



# Navigating the Future: Understanding Private Health Care Exchanges

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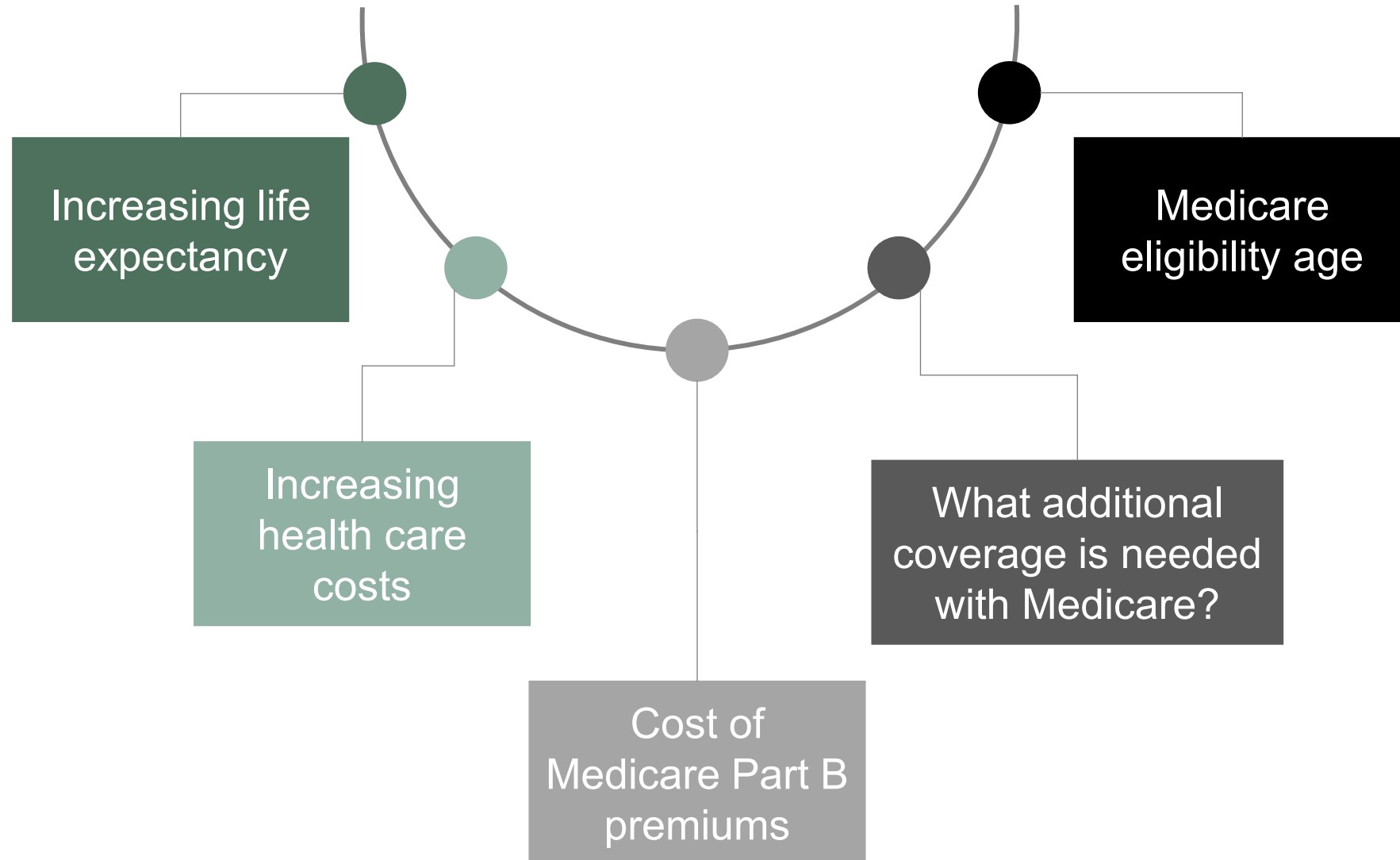
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# AGENDA

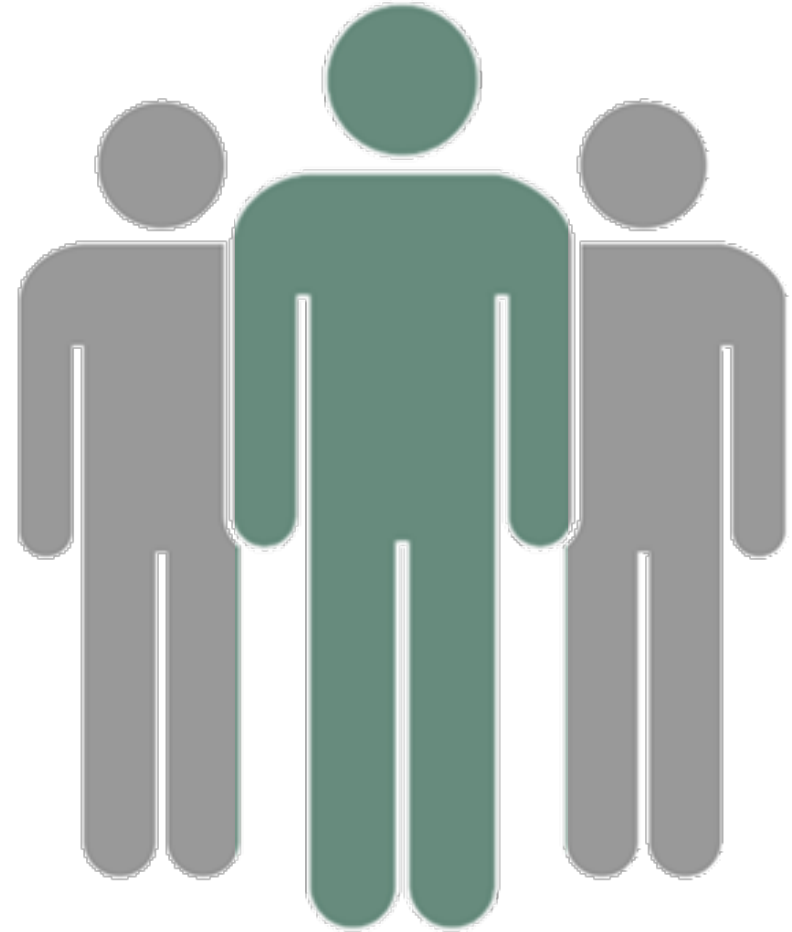
- Health Care Considerations
- Medicare Basics
- Aptia365 Retiree Health Exchange Overview
- Case Study

