



# A Guide To Medicare

Understanding the parts and plans of retiree healthcare

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# What we will cover today

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- The current landscape
- The four parts of Medicare
- Medicare coverage options
- Medicare enrollment
- Medicare “bankruptcy”

# Medicare

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Government sponsored health insurance enacted in 1965 for individuals:

- Age 65 and older
- With disabilities
- With end-stage renal disease (permanent kidney failure requiring dialysis or a transplant)

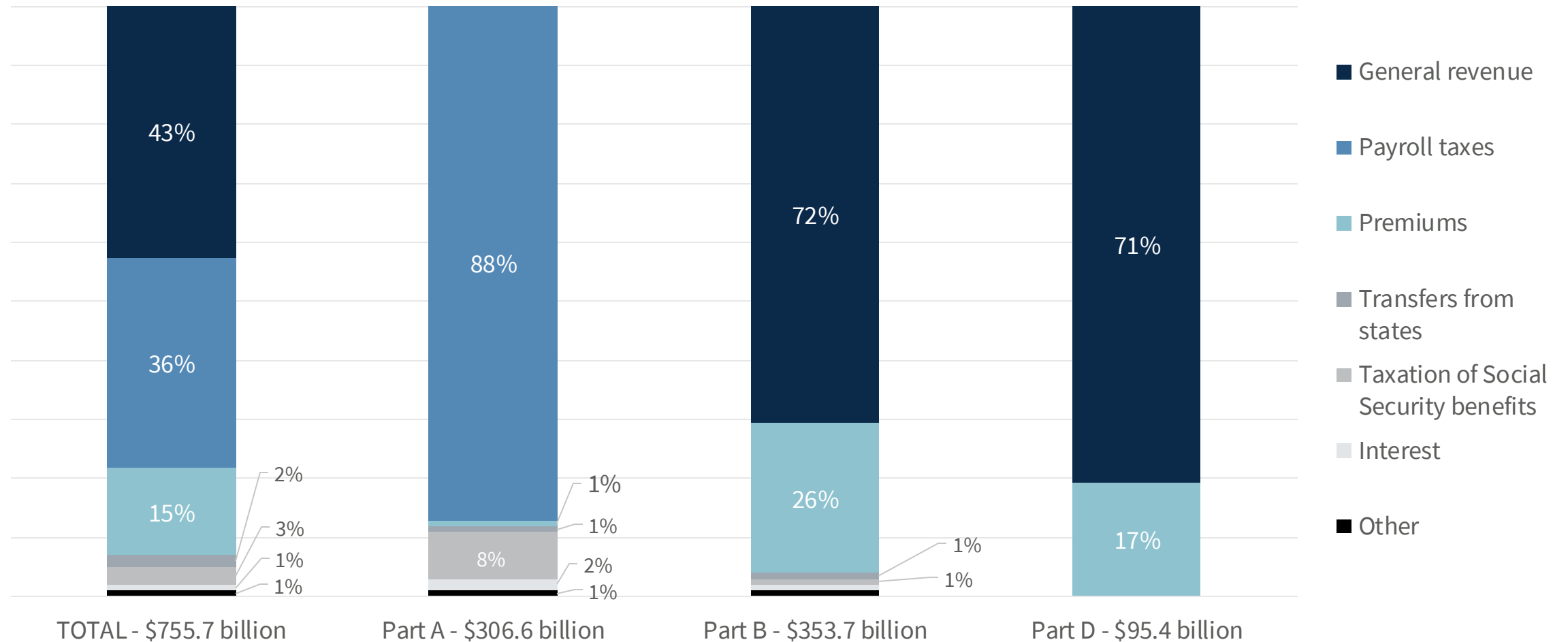


Only covers approximately 60% of total healthcare costs



Does not cover most dental, vision, hearing or long-term care costs. In addition, there are premiums, deductibles and coinsurance requirements.

