



Medical Planning for Retirement

Helping You Prepare

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Agenda

- Retiring before age 65 – Healthcare Options
- Retiring at age 65 or older – Medicare Options



Retiring Before Age 65

- COBRA
- State Continuation
- Convert to Individual Policy
- Federally Eligible Individual (FEI)
 - HIPAA (Health Insurance Portability and Accountability Act 1996)
- Purchase Individual Health Insurance

COBRA

- 20+ Employees
- 18 Months in most cases.
- COBRA terminates if employer goes out of business or stops offering group plan or you fail to pay premium.
- Once COBRA ends you *may* be eligible for conversion plan.
- Responsible for full premium.



Ohio State Continuation

- 2-19 Employees.
- Coverage up to six months.
- Must be covered on the group plan for three months prior to termination.
- Eligible for unemployment.
- Responsible for full premium.
- Cannot be eligible for Medicare.
- Must apply within 31 days.



Conversion Plans

- Subject to carrier availability and guidelines.
- Contact carrier's Customer Service for conversion info, such as availability, benefits, rates, etc.

Federally Eligible Individual (FEI)

- Health Insurance Portability and Accountability Act 1996 (HIPAA)
- Must have at least 18 months creditable coverage.
- Most recent coverage must be group.
- Must obtain coverage within 63 days.
- Cannot be eligible for Medicare, Medicaid, or other group coverage
- Must exhaust COBRA or State Continuation if eligible.



Open Enrollment

Health Maintenance Organizations (HMO) offer an alternative. HMOs must accept individuals during their open enrollment period regardless of any pre-existing conditions.



Open Enrollment – cont'd

- HMOs may refuse to accept individual that have or are eligible for coverage.
 - As a federally eligible individual.
 - Under group continuation coverage.
 - As a medicare recipient.
 - Employer sponsored health coverage.



Open Enrollment – cont'd

■ Things to Remember:

- You must live in the HMO service area to apply.
- Coverage may not start until 90 days after you enroll.
- The Open Enrollment calendar is posted on the Ohio Department of Insurance website and updated each year.



Purchase Individual Health Insurance

Even though it is referred to as Individual Health Insurance, it can include more than one individual person on the policy. It can include family coverage.



Rates are impacted by:

- Age
- Sex
- Residence
- Smoker Status
- Build
- Pre-existing medical conditions and/or prescription usage



Individual Health Insurance

You can obtain rates direct from a carrier – most carriers now have websites to get quotes and apply online.

There are also several quoting engines you can access online to get quotes for several carriers to compare.

Generally, none of these rates account for medical history to determine actual rate and/or eligibility.



Individual Health Insurance

A licensed health insurance agent can help determine eligibility and your premium rate based on all the above criteria, including pre-existing medical conditions.

Keep in mind, neither of these options can guarantee rates or medical eligibility. All rates and medical eligibility is based on final approval by the carrier underwriters at the time the application for coverage is submitted.



Types of Individual Health Insurance



Health Maintenance Organization (HMO)

- Comprehensive Coverage including doctor visits, hospital stays, emergency care, surgery, lab work, e-rays, and therapy.
- Except in an emergency, HMOs usually do not pay anything for care if you do not use plan network providers. Some even require referrals for any providers other than primary care physicians.
- Most services are done in exchange for a copay.



Point of Service (POS)

- Blend of HMO and PPO
- Services subject to copays similar to HMO
- Out of network benefits similar to PPO



Traditional

- No provider network
- No negotiated fees so insured may be responsible for amounts over UCR
- Deductibles and coinsurance – no copays for doctor office visits and prescriptions



Preferred Provider Organization (PPO)

- Contracts with providers for discounted services
- Out of network benefits at higher cost to insured
- Some services may be subject to copays and some services may be subject to deductible and coinsurance



High Deductible Health Plan (HDHP)

- Also know as HSA qualified plans or consumer driven plans
- Usually uses a PPO network
- Health Savings Account for money to use for future qualified medical and retiree health expenses tax free



Types of Non-Comprehensive Plans

- Short-term Health Insurance
- Dental
- Vision
- Long Term Care (LTC)
- Cancer or Critical Illness
- Health Discount Cards – not insurance



Retiring at Age 65 or Older

- Original Medicare
- Medicare Supplements
- Medicare Advantage
- Prescription Drug Plans (PDP)



Original Medicare

Created in 1965, Medicare is federal health insurance for people age 65 and older, under age 65 with certain disabilities, and any age with End-Stage Renal Disease. Medicare was never meant to cover all medical costs.



Original Medicare

- Part A – (Hospital Insurance) helps cover inpatient care in hospitals, skilled nursing facilities, hospice, and home health care.
- Part B – (Medical Insurance) helps cover medically necessary service like doctors' services and outpatient care.



Medicare Part B

Initial Enrollment Period (IEP) is from 3 months prior to – through 3 months after the month you turn 65. Letting this pass without action can have consequences or penalties. There is also a Special Enrollment Period (SEP) and a General Enrollment Period (GEP).

Medicare Part B premiums are now based on income levels and subject to change each year. Part B premium for most people is \$96.40 in 2009.



Medicare Part C

Medicare Part C – (Medicare Advantage Plans) is another way to get Medicare benefits. It combines Part A, Part B, and sometimes Part D coverage, managed by private insurance companies approved by Medicare. Similar to an HMO, plans can charge different copays, coinsurance, or deductibles for services. Usually you are required to use specific doctors and facilities.



Medicare Part D

- Medicare Part D – (Medicare Prescription Drug Plans) helps cover prescription drugs and/or lower the cost of prescription drugs.
- There is a subsidy available for lower income individuals to assist with the premium, copays, etc.
- Must have Original Medicare Part A & B
- Offered by private companies

Medicare Supplement

- Also known as Medigap
- Private health insurance
- Must have Original Medicare Part A & B
- Open enrollment for Medicare Supplement starts the first day of the month you are 65 **and** enrolled in Medicare Part B.
- Supplements Original Medicare to help pay some amounts not covered by Medicare
- Medicare Supplement policies are “standardized” since 1992.
- Medicare Supplements are single contract policies.
- No prescription coverage included.



Medicare Advantage

- Also known as Medicare Part C
- An alternate option to original Medicare with a Medicare Supplement
- Offered by private companies
- Must have Medicare Part A & B
- Many of these plans include prescription (Part D) benefits.
- You do not need a Medicare Supplement and Medicare Advantage

Important Resources

- www.ohioinsurance.gov
- www.medicare.gov
- www.IRS.gov
- 1-800-MEDICARE or 1-800-633-2273
- Social Security 1-800-772-1213
- Guide to Health Insurance
- Guide to Medicare Supplement Insurance, Medicare Options and Part D
- Medicare & You
- IRS Publication 502



QUESTIONS