# Retiree Health Care Considerations



# How Confident Are You?

Almost **1/3 of working Americans** report low confidence in having enough money for health care in retirement.



# Health Care Costs Impact on Retirement



**Delayed  
Retirement**



**Increased  
Stress**



**Compromises  
to Health**



**Change in  
standard of living**

# Out-of-Pocket Costs in Retirement

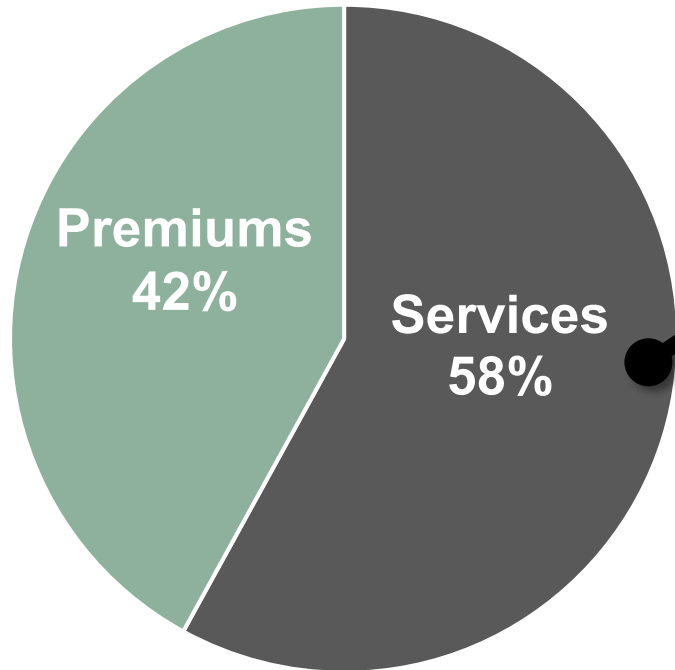
The average 65-year-old couple retiring in 2024 should plan to spend how much for out-of-pocket health care expenses in retirement?

**\$395,000\***

\*Assumes couple is enrolled in Medicare Parts A, B, D and Medigap  
Source: Milliman



# Out-of-Pocket Costs with Medicare

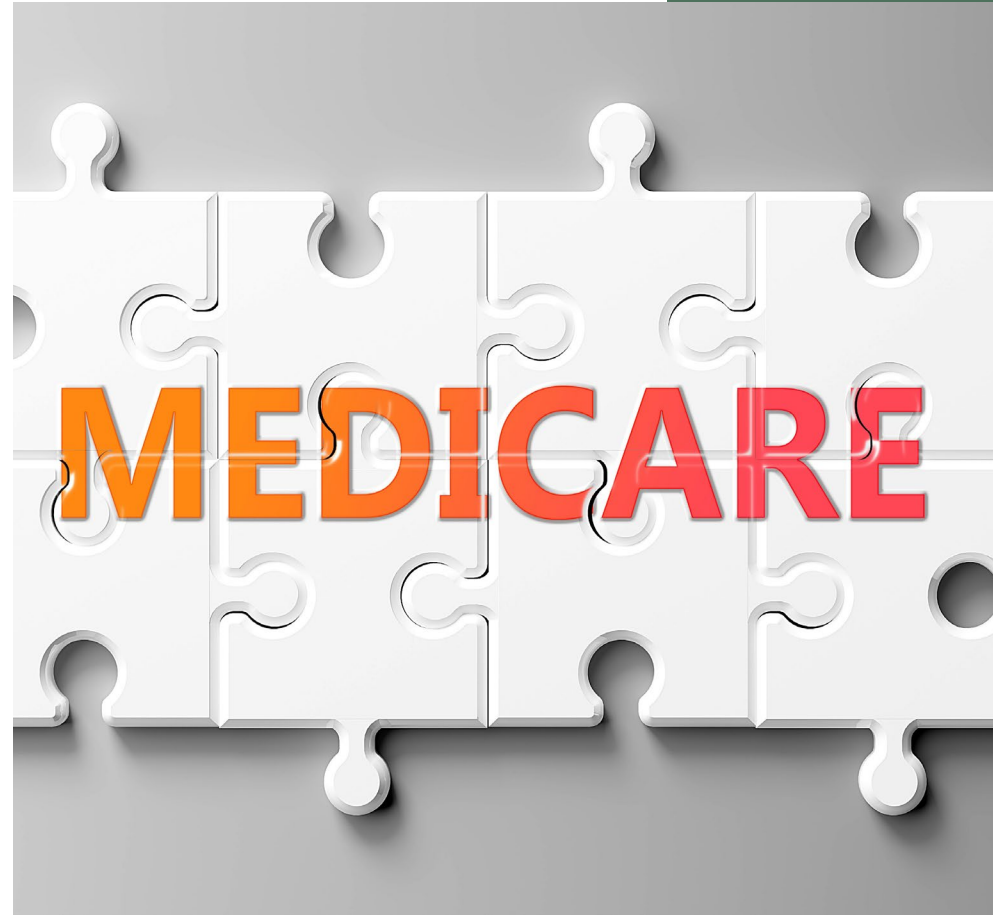


| Service Type             | Spending % |
|--------------------------|------------|
| Long-term care facility  | 32%        |
| Medical providers        | 22%        |
| Prescription drugs       | 21%        |
| Dental services          | 14%        |
| Skilled Nursing Facility | 5%         |
| Outpatient hospital      | 4%         |
| Inpatient hospital       | 2%         |