# Sources of Medicare Revenue



# Potential Costs

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65-year-old  
couple



Average out of pocket  
healthcare expenses  
during retirement

**\$330,000**

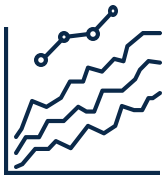
Projected annual  
inflation

**5.1%**

**Does not include long-term care costs**

# Rising Healthcare Costs

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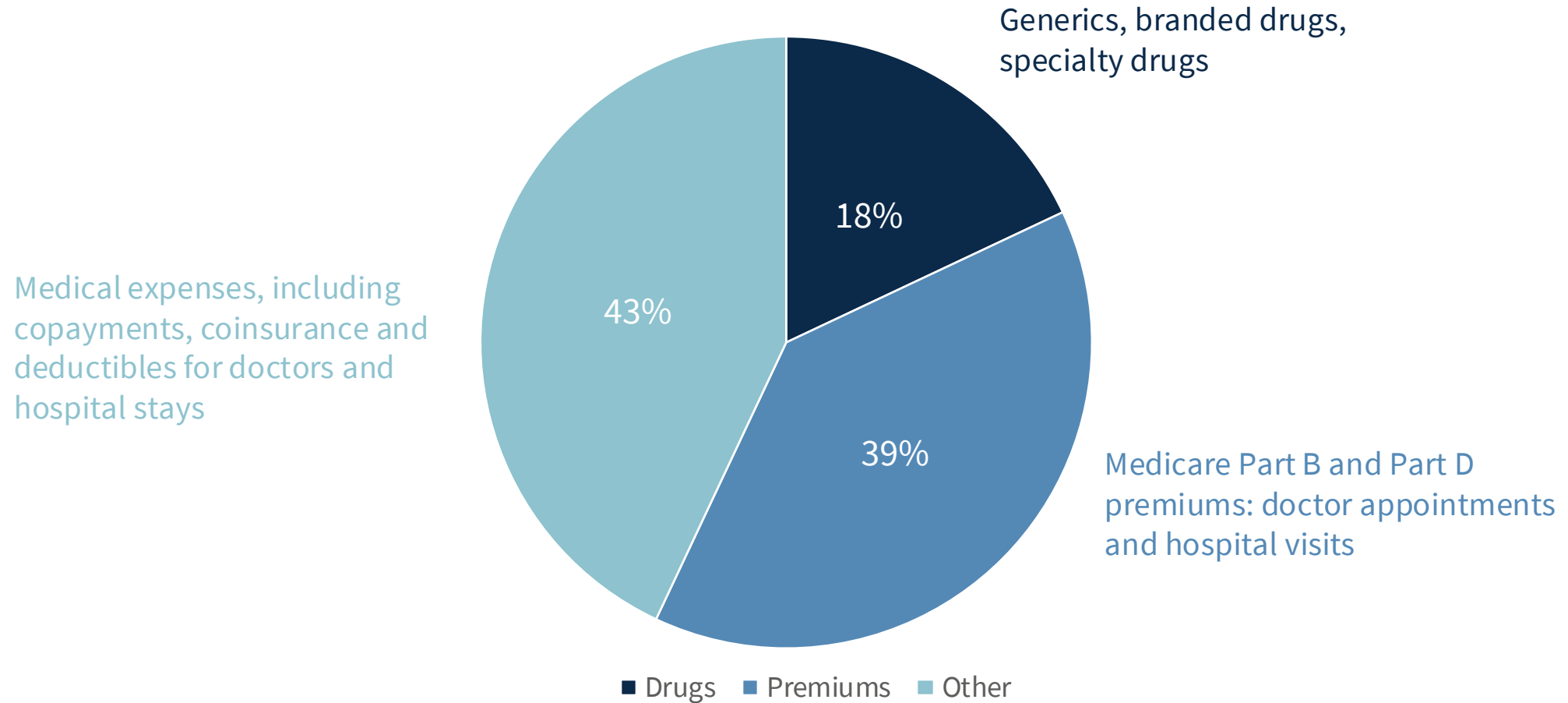


## Why do healthcare costs rise faster than general inflation?

- Supply and demand; aging population
- Increasing costs of drugs and medical hardware
- Medical technology
- Lawsuits
- Billing fraud
- Poor health habits, e.g., diet, tobacco, alcohol, drugs, lack of exercise, etc.
- Administrative costs

# Healthcare In Retirement

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# Geographic Cost Comparison

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## Florida

HUSBAND	WIFE
Part B \$2,220	Part B \$2,220
+ Part D \$579	+ Part D \$579
+ Medigap \$3,120	+ Medigap \$2,760
+ Out of pocket \$1,853	+ Out of pocket \$1,736
= \$7,772	= \$7,295
Total cost for the couple	\$15,067

