

Looking ahead

How to assess your health care options as you near retirement **Interviewed by Meredyth McKenzie**

Many baby boomers are starting to think about retirement, and that means looking ahead at health care options. And for some, one of those options may no longer be full coverage from a former employer, as some employers are discontinuing health care coverage to retirees because of the associated costs.

“Many employers instead are giving employees a stipend, say \$300 or so, to go out into the open market to purchase coverage on their own,” says Joan Budden, chief marketing officer at Priority Health. “These employees have to be educated on the various products and options to make informed decisions.”

Smart Business spoke with Budden about the coverage options available to retirees and how to find the one that’s best for you.



Joan Budden
Chief marketing officer
Priority Health

What types of plans are available to retirees?

Some employees get coverage through their employers. In these instances, it’s often a benefit design supplement to Medicare so that it looks like the coverage they had when they were working. This is now being used less frequently in the marketplace.

Other options include employers giving employees a defined contribution toward the purchase of their retiree coverage and sending them out into the open marketplace. When retirees have this situation, they can choose among several different types of Medicare Advantage plans — private fee-for-service plans, Preferred Provider Organizations (PPOs), Health Maintenance Organizations (HMOs) and point-of-service organizations.

As an alternative, they can choose traditional Medicare, a Medicare supplemental plan and a separate Part D prescription drug plan.

These all have varying degrees of networks and benefit designs that people can purchase from a variety of carriers.

What are the differences between Medicare and Medicare Advantage?

Medicare is a government-sponsored program with several parts. Part A is hospital coverage, Part B is physician and outpatient coverage, and Part D is

drug coverage in the marketplace. Medicare supplemental fills in the co-pays for the government-sponsored program.

Medicare Advantage — referred to as Part C — combines Part A (hospital), Part B (physician) and D (drug) coverage to form a new type of plan. It’s a private plan that contracts with the federal government under the approval of the Center for Medicare and Medicaid Services (CMS) to provide the health care coverage.

Medicare Advantage plans typically offer more generous coverage than original Medicare does. Medicare Advantage plans are a great value for retirees seeking coverage. Monthly premiums tend to be less expensive than many employer-funded options and Medicare Supplemental plans, and retirees participating in these have many options to choose from.

What are the costs associated with the different plans?

Medicare Advantage plans can have a range of costs, from a no-cost or zero-dollar premium for a lean plan up to \$200 or more per month for a benefit-rich plan.

If retirees receive a stipend for health care coverage, how do they begin the process of determining which coverage is best for them?

Retirees may want to work with a consultant, who will guide them through the process of finding a plan in the open market. As a retiree, you need to take an active role in making your own decisions.

You can go to www.medicare.gov and find background information on the quality, cost and benefit designs of the different plans.

You can also contact the health insurance companies directly to receive information on the various plans and work with an independent insurance agent to determine the best form of coverage to meet your needs.

There are a variety of options, and this is an important decision that will affect your quality of life after retirement. You should look at the plan’s network and the type of coverage — monthly premiums, co-pays, deductibles and prescription coverage — before making a decision.

It’s such a personal decision because every person has different health care needs. You need to find a plan that best meets your needs so that you will be a satisfied customer.

What are the benefits of receiving coverage from a private company?

One of the advantages is that you’re dealing with a business right in your community. These health plans know the local providers and have contracts with them to help employees make the most of their resources.

You also receive much better preventive health coverage. Such plans offer access to care, and case and disease management programs that can help people with chronic conditions better manage those conditions.

You can benefit because the health plans are competing with one another to outdo their competitors in quality, cost and service.

Therefore, you will benefit from an incredibly responsive system seeking to gain and retain your business. <<

JOAN BUDDEN is chief marketing officer at Priority Health. Reach her at joan.budden@priorityhealth.com or (616) 464-8703.

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