Source: Kaiser Family Foundation



# Medicare Basics






# Medicare Overview

Federal health insurance for:

- Age 65+
- Some individuals with disabilities

You must actively enroll  
if you're not receiving  
Social Security.

|   |  |   |                         |
|---|--|---|-------------------------|
| <b>MEDICAL</b>  |  |  | <b>HEALTH INSURANCE</b> |
| NAME OF BENEFICIARY<br><b>YOUR NAME</b>                               |  |   |                         |
| MEDICAL CLAIM NUMBER<br><b>123-45-6789-A</b>                          |  | SEX<br><b>MALE</b>  |                         |
| IS ENTITLED TO<br><b>HOSPITAL (PART A)</b><br><b>MEDICAL (PART B)</b> |  | EFFECTIVE DATE<br><b>01-01-2018</b><br><b>01-01-2018</b>                            |                         |
| SIGN HERE<br><i>Your name</i>   |  |   |                         |

# Enrollment Period

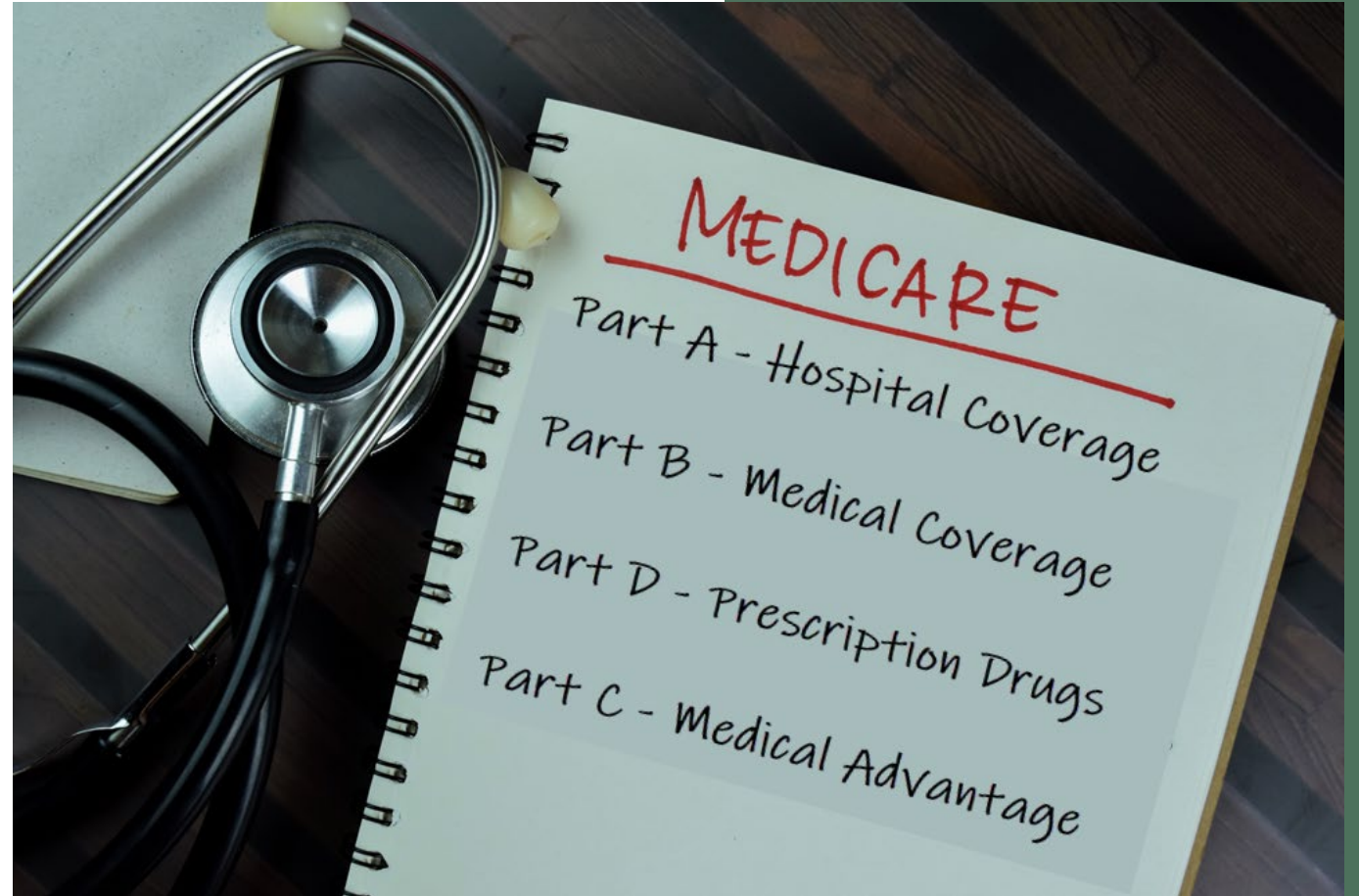
- **Seven-month** enrollment period
  - The month of your 65<sup>th</sup> birthday, and three months before and after your 65<sup>th</sup> birthday

*EXAMPLE: If your birthday is **April 12**, your enrollment period would be:*



- Unlike Social Security, you need to **enroll as soon as eligible**, or risk penalties.

