

# Understanding Medicare



**Tim O'Mara**

**Vice President, Nationwide Retirement Institute<sup>®</sup>**

Tim O'Mara is dedicated to educating advisors, clients, plan sponsors and plan participants about the latest in retirement income trends. He implements practical and comprehensive retirement income solutions. Tim is a graduate of Mercyhurst University, where he majored in Business Management. He is FINRA Series 63, 66 and 7 licensed. His areas of focus include retirement income planning, Medicare, Social Security and long-term care.

## Summary

Many people enter their later years unaware that health care costs in retirement can be burdensome. To help your clients be better prepared, talk with them about Medicare and the inevitable out-of-pocket costs they may face. The many Medicare options available to individuals who are about to turn 65 can be daunting. To provide valuable assistance, you need to be prepared. This paper outlines the basics of Medicare, details the enrollment process and highlights some potential pitfalls. It also directs you to resources that will help you estimate your clients' likely health care and long-term care expenses.

As a financial advisor, knowing the health care costs your clients could face in retirement could affect the investment and income planning strategies you devise for them. Planning for these expenses will become even more important as costs rise and lifespans increase. You can provide extra value to your clients by helping them meet this challenge.

One of the most important services you can provide is guidance on Medicare. While you don't need to be an expert, the potential impact of health care costs on your clients' retirement years means you should at least know the fundamentals.

In this paper, we'll explain why seniors should plan to manage their health care costs, and we'll provide a basic explanation of Medicare enrollment and coverage. We will also discuss means testing and related pitfalls, as well as uncovered costs, such as long-term care. Finally, we will introduce a tool designed to help your clients estimate the health care and long-term care expenses they can expect in retirement.

## The looming costs of health care

Many older clients may be under the impression that once they turn 65, Medicare will take care of their health care costs. That's true—up to a point. But what many don't realize is that Medicare is not free—even though they paid the Medicare payroll tax throughout their entire career. They may be surprised to learn that Medicare premiums and surcharges will be deducted from their Social Security checks.

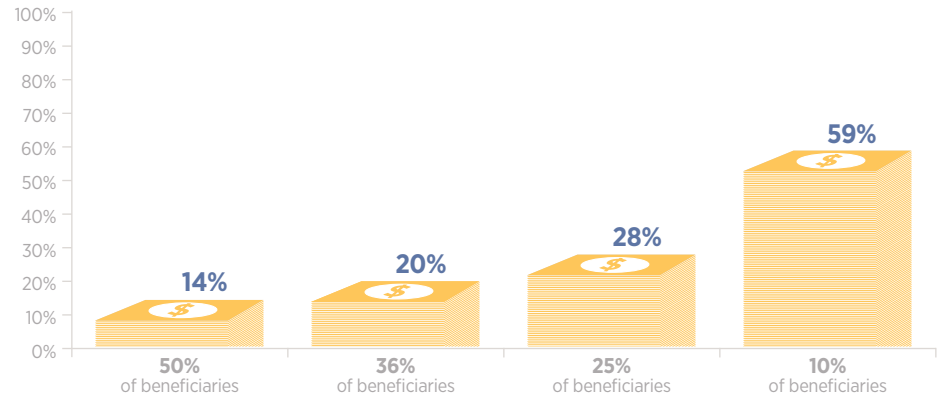
## Out-of-pocket costs could be larger than expected

The magnitude of these and other out-of-pocket costs could be startling. Along with deductibles and co-payments, many retirees will have to pay for supplemental insurance and prescription drugs, and unlike employer-sponsored plans, Medicare imposes no cap on out-of-pocket expenses. All together, these costs could amount to hundreds of thousands of dollars over the course of retirement. According to the Employee Benefits Research Institute (EBRI), a 65-year-old couple in 2016 could expect to pay between \$265,000 and \$349,000 in total health care costs throughout retirement.<sup>1</sup>

The uncovered portion could be a significant percentage of a retiree's total health care costs. EBRI estimates that for beneficiaries aged 65 and older, 62% of their health care costs are paid by Medicare, and 13% are covered by supplemental insurance, leaving another 13% to be paid out of pocket.<sup>1</sup>

But these estimates may still understate the actual expense because they leave out services not traditionally covered by Medicare, such as routine dental, hearing and vision care, as well as long-term care. Premiums for long-term care alone can be as much as \$130,000, or between \$2,000 and \$10,000 per month.<sup>2</sup> When considering all the health-related expenses a retiree is likely to face, the amount that Medicare covers may be just 50% of total health care costs.<sup>3</sup>

## Medicare beneficiaries could spend a significant amount of their income on health care<sup>4</sup>



NOTE: Estimates are based on spending and income amounts from 2016 and exclude Medicare Advantage enrollees and beneficiaries enrolled in Part A or B only. Total out-of-pocket health care spending includes spending on services and premiums for Medicare and private health insurance premiums. Per capita income for married couples is income for the couple divided by two. SOURCE: Kaiser Family Foundation analysis based on CMS Medicare Current Beneficiary Survey 2013 Cost and Use file.

