

How I Help Other Advisors' Clients Navigate Medicare

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What's Working Now: Ever wish you could outsource dealing with Medicare? This insurance agent educates clients about Medicare and sells them policies—all with the aim of strengthening their relationship with their original financial advisor.



Editor's note: *In this edition of What's Working Now, an AdvisorRADIO feature in which Horseshoath members tell us about recent success they have had running and growing their businesses, we hear from agent Brian McArthur, who helps people navigate Medicare complexities then turns the conversation back to the financial advisor.*

The following article includes edited excerpts of this conversation, or you can listen to the full interview below.

Quick Overview

Advisor: Brian McArthur
San Diego, Calif.

Years in business: 20
Bridlewood Insurance Services

What's working now: Selling Medicare insurance with a focus on building the client's relationship with their financial advisor.

I wholesaled variable annuities and long-term care products with the major broker-dealers in Southern California for about 15 years. And I had a great career that I am very grateful for. But about four years ago I took a step back from the corporate machines. I was looking for a little more autonomy in my life, and some personal events prompted changes.

A difference between Medicare education and execution

I had the same licenses as every financial advisor I'd met over 10 years. And I'd seen a lot of wholesalers stop for whatever reason and become financial advisors. That was perplexing to me. In what other industry do you stop what you're doing and compete against your audience? Basically, declaring that 15 years of great relationships are valueless?

So, I took a look around at the financial planning process. Our industry is exciting these days because there is not a darn thing with a dollar sign that advisors cannot help their clients with through the financial planning process. Except for Medicare. Usually advisors do not or cannot help their clients with Medicare.

I've watched a lot of well-intentioned wholesale distribution companies bring Medicare education right to the feet of financial advisors. I've sat through the presentations. And I noticed that a lot of financial advisors who never went to any other wholesaler meetings would go to a Medicare meeting. But six minutes into a 60-minute presentation about Parts A, B, C, through X, Y, Z, their eyes roll to the back of their head and I was never sure if anybody learned anything. That's not necessarily a criticism. It's a difficult topic to teach, especially if you are not guiding the audience to some end result.

What I observed is that there is a difference between Medicare education and Medicare execution. I had an analogy about what was missing: If Medicare education directed at the advisor in the hopes of them taking a leadership position with their clients was the first eight innings, the mound was being left empty for the ninth inning. Everybody hoped for some fluid result within the financial planning process, but I felt that didn't really exist.

Helping with Medicare earns credibility

I had some free time on my hands, so I got very dangerous about Medicare and started going to financial advisors and asking them, "What, if anything, do you know about Medicare?" Most advisors, and I don't criticize them, said "I don't know anything" or, "I know something more than nothing." That's what started my business and this process.

The challenge is that when clients enroll in Medicare, and 100% of them will, the typical path is for that client to go get advice from an insurance agent who knows everything about Medicare. Now the client and the financial advisor have a new insurance agent in their lives for the rest of their lives. I'm not a scare tactic guy. I'm not here to suggest to advisors that their client's Medicare agent can get them to transfer \$2 million out of their LPL account.

But I do wear this hat every day. And what I can tell you is that **whoever helps a client with Medicare on Monday earns a lot of credibility**. Anytime you can turn a complicated topic into something simpler, it's usually a good opportunity to earn someone's trust. And if unattended, it puts the person who helps your client with Medicare on Monday in a great position to talk to your client about term life insurance on Tuesday, whole life insurance on Wednesday. You say black, they say white forever. At the very least it's a nuisance and could also be lost revenue. Insurance agents are usually pretty good at selling insurance.

I observed that this is the one part of the financial planning process that, with no animosity, the clients are usually looking away from the advisor for advice. Wouldn't it be nice to find a way to get them looking back towards the advisor?

The 'Medicare Execution Process'

I call it the "Medicare Execution Process." It's ultimately driven entirely around the advisor, who wants to be at the center of all things with a dollar sign in the client's life. Basically, we run alongside the advisor's practice and act as an extension of the practice, guiding the client through Medicare, staying very, very narrow in our focus, and just looking for opportunities to weave a tighter web between the client and the advisor through the process.

It's worth mentioning that there's a big disparity between the cost of health insurance at age 64—whether you're getting that insurance through your own policy or through an employer—and the cost of insurance and benefits offered through Medicare. It's disparate in a good way. In other words, it goes from awful to really, really good. Medicare is actually very good news. In almost every case, clients wind up with way better benefits than they're used to, and the premiums are way less measured in real dollars.

