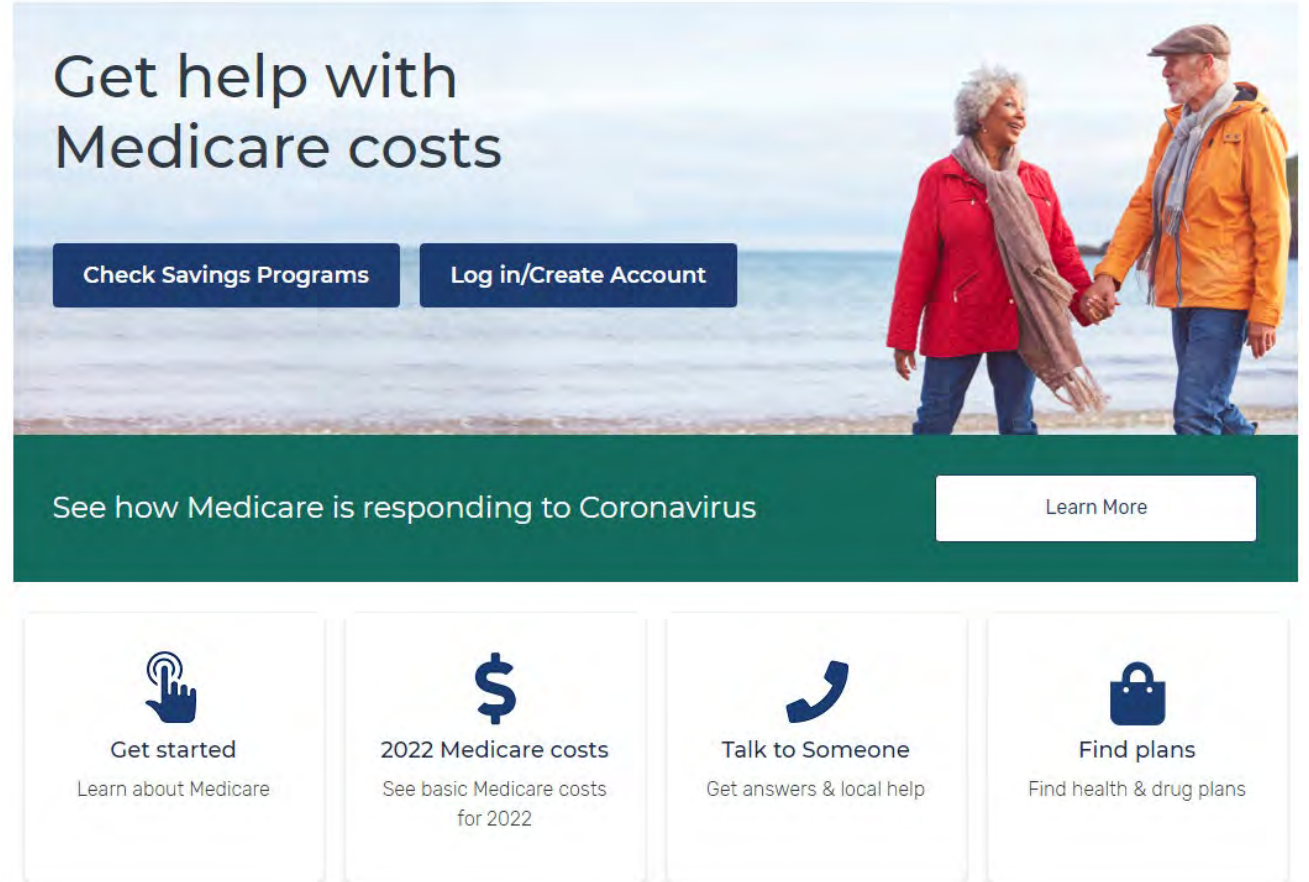
You usually choose Part D in one of two ways:

