

## **Commissioner's Corner: Baby Boomers and Medicare: How to Avoid Confusion and Make Sound Choices**

*"As our population ages, many of us will enter the Medicare system, and when we do, we will face complex and often confusing choices about health insurance."*

– **Kim Holland**, Oklahoma Insurance Commissioner



### **What Retirees Need to Know About Medicare, Health Insurance Options**

A recent survey of 377 baby boomers – Americans born between 1946 and 1964 – conducted by the National Association of Insurance Commissioners found that only 36 percent correctly knew that Medicare eligibility begins at age 65. The survey also found:

- A large majority of baby boomers – 84 percent – said that access to health insurance was important when choosing a retirement date.
- Only 43 percent said that Medicare eligibility was an important factor in determining when they would retire.
- Nearly half – 48 percent – said they expected to use Medicare to cover their healthcare needs during retirement. This number increased to 57 percent among older baby boomers, those 55-62 years of age.

The survey also revealed a considerable lack of familiarity with Medicare's coverage options. Sixty-six percent of respondents said they were "not very familiar" or "not at all familiar" with options such as Medicare Part B, Medicare Advantage plans, Medicare prescription drug coverage and Medicare supplement (Medigap) insurance. This number jumped to 72 percent among younger baby boomers, those 44–54 years of age.

### **Understanding the Basics of Medicare**

Medicare is the largest health insurance program in the nation, covering more than 40 million Americans. The federally funded program is available to Americans 65 years of age and older, regardless of their eligibility for Social Security retirement benefits.

Some Americans younger than 65 may qualify for Medicare, depending on their physical health. For example, those who are disabled may be eligible before reaching their 65<sup>th</sup> birthday.

Medicare is divided into four parts, each with different coverage options, including hospital insurance (Part A), medical insurance (Part B), Medicare Advantage (Part C) and prescription drug coverage (Part D). Although many Americans do not pay a monthly premium for Medicare Part A, individuals seeking additional coverage options under Parts B, C and D typically pay a monthly premium.

### **Ten Tips Regarding Health Insurance and Retirement**

1. Plan ahead for your retirement health insurance needs. Americans are eligible for Medicare at age 65, so take this into consideration if you plan to retire at an earlier age.
2. If you plan to retire from your job before the age of 65 and are not eligible for Medicare, check to see if you are eligible for COBRA (Consolidated Omnibus Budget Reconciliation Act). COBRA is a federal law that typically entitles you to continue your employer's health insurance coverage for up to 18 months. Check with the Oklahoma Insurance Department to learn about COBRA laws in your state.
3. If you are not eligible for COBRA, you might want to consider a catastrophic or high-deductible medical plan, which typically carries lower premiums than other individual policies.
4. Before you become eligible for Medicare, you might want to consider purchasing a major medical plan to cover doctors' visits, drugs and hospital care. These plans, which can vary in costs and medical benefits, include indemnity plans, preferred provider organization (PPO) plans, health maintenance organization (HMO) plans and point-of-service (POS) plans.
5. Take time when researching individual health insurance plans to learn what kind of policies will provide the coverage you need — then pick the one best for you. Shop around and ask a lot of questions. To avoid purchasing a fraudulent health insurance plan, call the Oklahoma Insurance Department and find out whether the insurance agent and company are licensed in your state.
6. If you are 65 years of age or older and will be using Medicare as your primary health insurance, make sure you understand the different coverage options available to you. When enrolling, you will need to decide whether you want traditional Medicare or a Medicare Advantage plan.
7. When enrolling in Medicare, you might want to consider purchasing a separate Medicare supplement (Medigap) insurance policy to pay for medical/hospital expenses and deductibles not covered by Medicare. Contact Oklahoma's Senior Health Insurance Counseling Program (SHIP) at (800) 763-2828 for a list of approved Medicare supplement (Medigap) insurance providers.
8. When choosing Medicare options, you might also want to consider enrolling in prescription drug coverage (Medicare Part D), which will help pay for the cost of medications prescribed by your doctor during treatment.

9. Be wary of health discount cards. Discount cards are not insurance! If you are considering the purchase of a health discount card, investigate whether the company is legitimate and whether any complaints have been filed against them. Contact the Oklahoma Insurance Department at (800) 522-0071 for information about discount card providers.
10. Consider purchasing long-term care coverage. This type of insurance covers the cost of services for nursing homes, assisted-living facilities and in-home caregivers when individuals are unable to perform activities of daily living – such as eating, dressing and bathing. However, long-term care insurance isn't for everyone. If you are currently receiving Social Security or expect to have minimal or no retirement savings, you will likely qualify for state aid and should not purchase long-term care insurance.

As always, contact the Oklahoma Insurance Department at (800) 522-0071 with additional questions.

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