Of course, you have to take that last claim with a grain of salt. If you're self-employed at age 64, even if you have very high income and are paying the most possible for Medicare, it's typically way better and cheaper than what you had before. But if you're on an employee plan, hopefully your employer is generous enough to pay a large portion. It's either neutral or positive, but always good news.

Advisors like being associated with good news. My process puts clients in the position to benefit from "optics arbitrage." Advisors don't have to know a whole lot more than "Medicare is good news." Clients are typically looking away from advisors at age 64, and here's an opportunity to get the client to look back towards them. They swoop in and save the day and are the hero.

I started my business just by engaging advisors here in San Diego County whom I'd known for a long time at a variety of different broker-dealers. I had the advantage of people being willing to meet with me. Basically, I just laid out the Medicare Executive Process. I said, "Here's why you should care about Medicare. It's good news. It's a deadline-driven event. You're not going to do it. Let me teach you how to be your client's hero."

Call your 64-year-old clients

The action step in the presentation to advisors is, "If you like anything I'm saying today, let me show you how to **identify just your 64-year-old clients.**" Most advisors, regardless of the size of their practice on any given day, have three to six people who are age 64. It's never a terribly big list. I get the advisors to look at that list and tell them that these people are getting more mail about Medicare because they're 64 than you can possibly imagine. Whatever you think a lot of mail is at age 64, triple it. It's insane. But it creates a great opportunity for the advisor to swoop in and save the day.

The next action step is to call those 64-year old clients and say, “Can I ask you a question that I already know the answer to? How much mail are you getting about Medicare these days?” Then I advise all advisors to pause, because the clients will reply with laughter over half the time. That’s how laughable the amount of mail is at age 64. And the advisor looks smart and intuitive and on top of things.

From there the advisor says something like, “Here’s why I’m calling. You can throw that stuff out.” Clients do save the mail in shoeboxes. They want help but don’t know how to get it. The advisor continues, “We do want you to have help with Medicare. We don’t want you dealing with strangers. We work best with the McArthur Group at Bridlewood Insurance. They make this easy. They report back to us. And this is all they do.” Remember, the advisor is at the center of this process.

I think the reason this really works comes down to the advisor having a reason to call the client at 64, and the timing of the phone call. Advisors want to look smart and helpful and anticipatory to clients. Anytime I speak with an advisor I tell him to call the 64-year old clients and ask about the mail. Clients can’t laugh over email, or at least you can’t hear. When the client laughs, it’s a high-quality phone call. It looks good. The advisor looks smart. There’s really no opportunity to get stumped with the script; no way to go sideways.

Reflecting well on the advisor

From there the advisor introduces the client and me over email, and I reply once, then give the client complete autonomy on when and if to engage me. About 90% of the clients engage pretty quickly. It’s not because it’s such a pleasure to speak to me, it’s because this is how much clients appreciate the advisor engaging them at the height of their confusion that’s overwhelming, and saying, “We have a process for this.”

We guide the client with an **initial phone call**, where we just do a gentle intro to Medicare and identify some things that are going to be helpful. The timing of the introductory call is nice, because there are no decisions to be made.

It started in San Diego, and now there are several hundred financial advisors across the country that use this process as a way to get their clients looking towards them instead of looking away. Their clients are guided through the Medicare process with a trusted partner in a way that always reflects positively on them. That’s the core standard of this process—everything we do needs to reflect positively on the advisor. If the clients thank us, we quickly say, “That’s kind of you. You should really thank your financial advisor.”

I jokingly tell clients, “You’ll never meet anybody who has met more financial advisors in their life than me. And you probably don’t even need me to tell you this, but your financial advisor is pretty remarkable because most advisors avoid the topic of Medicare entirely.”

Acting like an FMO

In business terms, Bridlewood Insurance Services is a Medicare-only agency that is kind of like a Field Management Organization (FMO). And they are like my broker-dealer. I run my business through them but am very happy to have their name on my business card. When I came on board, I was one of probably 100 agents, and now we've got about 600 agents.

Our revenue comes from operating as the client's Medicare insurance agent. It's not uncommon that we get to the end of the process and the client says, "Great. So what do I owe you?" I say, "I appreciate your asking, but no. I'm your Medicare agent." I don't bill for my time, because candidly, in order to get this process fully executed under the watchful eye of the advisor, the insurance business needs to be transacted, and instead of charging someone for my time, we just generate revenue from executing the Medicare supplement and drug insurance policies.