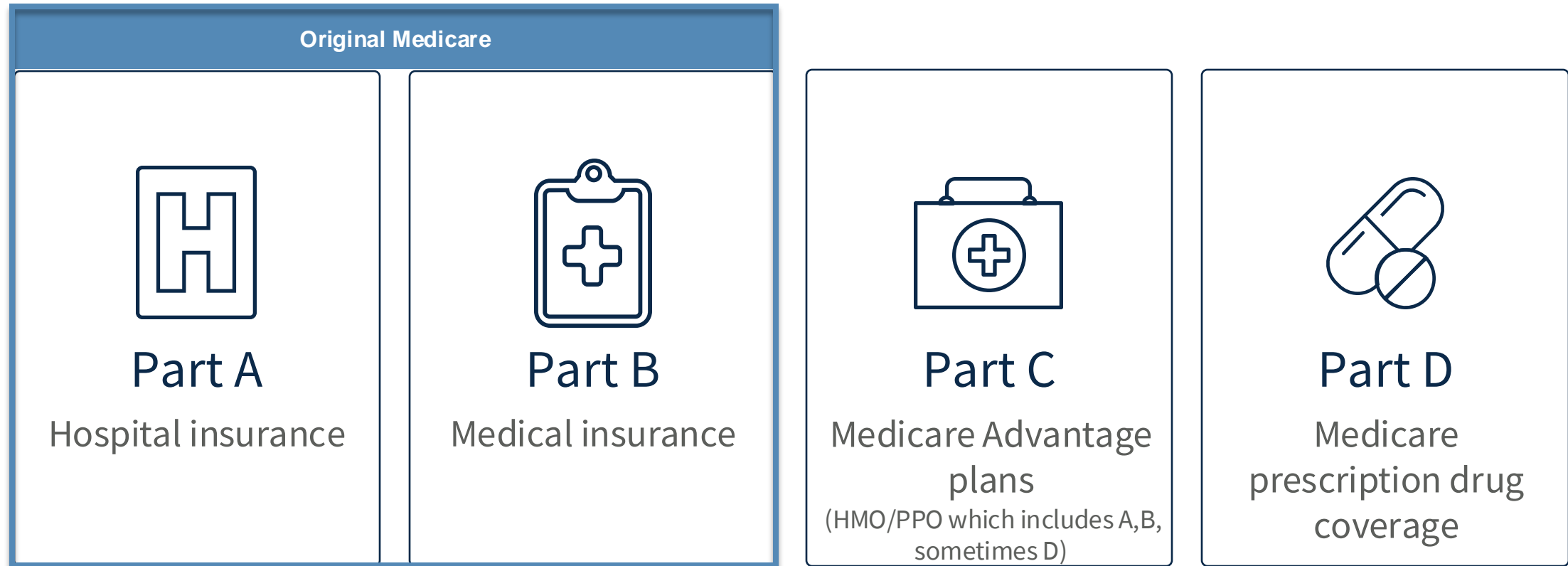
## Nebraska

HUSBAND	WIFE
Part B \$2,220	Part B \$2,220
+ Part D \$434	+ Part D \$434
+ Medigap \$2,400	+ Medigap \$2,040
+ Out of pocket \$1,802	+ Out of pocket \$1,688
= \$6,856	= \$6,382
Total cost for the couple	\$13,238



# The Four Parts Of Medicare

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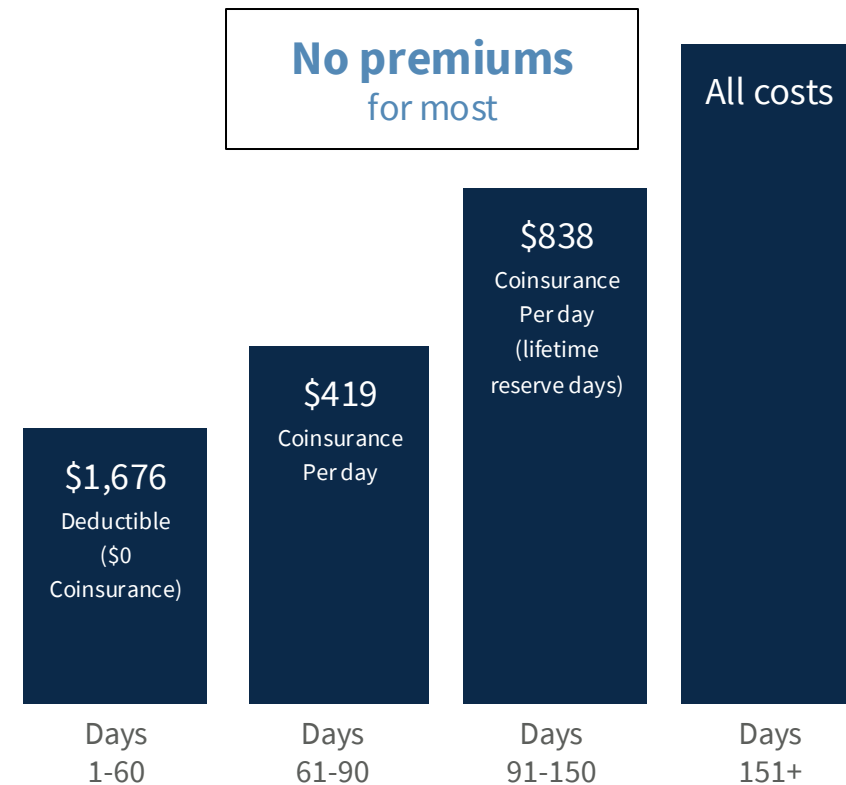
# Part A