- A stand-alone insurance plan you buy to cover medicines (PDP)
- As part of a Medicare Advantage plan that includes Part D (MAPD)
 - If you enroll in a Medicare Advantage plan with prescription drug coverage, you don't need to sign up for a stand-alone prescription drug plan



Prescription Coverage

- ❖ Part D Deductible is from \$0 – \$480
 - You may be responsible for all costs, depending on the plan
- ❖ From \$480 – \$4,430
 - You are responsible for copayment, depending on the tier
- ❖ From \$4,430 – \$7,050 **Coverage Gap** (“Donut Hole”)
 - You will pay 25% on generic-name Rx
 - Rx Plan pays 75%
 - You will receive a 70% discount on brand-name Rx
 - You will pay 25% on brand-name Rx
 - Rx Plan pays 5%
- ❖ Over \$7,050 **“Catastrophic Coverage”**
 - You will pay the greater of:
 - 5% of cost or
 - \$3.95 for generic \$9.85 for brand-name Rx



The screenshot shows the Medicare website's 'Get help with Medicare costs' section. It features a background image of an elderly couple walking on a beach. Below the title, there are two buttons: 'Check Savings Programs' and 'Log in/Create Account'. A green banner at the bottom of the main section says 'See how Medicare is responding to Coronavirus' with a 'Learn More' button. Below this are four white boxes with icons and text: 'Get started' (hand icon), '2022 Medicare costs' (dollar sign icon), 'Talk to Someone' (phone icon), and 'Find plans' (shopping bag icon).