# Medicare Components



# What's Covered



## PART A HOSPITAL COVERAGE

Partial coverage for:

- Inpatient Hospital Stay
- Hospice
- Skilled Nursing
- Home Care



## PART B OUTPATIENT MEDICAL CARE

Partial coverage for:

- Doctor visit
- Outpatient surgery
- Labs
- Durable Medical equipment



## PART D PRESCRIPTION DRUG COVERAGE

Private insurance that covers drugs not covered by Part A & B



## PART C MEDICARE ADVANTAGE

Private insurance that replaces original Medicare Part A & B

May include:

- Wellness
- Vision
- Hearing aids
- Limited dental
- Home meals
- Over the counter drug allowance

# What's Not Covered

Medicare Parts A & B do not cover:



**Skilled nursing home stay beyond 100 days**



**Dental, vision, and cosmetic procedures**



**Deductibles, coinsurance, and copayments**

# Medicare Advantage Plans

**Medicare Advantage plans replace original Medicare (plans A and B) coverage with a plan from a private insurance carrier.**

Plan benefits must be at least equal to original Medicare

Many offer extra benefits with prescription drug coverage

Does not disqualify for pre-existing condition

Various plan designs

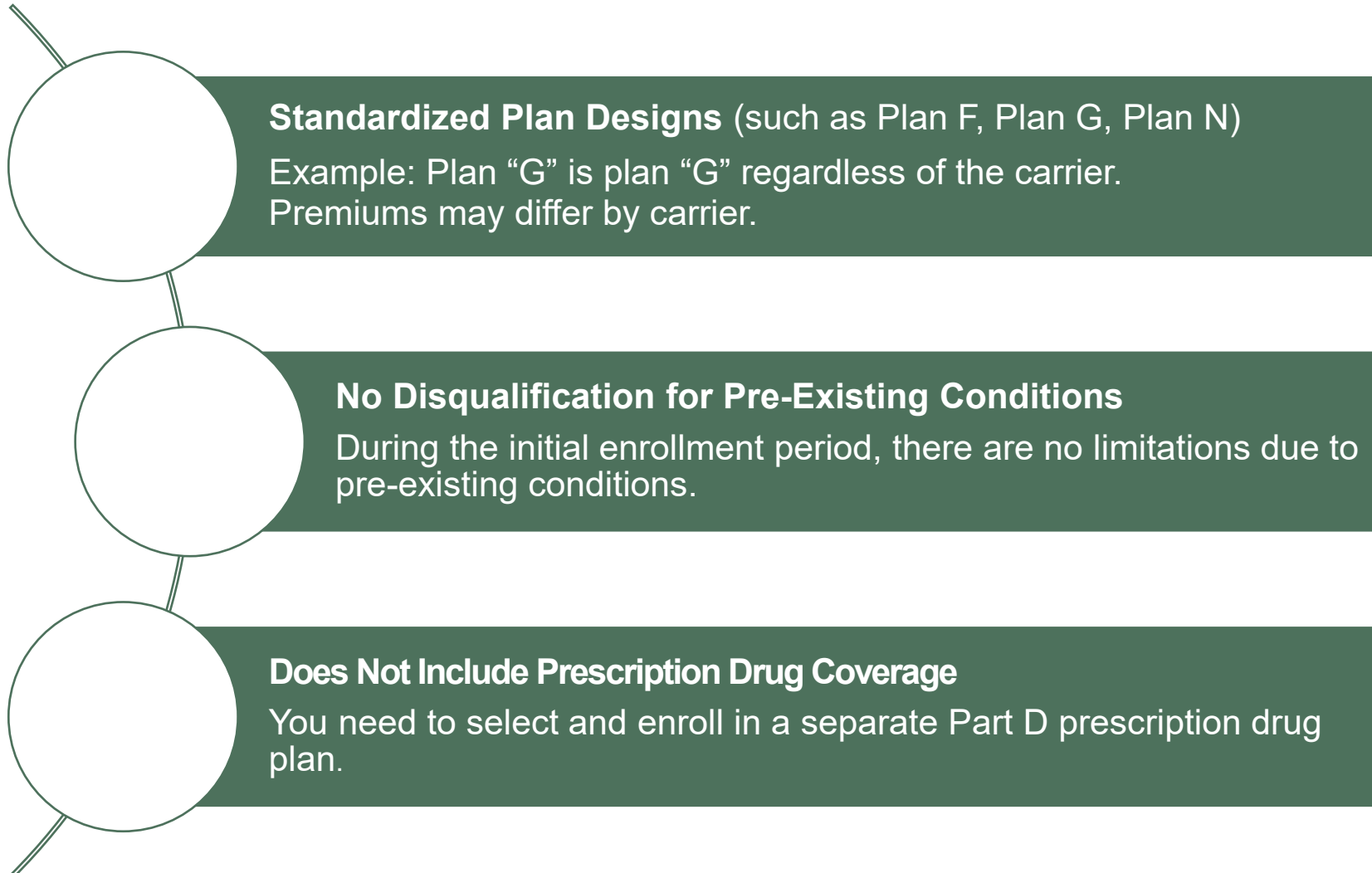
Network plans include HMO & PPO

Coverage, costs, premiums and networks vary

Plans have out-of-pocket medical maximums

# Medicare Supplement Plans

Medicare Supplement plans help fill the “gaps” of your share of Medicare Parts A and B (Original Medicare).