## Hospital insurance

- Hospital inpatient care
- Skilled nursing facility care
- Home healthcare
- Hospice care

## 2025 Costs for hospital stays (you pay)



# Part B

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## Medical insurance

- Doctor visits
- Outpatient medical services
- Durable medical equipment
- Preventative care
- Clinical laboratory services

Monthly premium

**\$185 – \$628.90**

Higher income individuals  
pay higher premiums

Deductible

**\$257**

Annually

Coinsurance

**20%**

Of Medicare  
approved amount

## Part B – Preventative Care Services\*

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Enrollment check up	Wellness checkup
Alcohol abuse counseling	Bone mass measurement
Mammograms	Cardiovascular health tests and counseling
Pap exams	Colorectal cancer screening
Depression screening	Diabetes screening
Flu and pneumonia shots	Hepatitis B shots
HIV screening	Laboratory services
Obesity counseling	Prostate cancer screening
STD testing	Smoking cessation counseling

# 2025 Income-related Premiums (IRMAA)

For yearly Modified Adjusted Gross Income reported on tax return two years prior:

File individual tax return	File joint tax return	File married and separate tax return	Part B (monthly)	Part D (monthly)
Under \$106K	Under \$212K	\$106,000 or less	\$185.00	Your plan premium
\$106K to \$133K	\$212K to \$266K	Not applicable	\$259.00	\$13.70 + plan premium
\$133K to \$167K	\$266K to \$334K	Not applicable	\$370.00	\$35.30 + plan premium
\$167K to \$200K	\$334K to \$400K	Not applicable	\$480.90	\$57.00 + plan premium
\$200K to \$500K	\$400K to \$750K	Above \$103,000 and less than \$394,000	\$591.90	\$78.60 + plan premium
Over \$500K	Over \$750K	\$394,000 and above	\$628.90	\$85.80 + plan premium

The income-related monthly adjustment amount (IRMAA) sliding scale is a set of statutory percentage-based tables used to adjust Medicare Part B and Part D prescription drug coverage premiums. The higher the beneficiary's range of modified adjusted gross income (MAGI), the higher the IRMAA.

# When Part B is Required

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- Purchase of an individual Medigap or Medicare Advantage plan



- Eligible for TRICARE For Life (TFL) or CHAMPVA
  - VA benefits are separate from Medicare
  - Could pay penalty for late enrollment in Part B



- Actively working after being Medicare-eligible and your employer coverage requires it (less than 20 employees).



- Talk to your employer's or union benefit's administrator.

# Part D

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## Prescription drug insurance

- Enrollment is voluntary, but penalties for enrolling late
- Offered by private insurance companies
- Drugs and pharmacies covered vary by plan

Premiums vary

**\$40.00**

Average monthly  
premium

Surcharges for  
higher earners

**\$13.70-\$85.80**

Per month

Deductible

**\$590**

Maximum

# 2025 Income-related Premiums (IRMAA)

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## Because of the prescription drug law, the coverage gap ends on December 31, 2024

New for 2025: \$2,000 cap on covered Part D drugs

- Starting in 2025, all Medicare plans will include a \$2,000 cap on what you pay out-of-pocket for prescription drugs covered by your plan.
- If your out-of-pocket spending on covered drugs reaches \$2,000 (including certain payments made on your behalf, like through the Extra Help program), **you'll automatically get "catastrophic coverage."** That means you won't have to pay out-of-pocket for covered Part D drugs for the rest of the calendar year.
- If you have a Medicare plan with drug coverage, compare plans during Medicare Open Enrollment (October 15 – December 7) to make sure your plan covers the drugs you take and meets your needs.

# Coverage Gaps In Original Medicare

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Hospital deductible



Hospital  
coinsurance



Part B coinsurance



Part B deductible and  
excess charges



Emergency care  
abroad



Hospice copays



Skilled nursing  
facilities copays

# Medicare Supplement Insurance (Medigap)



## Medicare Supplement Insurance

- Helps reduce out-of-pocket expenses for Parts A and B
- 10 different Medigap plans that are identified by letters A-N
- Policies are offered by private insurance companies
- Policies that have more generous coverage have higher premiums

### Premiums vary significantly

by geography, age,  
plan type and  
provider

### Determine coverage needs

Shop multiple  
providers in your  
area

### Plan F\*

Most comprehensive  
and expensive

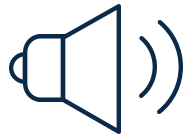
# Medigap Plans

Covered benefits	A	B	C	D	F	G	K	L	M	N
Part A hospital copays plus 365 extra days	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Part A hospital deductible	No	Yes	Yes	Yes	Yes	Yes	50%	75%	50%	Yes
Part B copays	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Part B deductible	No	No	Yes	No	Yes	No	No	No	No	No
Part B excess charges	No	No	No	No	Yes	Yes	No	No	No	No
Skilled nursing facility copays	No	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Hospice care copays	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
First three pints of blood	Yes	Yes	Yes	Yes	Yes	Yes	50%	75%	Yes	Yes
Emergency care abroad	No	No	Yes	Yes	Yes	Yes	No	No	Yes	Yes

Note: Plan C and F is not an option for those entering Medicare in 2020 and beyond.