Get help with Medicare costs

Check Savings Programs Log in/Create Account

See how Medicare is responding to Coronavirus Learn More

Get started
Learn about Medicare

2022 Medicare costs
See basic Medicare costs for 2022

Talk to Someone
Get answers & local help

Find plans
Find health & drug plans

Other Helpful Resources

Available at www.medicare.gov

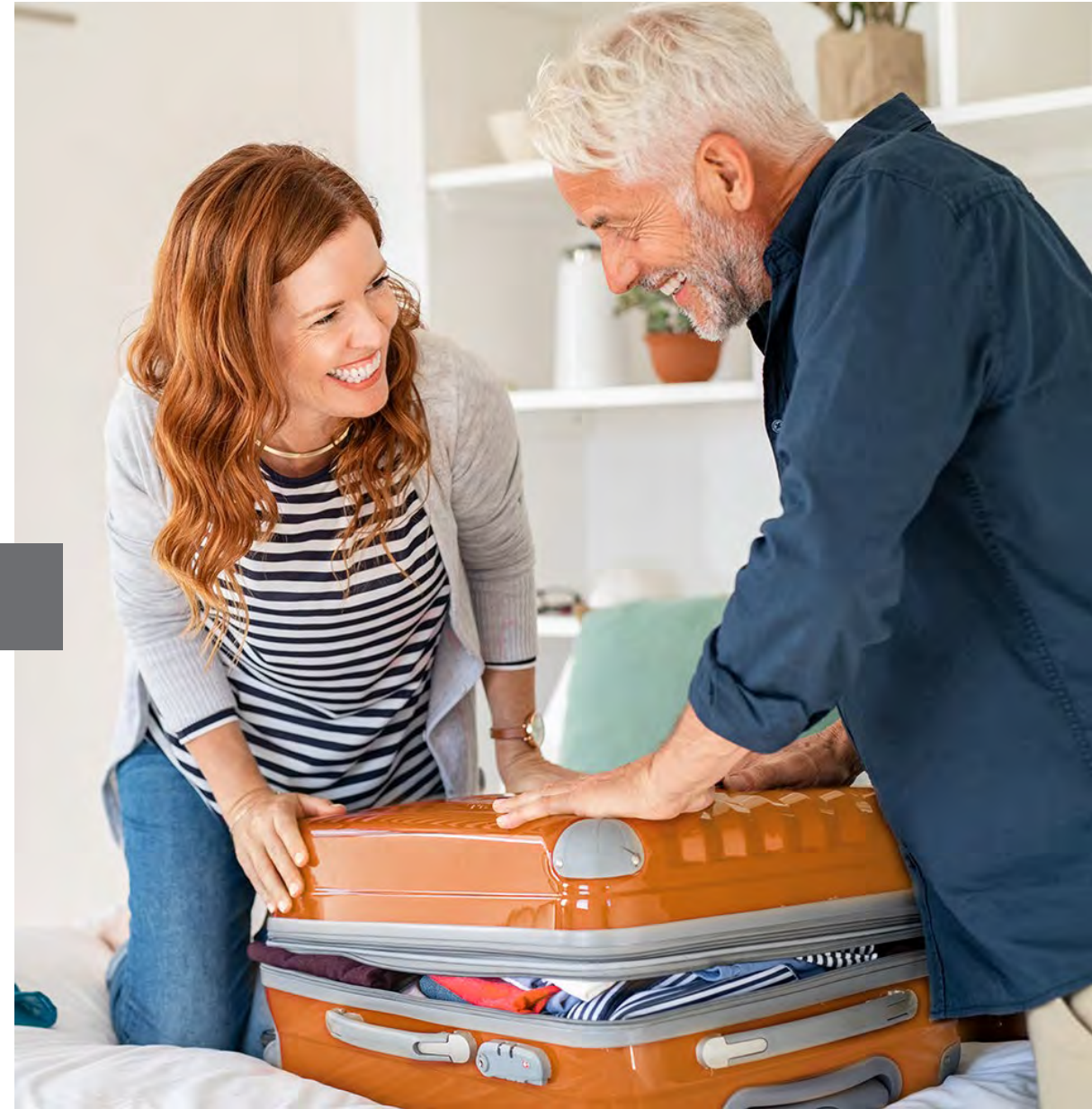
- The “Medicare & You” handbook, published by the Centers for Medicare & Medicaid Services (CMS), released each fall
- “Choosing a Medigap Policy: A guide to health insurance for people with Medicare,” a publication developed jointly by CMS and National Association of Insurance Commissioners
- Late Enrollment Rules & Potential Penalties



PROTECTING YOUR RETIREMENT

Long Term Care & Insurance Considerations

Jocelyn Black, CRC®
Strategy Financial Group
602-343-9301
jblack@strategyfinancialgroup.com
www.strategyfinancialgroup.com



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Living benefits are available in the form of accelerated death benefits. These benefits are NOT a replacement for long term care (LTC) insurance. Living benefits and LTC riders are not available on all index universal life products and may not be available in all states. Addition of an accelerated death benefit or LTC rider may require an additional fee. Accelerated death benefits and LTC riders are subject to eligibility requirements.

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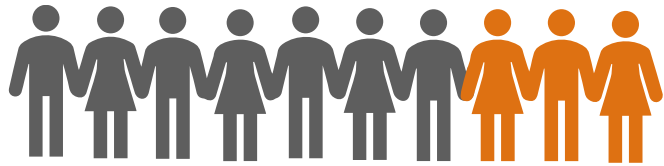
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Know Your Risks

- What are your beliefs about long-term care (LTC)?
- Do you think you will need it?
- If so, how much do you think you will need?
- How long do you think you will need it?

What are the odds?



It's estimated that someone turning age 65 today has almost a 70% chance of needing some type of long-term care services in their remaining years.¹

¹ LongTermCare.gov. U.S. Department of Health and Human Services. "How Much Care Will You Need?" <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>. Accessed March 3, 2022.