# Understanding Medicare Part D

**Separate Policy if Enrolled in Medicare Supplement Plan**

**Monthly Premium is Paid to Insurer**

**Covers Generic and Brand-Name Prescription Drugs**

**Recent Changes to Plan Design Include \$2000 Out-of-Pocket Annual Maximum**

**Insurer Provides an Explanation of Benefits (EOB)**

**It is not required to enroll in Medicare Part D, but you may pay a permanent penalty if you don't enroll when first eligible.**

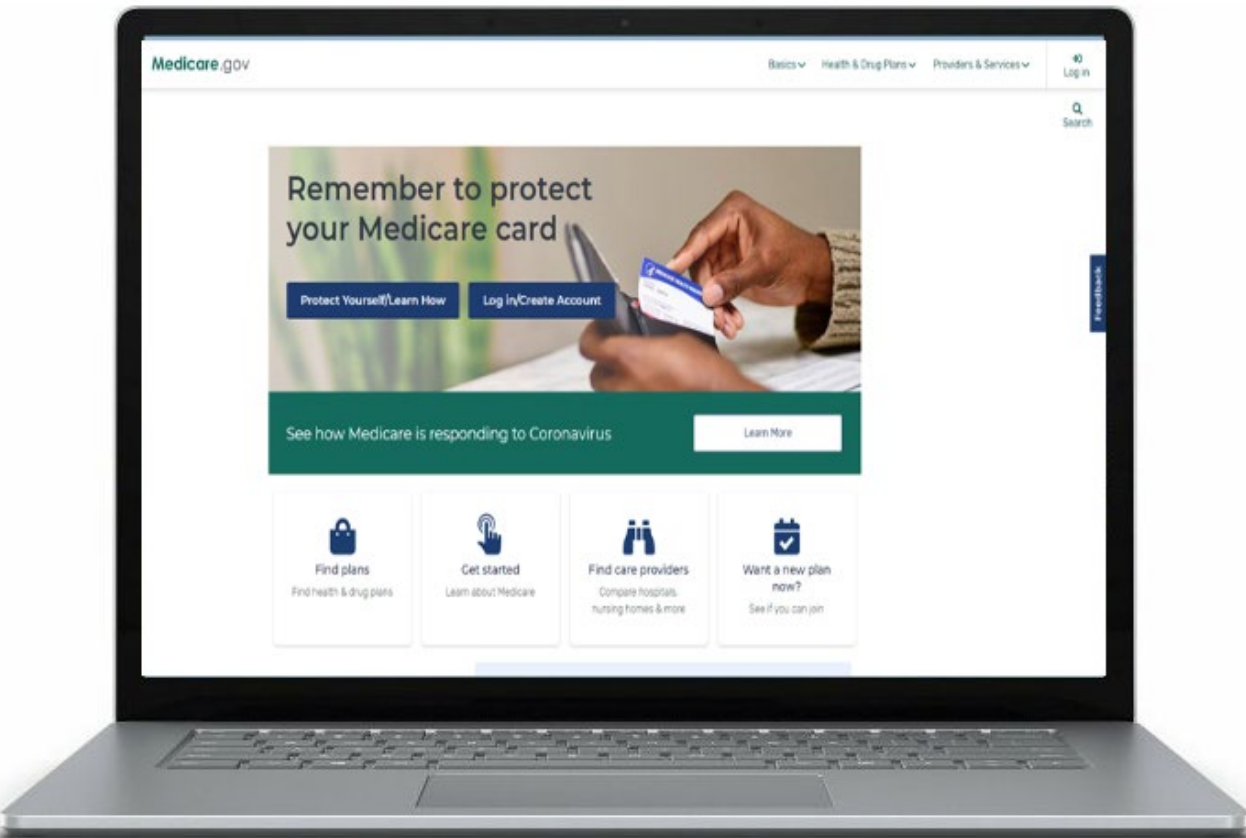
# 2024 Medicare Retiree Footprint

## Sample Locations

For Medicare-eligible retirees, options range from low-premium Medicare Advantage prescription drug plans to full-coverage Medicare supplement plans, allowing them to pick a plan at the right price point and right coverage level for their needs.

| Location                     | Medicare Supplement |            |                |                         |                         | Prescription Drug Plan |            |             | Medicare Advantage/<br>Medicare Advantage<br>Prescription Drug |            |             |
|------------------------------|---------------------|------------|----------------|-------------------------|-------------------------|------------------------|------------|-------------|--|------------|-------------|
|                              | # of Carriers       | # of Plans | Age            | Lowest Cost Plan N      | Lowest Cost Plan G      | # of Carriers          | # of Plans | Cost        | # of Carriers  | # of Plans | Cost        |
| Grand Rapids, MI<br>(49501)  | 7                   | 41         | 65<br>75<br>85 | \$90<br>\$117<br>\$169  | \$127<br>\$156<br>\$225 | 5                      | 13         | \$0 - \$97  | 5  | 41         | \$0 - \$212 |
| Traverse City, MI<br>(49684) | 7                   | 41         | 65<br>75<br>85 | \$86<br>\$112<br>\$156  | \$118<br>\$146<br>\$200 | 5                      | 13         | \$0 - \$97  | 4  | 24         | \$0 - \$206 |
| Naples, FL<br>(34104)        | 8                   | 34         | 65<br>75<br>85 | \$129<br>\$162<br>\$214 | \$176<br>\$219<br>\$279 | 6                      | 15         | \$0 - \$182 | 7  | 39         | \$0 - \$173 |