# Coverage Gaps In Medigap Policies

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Hearing



Dental



Vision



Long-term care costs



Part D deductible and  
coinsurance amounts

# Part C: Medicare Advantage

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## Medicare Advantage (MA)

- Private insurance alternative for Medicare coverage
- All MA plans cover Parts A and B
- Most include prescription coverage
- Some include dental, vision, hearing or wellness
- Limited network of hospitals and doctors

**Plan costs and  
structure vary  
significantly**

**Still required to  
pay part B  
premiums**

**\$9350**  
**2025 annual out-of-  
pocket maximum**

## Part C: Medicare Advantage – HMO vs. PPO

Considerations	HMO	PPO
Can I get my medical care from any doctor/hospital?	No. You must go in-network, except in case of an emergency.	Yes, but your copay may be higher.
Must I have a primary care doctor?	Yes	No
Do I need a referral to a specialist?	Usually	No
Can I get more benefits if I pay a higher premium?	Some plans offer additional coverage.	Some plans offer additional coverage.
How do I get prescription drugs?	By joining an HMO that offers part D drug coverage in its benefits package.	By joining a PPO that offers part D drug coverage in its benefits package.
How is my share of the cost decided?	Plan dependent. Going out of network may mean full cost.	Plan dependent. Going out of network means higher copays.
Is there an annual out of pocket limit?	Yes	Yes

# Part C: Medicare Advantage Cost Structure



## Example:

- Ambulance – \$300
- Hospital stay – \$175 per day for first 10 days
- Diabetes supplies – up to 20% copay
- Diagnostic radiology – up to \$125 copay
- Lab services – up to \$100 copay
- Outpatient x-rays – up to \$100 copay
- Therapeutic radiology – \$35 or up to 20% copay depending on the service
- Renal dialysis – 20% of the cost

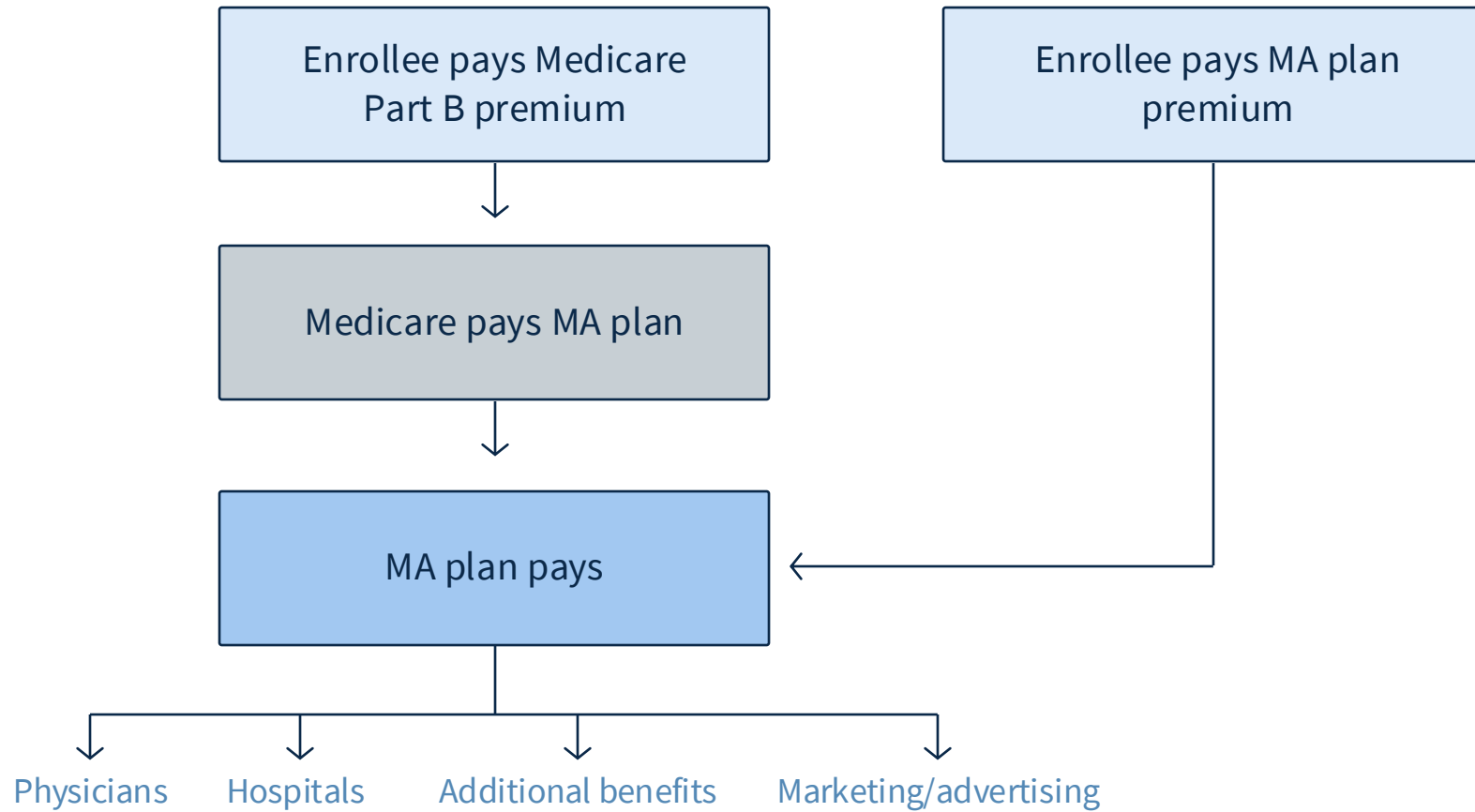
The Medicare Advantage premium will look much lower on a monthly basis, but it is important to investigate the cost-sharing structure of the plans.