The Family Factor

66%

of caregivers paid for care with their own savings/retirement funds

55%

of caregivers lost income as a result of caregiving

42%

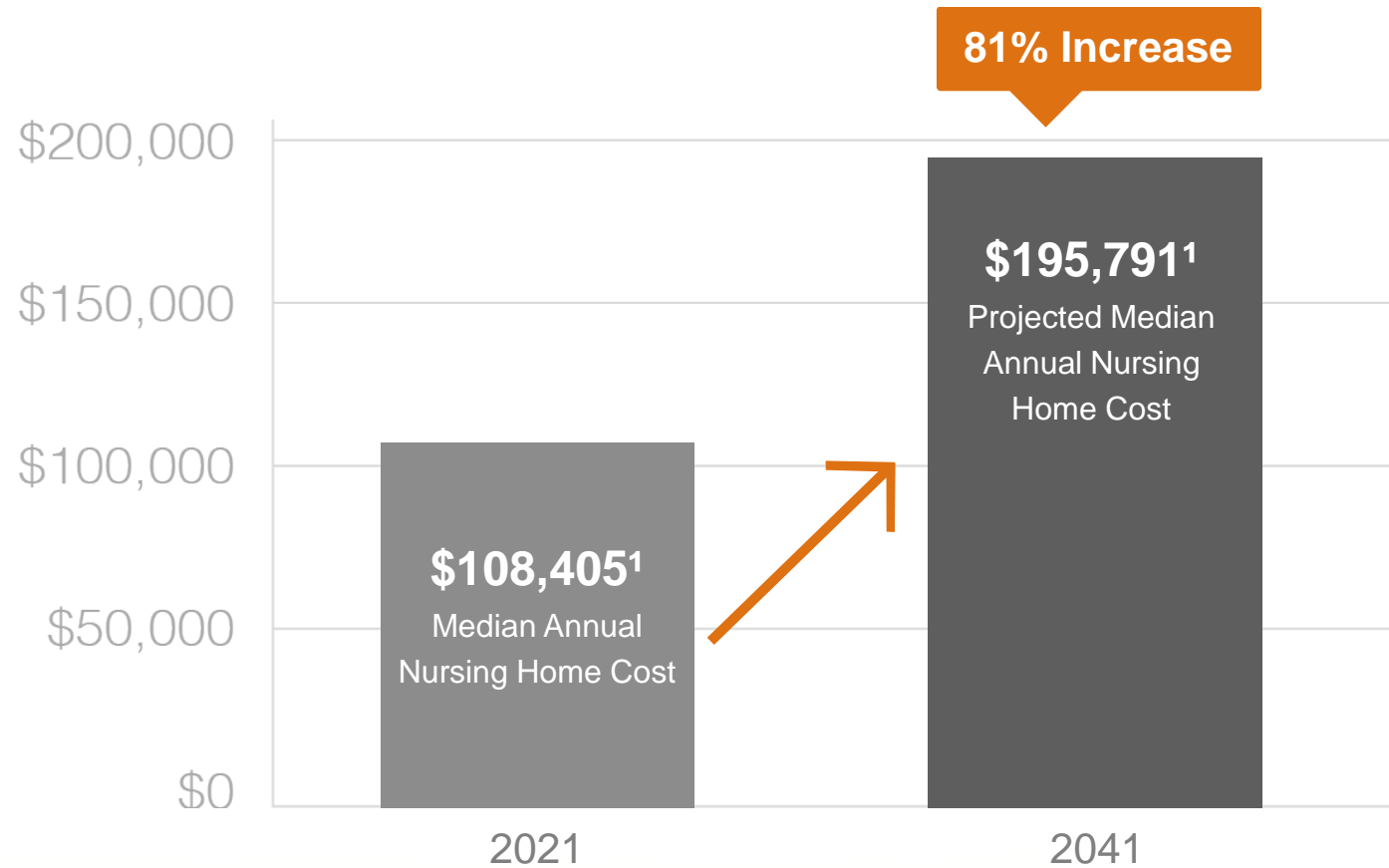
of caregivers experienced feelings like depression and resentment

Genworth. Nov. 16, 2021. "Beyond Dollars 2021."
<https://pro.genworth.com/riiproweb/productinfo/pdf/682801BRO.pdf>. Accessed March 3, 2022.



