

Evaluating Medicare vs. Your Group Health Plan

As the bulk of the “baby boomer” generation approaches age 65, more and more employees and their spouses will become eligible for Medicare providing them with another often very attractive coverage alternative. **The information below is provided for “general discussion purposes only” to illustrate the importance of understanding all of the health care options available to you.**



Important to know: Any active employee meeting the full-time eligibility requirements for the health plan, may stay on a group health plan as long as they are eligible (regardless of age, i.e. 65 + and being eligible for Medicare). **It is recommended that everyone explore both options to learn which is in their best interest. It will vary by individual.**

- The Affordable Care Act mandates have led to **increased employee contributions, higher deductibles and higher maximum out of pocket levels for most plans** often making them less attractive than Medicare in many cases. **This is a “major change” that makes today different than in years past.**
- **What is your TOTAL cost for health care annually?** For an individual their overall annual health care spending would include **both premium paid or employee contributions paid + incurred out of pocket claims cost**. When both are considered, the actual cost can vary greatly by individual, especially when employee contributions have increased along with out-of-pocket levels over several years. If you are Medicare eligible you have a choice whether to remain on an employer’s group plan or a Medicare option. **It is recommended that you meet with a Medicare advisor who can review your specific situation to help you understand which option is right for you.**

When can I enroll or change?

- **Most individuals actively working and covered by a group plan who become Medicare eligible can make the transition at any time**, either as they become eligible or when it makes financial sense. **It is not restricted to the employer’s open enrollment period or at retirement time as many believe.** **Your Medicare advisor can help you make the timing decision.**

What does Medicare Cover?

Medicare Part A - (The original Medicare for hospitalization) Typically "No Premium" for those that were actively employed and paying taxes during their working years.

Medicare Part B - (Outpatient services) For most, this coverage will cost approximately \$135 a month in 2019, varies by income.

Medigap or Medicare Supplements - These plans or supplements are purchased by many to **cover most or all of the Medicare deductibles and coinsurance, often providing a much better benefit than many of today’s group plans for outpatient and inpatient services.**

Part D - (Prescription Drug coverage) - These plans typically range in cost from \$20-\$45 / month. Often these plans will provide for prescription copays similar to group plans. Your advisor can help find the right plan for you based on the medications you are taking.

Hospitals and Doctors -Most individuals **do not have to change doctors** making the transition from a group plan to Medicare. Do not confuse Medicare with Medicaid.

Medicare Cost Scenario

Medicare Premiums

		Monthly	Annual
Medicare Part A	No Premium Typically	\$ -	\$ -
Medicare Part B (changes Annually)	(assumes joint income < \$170,000 yr.)	\$ 135.50	\$ 1,626.00
Medicare Supplement Plan "G" (Premium varies by gender, age and carrier or plan selected)		\$ 125.00	\$ 1,500.00
Part D (Prescription Plan)		\$ 35.00	\$ 420.00
Premium Total		\$ 295.50	\$ 3,546.00

Estimated Out of Pocket Expenses -Medicare

		Monthly Equivalent	Annual
Part B Deductible with Supplement Plan G		\$ 15.25	\$ 183.00 (for 2018)
Prescriptions			
	Part D Premium Range (\$15-\$30)	\$ 30.00	\$ 360.00
	Drug Cost - \$400 annual	\$ 33.33	\$ 400.00
	Grand Total (Premiums + Out-of-pocket)	\$ 374.08	\$ 4,489.00

Group Health Plan Scenario

Employee plan **contributions** (\$96.00 per 24 pays) *hypothetical example*

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Out of Pocket Costs

Use either (Actual or Maximum Out of Pocket)

Out-of-Pocket Maximum Includes: Plan Deductible, Office Copays, Coinsurance, Prescription Copays

(Typically \$5,000 to \$6,500 for most plans)

This example illustrates the importance of checking your options, \$2,600 a year is a significant savings.

This person did not reach their actual maximum out- of- pocket!

Consult with your Medicare Advisor – They can walk you through all the options available.

	Monthly	Annual
Employee plan contributions	\$ 192.00	\$ 2,304.00
Out of Pocket Costs	Approximately spending \$400 month	\$ 4,800.00

Out-of-pocket costs could be as much as \$6,500.

Grand Total (Plan Employee Contributions + Out-of-Pocket Expenses) \$ 592.00 \$ 6,328.80