People need to look at what they will be paying in deductibles, what share of the doctors' fees they will pay – whether it's a fixed dollar amount or percentage of the total cost – and what will happen if they are hospitalized.

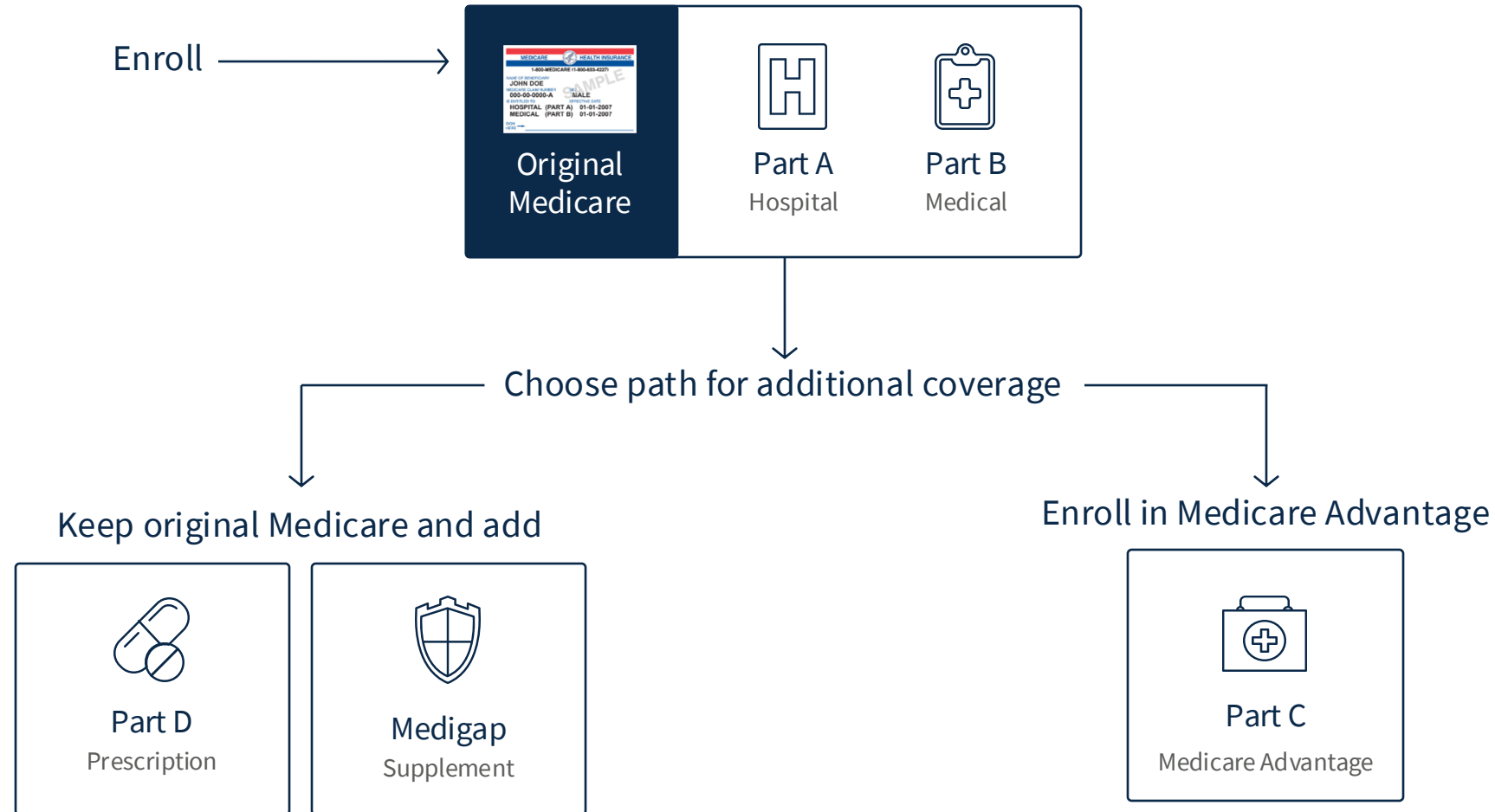


# Part C: Medicare Advantage

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# Medicare Coverage Plans



# Original Medicare vs. Medicare Advantage

## Original Medicare

**Pros** Flexibility to receive care from any doctor or hospital that accepts Medicare



No geographic restrictions (in U.S.)

**Cons** Must purchase Part D and Medigap to avoid gaps in coverage



No out-of-pocket limit

No dental, vision or hearing

## Medicare Advantage

**Pros** Convenience of one plan



Out-of-pocket limit

May include dental, vision, hearing and wellness

**Cons** Limited to a network of doctors and hospitals



Increased costs for going out of network

Plan providers and benefits can change each year

# Annual Enrollment

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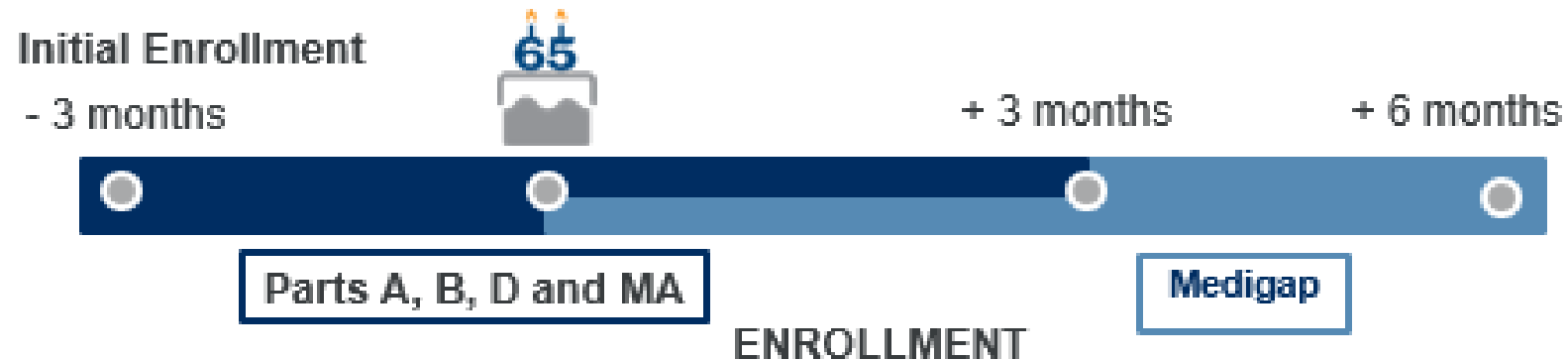
Annual enrollment is Oct. 15 – Dec. 7

Coverages changes effective Jan. 1

During this time:

- Join a Medicare Advantage plan
- Change Medicare Advantage plans
- Switch from Original Medicare to a Medicare Advantage plan
- Switch from a Medicare Advantage plan to Original Medicare
- Sign up, drop or change a Part D plan
- Sign up for a Medigap plan

# Medicare Enrollment Periods



# Penalties For Late Enrollment

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## Late enrollment penalties apply when:

- You do not enroll when first eligible and
- You are not covered by another group insurance plan

### **Permanent lifetime penalties for Parts B and D**

#### **Part B penalty**

10% premium  
increase

Each 12-month period  
enrollment is delayed

#### **Part D penalty**

1% premium increase

Each month enrollment is  
delayed beyond 63 days

# Delaying Enrollment

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## Employment insurance consideration

- Group health insurance coverage, yours or your spouse's, allows you to delay enrollment without penalty
- When group health insurance coverage ends, you will have up to eight months to enroll in Medicare without penalty

## Health savings account (HSA) rule

- If you are enrolled in Medicare, you cannot contribute to an HSA, but you can use remaining funds to pay for approved medical purposes
- Social Security recipients automatically enrolled in Part A cannot opt out in order to continue to contribute to an HSA