PROTECTING YOUR RETIREMENT

Rising Costs of Long-Term Care



¹ Genworth. Genworth Cost of Care Survey 2021.
<https://www.genworth.com/aging-and-you/finances/cost-of-care.html>. Accessed March 3, 2022.



The Financial Impact

PROTECTING YOUR RETIREMENT





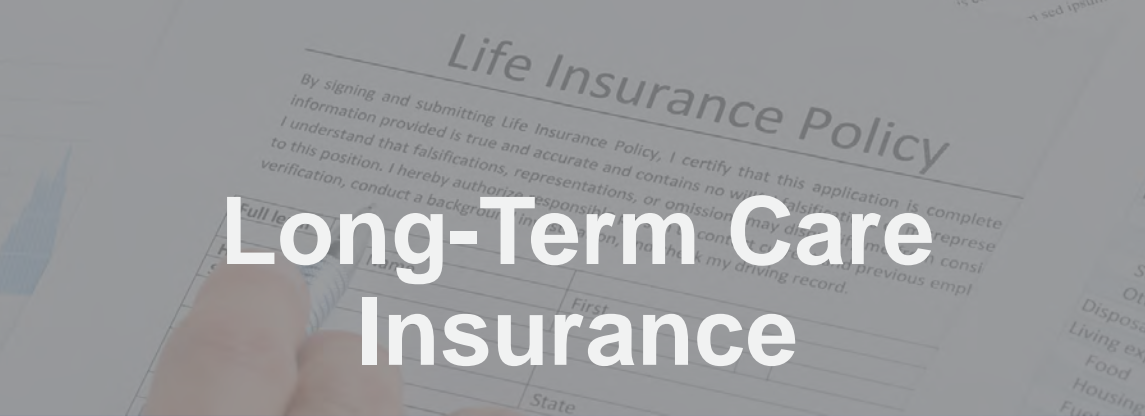
What Is Your Strategy?

For more information regarding Medicare and Medicaid, please visit www.Medicare.gov or www.Medicaid.gov. Our firm is not affiliated with the U.S. government or any governmental agency.