# Learn More



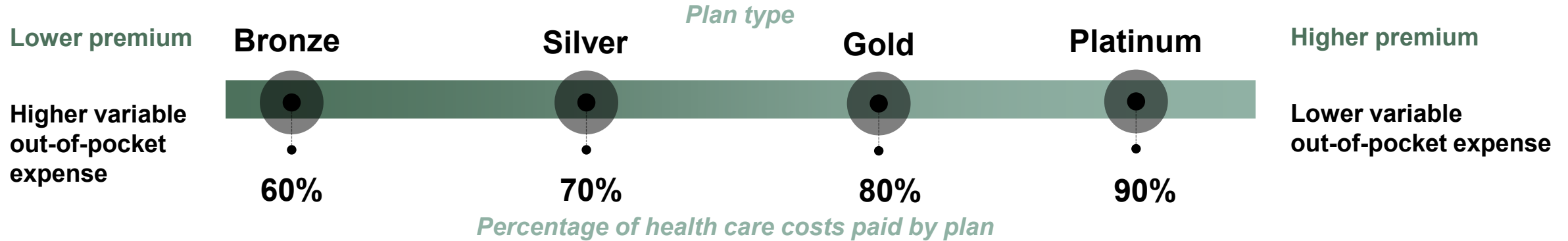
***www.medicare.gov***

# Pre-65 Options Available



# Pre-65 Health Insurance Options

Standard metal tier plan designs with premium rates varying by plan type, zip code, age, and tobacco status



With supplemental coverages to create comprehensive plan and minimize variable costs.



**Accident**



**Hospital  
Indemnity**



**Critical  
Illness**



**Short-term  
Medical**



**Dental**

# 2024 Footprint Pre-65 – Medical and Rx

Location – Grand Rapids, MI

| # of Plans | # of Carriers | Age      | # of Bronze Plans | Average Bronze Plan Premium* | # of Silver Plans | Average Silver Plan Premium* | # of Gold Plans | Average Gold Plan Premium* |
|------------|---------------|----------|-------------------|------------------------------|-------------------|------------------------------|-----------------|----------------------------|
| 51         | 6             | 52<br>64 | 20                | \$459<br>\$705               | 20                | \$659<br>\$1,013             | 11              | \$676<br>\$1,039           |

# Private Exchange for Retirees





# What is a Private Exchange?

Gives retirees the option to purchase benefits from the carrier of their choice based on their unique needs

Provides a variety of plans:

- Pre-65 coverage
- Options including Medicare Advantage, Medicare Supplement and Part D prescription drug plans
- Dental and vision plans

# Aptia365

Choosing the right plan can be overwhelming.

With Aptia365, a trained benefit counselor helps you choose a plan that meets your needs based on your:

- Location
- Budget
- Current doctors
- Prescription needs
- Medical conditions



# Advantages for Retirees



**Wide variety of carriers and plans**



**Open to all MERS retirees – no employer adoption necessary**



**Premiums can be paid from Health Care Savings Program**

# How Health Care Savings Program Works

1

Contributions are deposited

**TAX-FREE!**

2

Assets are invested

**TAX-FREE!**

3

After separation, assets are used

**TAX-FREE!**

# Other Options to Save for Retiree Health Care

MERS 457 Supplemental Savings Program

MERS IRA

Health Savings Accounts

# Case Studies





# Bay City Housing Commission

## The Time for Change

- **Comfortable with Group Coverage** – We spend our entire careers with group coverage. There are other options.
- **Group vs Individual Carriers** – Different carriers serve different markets.
- **Savvy Retirees Asking Smart Questions** – Multiple retirees began exploring and executing alternatives on their own.
- **2023-2024 Retiree Renewals**
  - Single Policy BCHC - \$7,003.95, Retiree - \$4,098.48
  - Couple Policy BCHC - \$15,676.75, Retiree - \$7,567.54
  - Blue Cross Supplemental Policy – \$927.23



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# Bay City Housing Commission

## Developing a Plan

- **Establish a Vision** – Moving Medicare eligible retirees to the individual marketplace to realize financial savings for the BCHC and Retirees while continuing to provide financially for our retirees' futures.
- **Selecting Partners** – We needed a comprehensive team.
  - Legal – Verify the Legality of the Change
  - MERS of Michigan - Healthcare Savings Plan Administrator
  - Aptia (Formerly Mercer) – Assist retirees with navigating the post 65 insurance marketplace
- **Setting Benefit Levels** – Make sure benefits cover costs
  - Monthly Stipend deposited into a MERS HCSP
  - \$500/Month for a Couple, \$250/Month for Single
  - Benefit levels remain adjustable to address inflation



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## Implementation

- **Initial Communication**
  - Multiple notices from Aptia
  - Retirees had opportunities to ask questions
- **Group Meeting – Aptia, MERS, BCHC**
  - In person seminar for retirees
  - Offer a Zoom option of retirees out of town
- **MERS HCSP**
  - Work with retirees to verify Social Security numbers, contact info, and dates of birth
  - Set up individual HCSP accounts with the MERS team
- **Benefit Counselors – The Aptia Team**
  - Worked with retirees to select coverage that was best for them
  - Coordinated monthly premium payments with the MERS HCSP accounts
  - Supported retirees and addressed concerns as they transitioned away from the BCHC sponsored group plan