# Medicare Enrollment And Health Savings Accounts

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- Being eligible for Medicare does not disqualify an individual from making regular tax year contributions to an HSA – however, actual enrollment in any part of Medicare might.
- If you have signed up for Social Security prior to turning 65, you will automatically be enrolled in Medicare Part A and Part B at 65.
- If you enroll in Medicare Part A and/or B, you can no longer contribute to an HSA.
  - This is because to contribute pretax dollars to an HSA you cannot have any health insurance other than an HDHP.
  - Another important point to make is that Part A coverage begins six months prior to the month an individual applies for Medicare, but no earlier than the first month the individual was eligible for Medicare.
- If you are still working past 65, have creditable coverage, and have not signed up for Social Security, you can forego Medicare Part A and continue to contribute to a health savings account (HSA).

**Note:** Be careful about your contributions in the year you leave your job and sign up for Medicare—you must prorate your HSA contributions based on the number of months before you were covered by Medicare.



# Special Enrollment Periods (Seps)

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## SEPs are available for a number of circumstances

If you work past 65, Part B and Part D special enrollment periods may apply when you leave.

- Loss of current coverage (employer, Medicaid)
- Availability of coverage by other means (employer, VA, PACE)
- Change in address outside of plan's service area
- Plan changes contract with Medicare
- Mistake by Medicare or plan employees

**Note:** Part B special enrollment period lasts for eight months. It begins the month after employer-sponsored coverage or current employment status ends, whichever happens first.

**Note:** The Part D special enrollment period only lasts for 63 days. Other employer-related coverage, such as retiree coverage, COBRA coverage, or severance benefits, isn't considered to be primary coverage after you turn 65.

# Examples Of Medicare Enrollment Mistakes To Avoid

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- Believing Part A and Part B is enough coverage
- Not pricing out Plan D plans and independent of spouse
- Failing to reevaluate during Open Enrollment, including Part D
- Choosing traditional Medicare without signing up for a Medigap plan – no out-of-pocket limit
- Not comparing the costs and features of Original Medicare and MA
- Not thinking ahead to future health needs
- Not seeking expert help!

# Some Medicare Enrollment Mistakes To Avoid

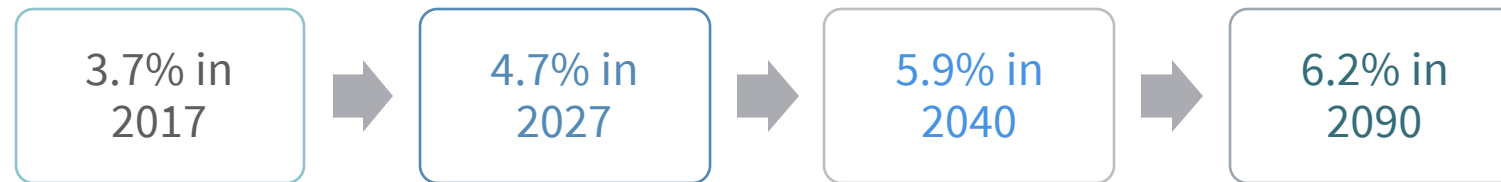
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- Failing to sign up for Medicare because you aren't taking Social Security
- Signing up for Part B when you are still covered by a plan at work (creditable)
- Forgetting about the Part B and D special enrollment period
- Not signing up for Part B and D if you have retiree healthcare or COBRA coverage
- Signing up for Medicare Part A if you are still working, have creditable coverage, haven't started Social Security, and want to contribute to an HSA
- Failing to sign up for a Medigap plan during the six-month guaranteed insurability period

# Medicare Bankruptcy

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Gross Medicare spending is projected to grow sharply from:



- Growth is largely due to increase in the number of beneficiaries and per-capita healthcare costs.
- The aging population is the primary driver of Medicare cost growth

# Medicare Bankruptcy

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- Medicare hospital insurance trust fund to be depleted by 2036
- Part A is the only component of Medicare that is prepaid – through the 2.9% payroll tax
- Immediate 11% cut – remaining 88% covered by payroll taxes
- Part B and Part D covered 20-25% by premiums and 75-80% from general revenue

# What Can You Control?

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- 1** Choose the right “path” for them – use ClearMatch!
- 2** Don’t set it and forget it – use ClearMatch!
- 3** Behavior modification

# Medicare Guidance

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## Personalized and unbiased Medicare guidance

- Discuss healthcare needs and suitable coverage options
- Help evaluate available plans and pricing in your geography
- Assist with enrollment and billing
- Continuous support after enrollment

# ClearMatch

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## Personalized and unbiased Medicare guidance

- ClearMatch agents are licensed, highly trained and highly experienced with five or more years of selling Medicare products.
- Hiring process is highly selective – hire < 20% of applicants.



# ClearMatch

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