At the end of the day, I will fully admit that if looked at our revenue and business, **am I a salesperson?** Yes. Do I like feeling like one any more often than I have to? No. And that's the way most of the advisors that we work with operate their practice. So, we're engaging the client at the height of their confusion.

Most of the time, the client wraps up by asking about the next steps. And the next step is usually guiding them through how to enroll in parts A and B through the Social Security administration, which I take an active role in doing. And then between the first phone call and the enrollment, they've had time to think about whether they're going to use a Medicare supplement or Medicare Advantage plan, and what the out-of-pocket drug costs will be. Then we get them across the finish line. And the clients thank us, and we say, "You should thank your financial advisor."

The second part of the process

I like to tell advisors that there is actually a second part of the process, the back nine holes if you will, which they are welcome to use. There's no ego or altruism here. But going back to my point at the beginning, there's a theory that taking a leadership position on Medicare should lead to other financial planning topics. That's a nice theory, but in the absence of having someone to pitch the ninth inning, that's been difficult to do. Now I'm the person in front of the client, or on the phone, when they're enrolled—happy, appreciative, attentive, and listening.

Then I get a borderline magical moment—only if the advisor wants me to—to chat with the client about what their next most worthwhile conversation with the advisor should be. I would say half of the advisors tell me, "Brian, just get the client enrolled, make me look smart, and that's sufficient." The other half actively count on me for the next step.

This is a pretty high-volume process and I get to speak to hundreds of clients a year. I can spot certain trends. There are three topics that are the easiest ones for me to bring up, if the advisor

wants me to: [long-term care planning](#), lifetime income planning, and monthly rollovers. I start the conversations, but I'm not in over my skills. I'm looking to encourage the client to continue the conversation with the advisor. I try to think of the bank teller who says, "I see you have a six-figure deposit there. Our financial advisor in the back of the bank might be able to do a little better." There's something about that effortless, genuine introduction that gets good results.

Long-term-care planning is something that sits on a shelf next to Medicare in the client's head, and often comes up unsolicited. When it comes to income planning, I talk about needing to pay Medicare premiums every month, and how people who like to reduce their health care risk down to zero through insurance tend to like the idea of reducing the affordability risk of those premiums to zero as well. Third, everybody's eligible for Medicare at age 65, but half the clients are still working. You can't talk about a 401(k) rollover until someone retires, but they don't leave the company until Medicare is taken care of. We're the more urgent phone call, and we can talk to the advisor.

A sticky business

We offer annual reviews, since Medicare is a sticky business, as they say. Some people take us up on it, some don't. I make sure clients have a username and password to SSA.gov and mymedicare.gov, and we use that to review the drug plans during open enrollment.

I also have a monthly email newsletter where I try to bring up other topics. I'm more of a supporting role, and I say things like, "If you haven't spoken to your financial advisor about long-term care, here are some reasons you might want to do that."

Guiding HNW clients through IRMAA

I would never claim to be the biggest Medicare agent in the country. I'm sure I'm not. But I would humbly surmise that nobody enrolls more high-net-worth clients into Medicare annually than my team and I do. If that sounds arrogant, it's not. If you understand the revenue model of a Medicare insurance agency, it's interesting. I get the same revenue if somebody is high-net-worth or on Medicaid. So I don't earn more because my clients are wealthy, but these people do have specific needs. And I would guess that nobody deals with that audience more than we do, just because our audience is financial advisors.

Almost all of my clients have [exposure to the Income-Related Adjustment Amount \(IRMAA\)](#), at least at the start, and sometimes ongoing. That's a very early and thorough part of the process, because candidly, the premiums that they pay as a result of their higher income are often way more than the fanciest Medicare supplement plan. So that is a very measurable part of their monthly expense. IRMAA affects only about 5% of the population turning 65, so most insurance marketing material is not focused on that issue. Often, I'm the first person to tell clients about it.

I tell them, "It's not good or bad. It is what it is." As a great example, one of my first clients was a self-employed realtor who was paying \$1,000 a month for a crummy individual silver plan. He's going to be trapped at the highest IRMAA premium for the rest of his life, but he was still really happy with our conversation because all told it was a bit less expensive than what he was already paying, and the benefits are way better.