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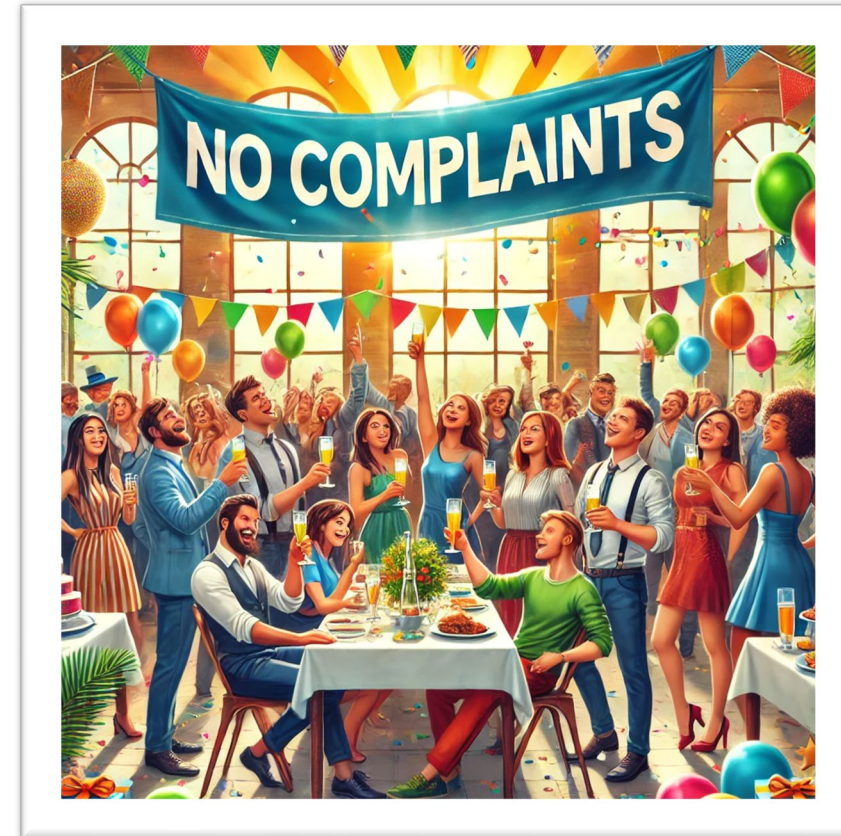
# Results to Date



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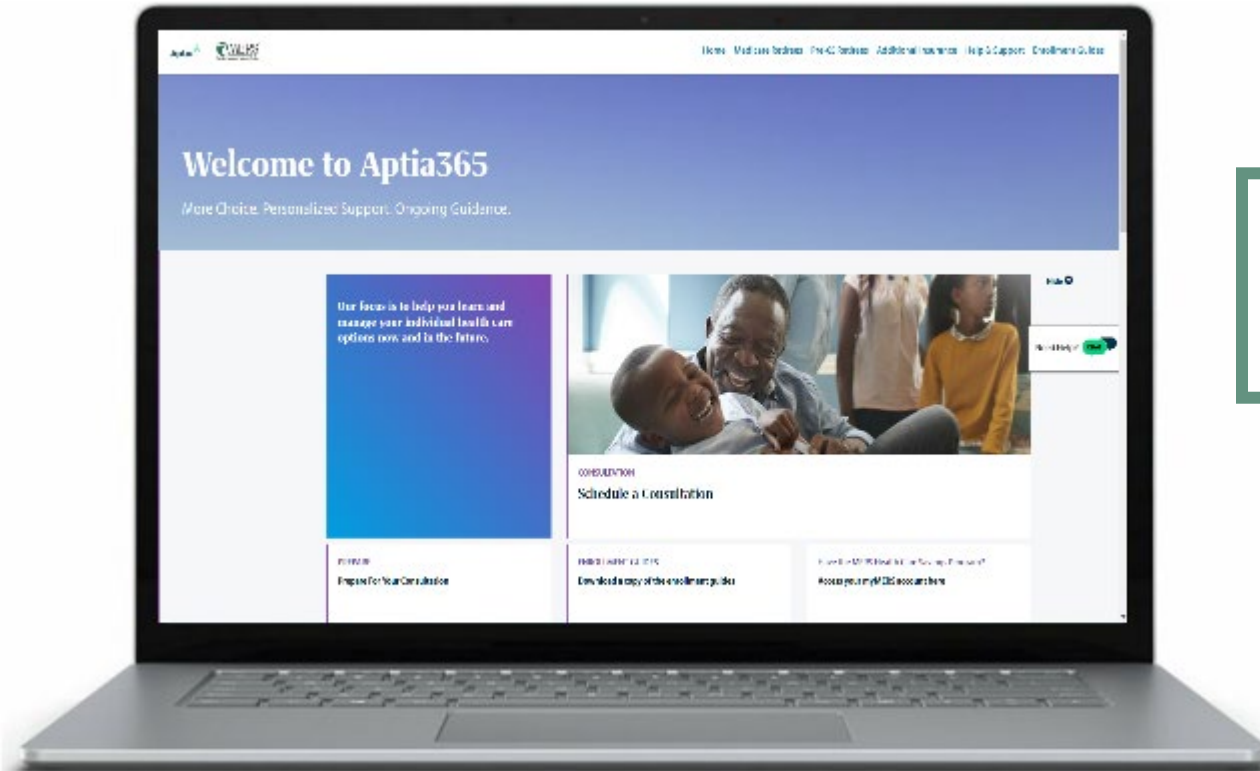
- ✓ Retirees were able to select customized plans that met their needs.
- ✓ Benefits available through the exchange were often more comprehensive and less expensive.
- ✓ In-person seminars made retirees more comfortable with the idea of change.
- ✓ Retirees and spouses received one on one telephonic support.
- ✓ Benefits counselors provide year-round support for all health care needs.



