
Advisors are encouraged to make clients more Medicare-conscious

By Editor Test *Mon, Aug 5, 2013*

On average, retirees without employer-sponsored health coverage must navigate among 31 prescription drug plans (Part D) and 20 Medicare Advantage plans. Their financial advisors can help them do that.

With fewer and fewer people covered by employer-sponsored group health plans, financial advisors should make a point of guiding newly-retired clients through the Medicare maze, according to Allsup, a Medicare plan selection service in Belleville, Ill.

Only 25% of employers reported offering retiree health benefits in 2012, down from 32% in 2007, according to a Kaiser Family Foundation survey of employers with more than 200 employees. In 1988, 66% of employers offered retiree group health coverage. Financial advisors are encouraged discuss Medicare plan selection with their clients as they approach their 65th birthday.

“At many companies, retiring used to mean transitioning from your employer’s health plan to a retiree health plan,” said Paula Muschler, manager of the Allsup Medicare Advisor. “Now, rather than selecting from one or two employer-provided options, more and more individuals are faced with trying to navigate through dozens of different Medicare plan options.”

There are two situations when financial advisors can help their clients navigate the Medicare maze, according to Allsup:

Boomers who are nearing 65 and getting ready to retire. People turning 65 have seven months—three months before their birthday, the month of their birthday and three months afterward to choose a Medicare plan without penalties. It’s also important to understand the deadlines for first-time enrollment and possible penalties if those deadlines are missed.

One’s health status, anticipated procedures, prescription drug needs, financial resources, and plans for travel and relocation in retirement can all have a bearing on choice of plan. On average, retirees can choose from among 31 prescription drug plans (Part D) and 20 Medicare Advantage plans. Alternatives to Medicare could include a spouse’s coverage, veterans healthcare coverage, employer coverage for those still working.

Seniors who already retired and lose employer-sponsored retiree healthcare coverage. Even retirees who have employer-sponsored coverage should enrolled in Medicare Parts A and B when they reach 65, Allsup advises. The loss of retiree group health coverage triggers the option to buy Medigap insurance and Part D under some circumstances. Seniors can also transition from original Medicare to a Medicare Advantage plan with prescription drug coverage when they lose employer-sponsored coverage. For early retirees, simply reaching 65 is often the trigger to losing retiree coverage.

Often, seniors with retiree group health coverage assume Medicare is not important because they have other insurance. But they need to pay attention. “Turning 65 is a critical time period for Medicare

beneficiaries to consider what they need and how they will afford it," Muschler said.

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