But a lot of people are making a lot of money a year and then they retire, and the income goes down. Other times I ask if the high income was an isolated event or something that's pretty consistent. A lot of times it's isolated and I'll say, "Great. You're going to pay a pound of flesh to start. It won't be forever." I have found Social Security to be very reasonable on the determination letter. It's worth filing the appeal and is very common that you can go from the highest IRMAA premium to no IRMAA premium. It almost always works.

You've got to be committed

Medicare is interesting. Anybody with an insurance license has the ability to be in a couple of different lines of business. But Medicare is more of a lifestyle. It's difficult to dabble in. When I first started, I ran around to all of my buddies who were financial advisors at LPL and First Allied, the independent broker-dealers. And I got really excited, which translated into, "Guys, we're all going to get appointed and contract to do Medicare insurance, and it's going to be awesome!"

As a Medicare agent, you have to take a lot of certifications. It's way more complicated than getting appointed to sell a new fixed annuity. When you go through the certifications, you quickly realize why not everybody with an insurance license would sell Medicare. Then you have to do these certifications every year. My friends and I all did it at the same time, and I coached them, this was all I was focused on.

All five financial advisor guys had transacted one or two policies each by the end of the year. One policy is revenue-wise the equivalent of about a \$25,000 C share. They all came back and said, "Brian, I know more about Medicare than I ever would have had you not made me do the certifications. And I'm not mad at you. I'm actually really grateful I learned this. But I don't come in in the morning with nothing to do, and I'm not going to take the certification again so that we have this conversation next year when I go from having \$25 a month in renewables to \$50 a month." They all said, "Brian, you handle it." You need to be committed to selling Medicare, because revenue-wise it's like building a financial advising practice out of 529 plans.

Having had an insurance license for a long time, and being licensed through FINRA, I wouldn't say that the compliance and certifications for Medicare are quite as laborious as FINRA, but they're not far off from it either. The biggest driver is that every insurance carrier has rigorous certifications, both for Medicare in general and specific products. There's a standardized test called the AHIP, which you have to get 90% on to pass, but takes care of about 70% of most carriers' certifications. Then you have to pass the other 30%. I get frustrated and impressed when I see the new AHIP questions every year. I would say anybody could do it, but there's a lot

of things you could say that about. When you see the test, you realize why you really need to be committed to the Medicare business because you wouldn't want to dabble in it and have to go through the certifications that we do.

Looking to grow in 2020

I started in 2016, so this is my fourth calendar year. I'm hitting some welcome **capacity challenges**, so I'm formalizing my process and writing it down. In 2020 I'll be inviting a select number of insurance agents who are already tenured in the Medicare space to learn the process so I can start to direct and have greater capacity.

I take the trust an advisor puts in me very seriously. It's really at the center of it all, as hokey as that sounds. I've made the decision that I don't want 100 agents who know my process just doing a couple of policies. I'll be adding about four agents, and hopefully this will have a meaningful impact on their career.

The path of accountability both to me and to the advisors who introduce the clients is very clear. That's where things are headed, which will give me opportunities to work on some other initiatives and do more follow up.

We use Salesforce to keep track of advisors and which households they have introduced us to. So anytime we're talking to the client, we try to casually reference the advisor and remind them how we all met. Like I've said, the advisor is the focus of it all. We've got many examples of advisors with whom we share six, eight, ten clients. One way that you measure success is that people keep coming back. We have a very high repeat rate. If an advisor introduces us, it's very common that there are a lot more referrals behind that.

Set yourself apart

These days it is **difficult to separate yourself as a financial advisor**, especially if you're at a bigger broker-dealer. If you walk in and you've got a creative idea, they say, "Come sit down. I want to hear your creative idea. The answer is no. What's the question?" It's difficult to say "Yes" to one person when you have 14,000 other advisors to deal with.

I try to remove ego as much as I can and stay very narrow in my focus, and claim expertise in this area, and maybe competence in others. But the advisor is at the center of it. They like knowing about what goes on, but they seem to like knowing when to engage the client when the client appreciates it most.

If any advisors reading this would like to talk to me for an even deeper dive, please email me at brian@bridlewoodinsurance.com and let me know you are a Westland Advisor/Agent. I'll take care of you. And like I said before, sort your client list and contact the 64-year-olds. You'll see that I'm telling the truth. (But don't get cocky and start calling 63-year-olds. This means nothing to them.)

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