# MERS and the Mayor



# Learn More



***<https://retiree.aptia365.com/mersretiree>***

# Key Resources and Takeaways

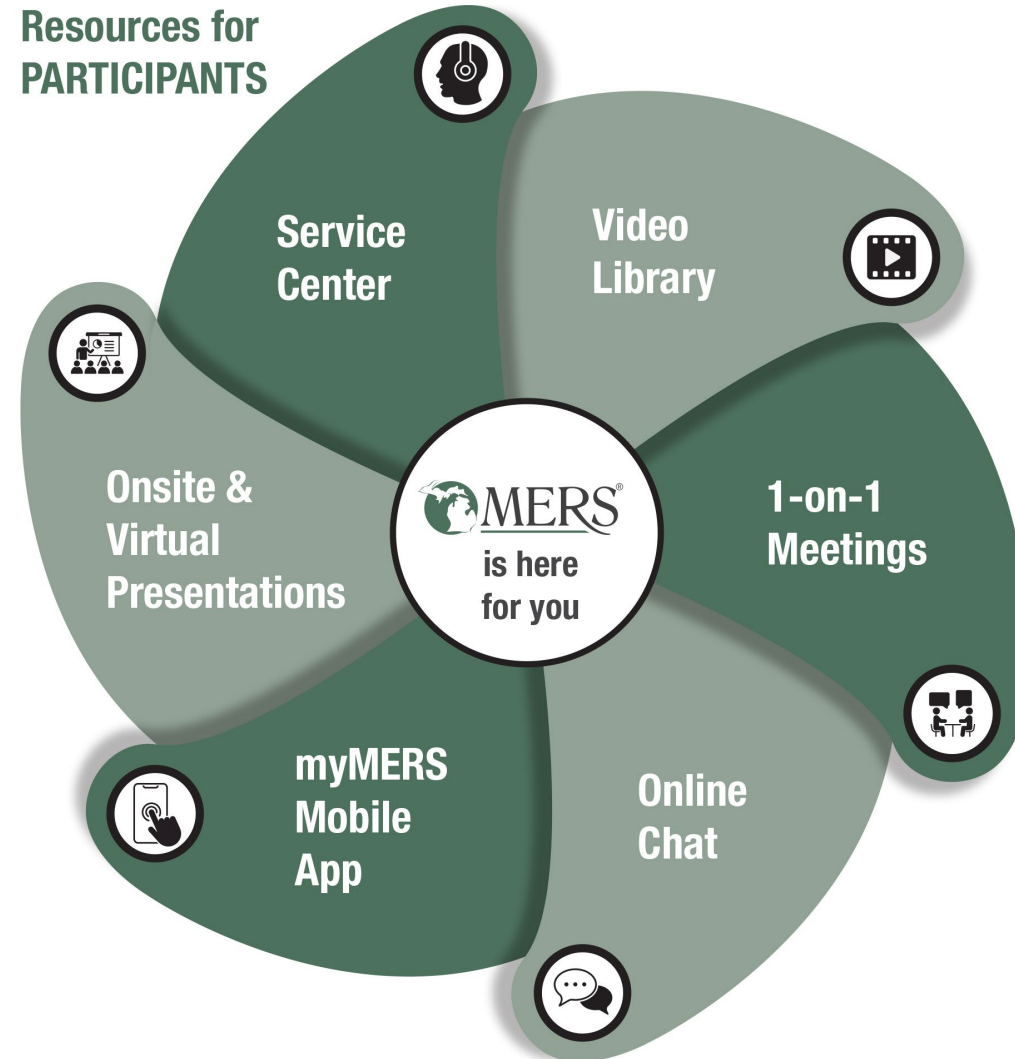


# Key Takeaways

- Start planning **now**.
- The **Aptia 365** retiree private exchange can help you find a retiree health care plan that meets your needs and budget.
- It's **never too late to save**.
- MERS has **programs available to help you save**.



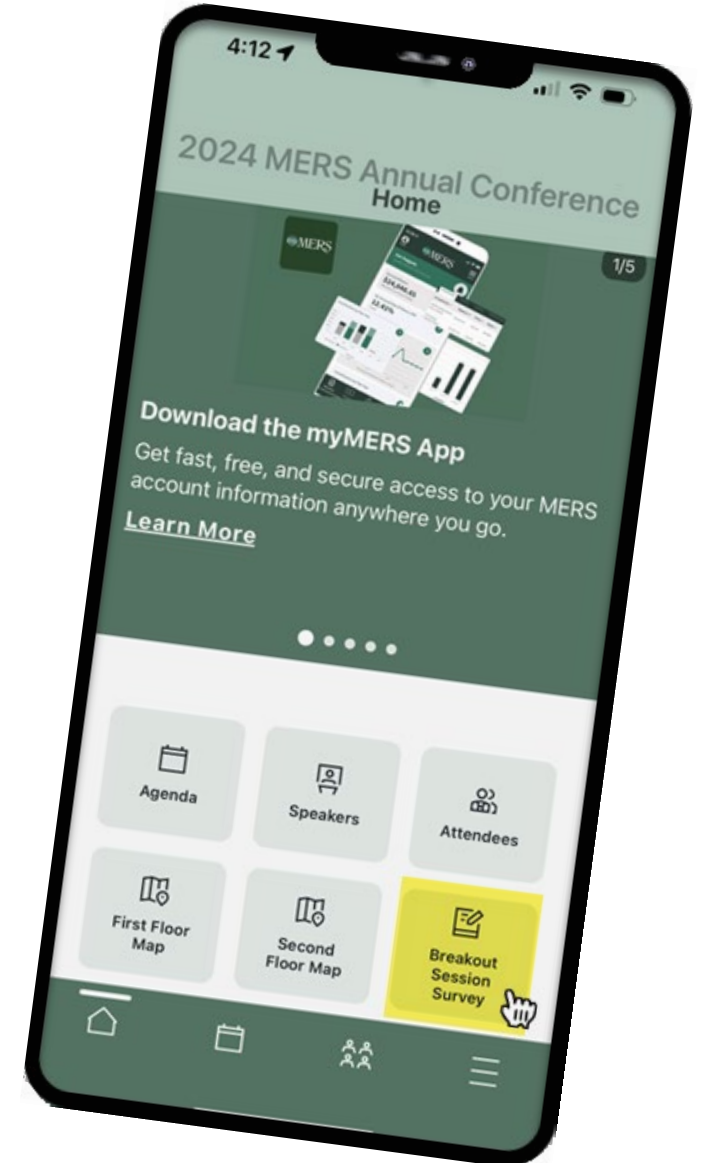
# Resources



# Share Your Feedback on this Session



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# MERS of Michigan

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800.767.6377

[www.mersofmich.com](http://www.mersofmich.com)



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