PROTECTING YOUR RETIREMENT



Self Insuring



Long-Term Care Insurance



Medicare/Medicaid

There May Be Another Option

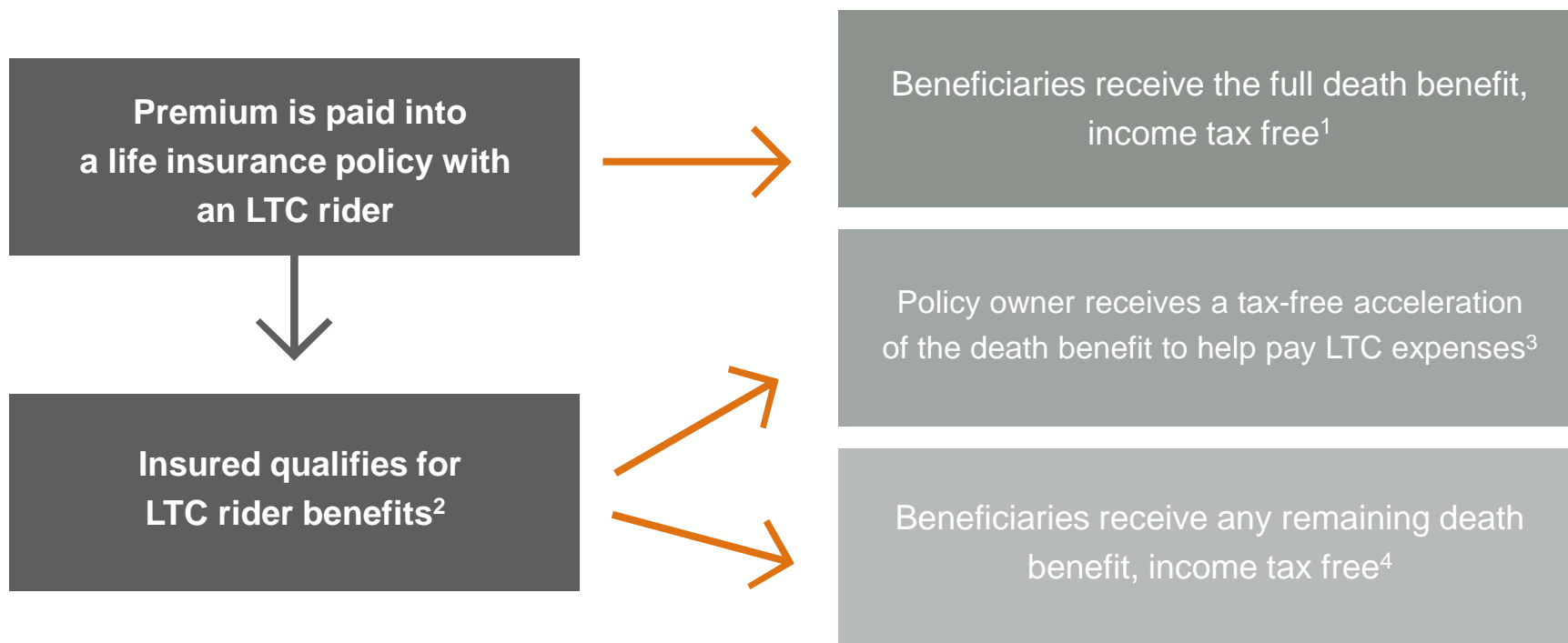
Life Insurance With Long-Term Care Benefits

If you need LTC:	If you pass away:
<ul style="list-style-type: none">– Optional rider provides access to policy values (up to a stated maximum amount) that can be used to help pay LTC-related expenses¹	<ul style="list-style-type: none">– An income tax free death benefit for your beneficiaries²

¹Actual rider benefit amount will vary according to the rules and restrictions of the specific life insurance product selected and will reduce the ultimate death benefit and cash value. These benefits are NOT a replacement for long-term care insurance and are subject to eligibility requirements. Riders may require an additional fee; riders and/or insurance products may not be available in all states.

²If properly structured, proceeds from life insurance are generally income tax free to the beneficiary.

The Life Insurance Strategy at Work



¹ If properly structured, proceeds from life insurance are generally income tax free to the beneficiary.

² In most cases, a licensed physician must deem the insured incapable of performing at least two out of six activities of daily living.

³ An acceleration of the policy death benefit is generally income tax free as defined in IRS Section 7702BB(b).

⁴ Accelerated benefits will reduce the ultimate death benefit and cash value. Riders may require an additional fee; riders and/or life insurance products may not be available in all states.

One Last Thing – Consider ROTH!

- Roth IRAs allow you to grow contributions tax-free.
- Roth IRAs are designed to maximize compounding interest over time and therefore could be particularly valuable in later retirement for long-term care needs since withdrawals are tax-free (as long as the account's been open for at least 5 years and you're over 59 ½)
- Roth conversions can be made from tax-deferred retirement accounts at any time, in any amount (but taxes will be due on amount converted!).
- Annual IRA contribution limits are going up in 2023 to \$6,500 or \$7,500 if over age 50.
- Your 457(b) plan may offer a Roth contribution offer in the future (in which case you could contribute as much as \$45,000 per year—if utilizing the “special catch-up” option!

YOUR NEXT STEP:

1. [Click here to schedule](#) a 1-1 consultation via phone or virtual meeting to discuss your situation and any particular questions you may have.
 - *Please specify “CABQ” in the notes field.
2. [Please complete this fact finder](#) and return to jblack@strategyfinancialgroup.com at least one day prior to your appointment.

THANK YOU! – QUESTIONS?