For many retirees, the uncovered amount will make up a significant portion of their total income. According to the Kaiser Family Foundation, half of traditional Medicare beneficiaries spent 14% or more of their total income on out-of-pocket costs in 2013. For some, the burden was even larger. One in four beneficiaries of traditional Medicare spent 28% or more of their total income on out-of-pocket costs in 2013, and 10% spent 59% or more.<sup>4</sup>

### The threat of inflation

Inflation compounds the problem—especially for individuals who may be on a fixed income. Health care costs are estimated to increase faster than other sectors, and Medicare premiums are expected to grow between 6% and 8% annually over the next 10 years.<sup>2</sup> But cost-of-living increases from Social Security are not likely to keep pace, so retirees could find it challenging to maintain their retirement lifestyle.<sup>3</sup>

Few retirees will be able to escape these costs. Eventually, most will experience health difficulties during some portion of their retirement. While just under half of those aged 50 to 64 will face one or more chronic conditions, this figure jumps to 80% for those aged 65 and up.<sup>5</sup> And for many, long-term care is inevitable.

For most retirees, health care will be a significant part of their life. In fact, for a person who was 50 years old in 2015 and earned an average income, the cumulative Medicare benefit could amount to \$621,000, which approaches the average lifetime Social Security benefit of \$721,000.<sup>6</sup>

In other words, the Medicare benefit is substantial, so retirees should pay careful attention to how to enroll and choose an appropriate plan. Individuals who fail to enroll in Medicare during their initial enrollment period may have to pay a penalty in each year of retirement. Planning for Medicare and related health care costs should be a serious consideration for all retirees and their advisors.

<sup>1</sup> "Savings Medicare Beneficiaries Need for Health Expenses: Some Couples Need as Much as \$350,000," EBRI Notes—Employee Benefits Research Institute (Jan. 31, 2017).

<sup>2</sup> "Starting the Health Care Conversation: How to Open a Key Discussion with Your Clients," Retirement Wire, ThinkAdvisor (June 14, 2017).

<sup>3</sup> "Understanding the Impact of Modified Adjusted Gross Income on Retirement Health Care Costs," HealthView Insights, HealthView Services (2014).

<sup>4</sup> "Medicare Beneficiaries' Out-of-Pocket Health Care Spending as a Percentage of Total Income Now and Projections for the Future," Kaiser Family Foundation (January 2018).

<sup>5</sup> Multiple Chronic Conditions Chartbook, Department of Health and Human Services (2010).

<sup>6</sup> Social Security and Medicare Lifetime Benefits, Urban Institute, (Sept. 2015); "Common Medicare Myths and Misconceptions—and How to Dispel Them," ThinkAdvisor (June 14, 2017).

# The basics of Medicare

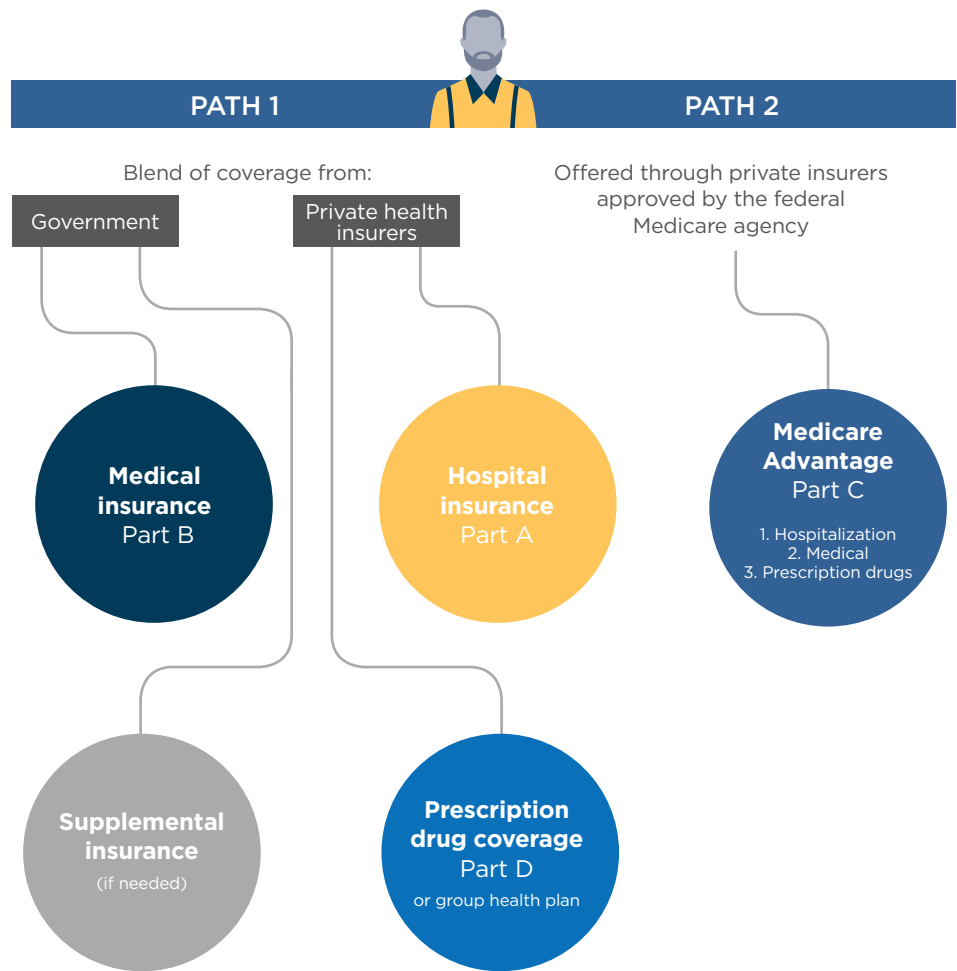
In addition to understanding who's eligible for the program, advisors should educate themselves about the different coverages and options available to their clients, as well as the enrollment process.

## Eligibility

As retirement approaches, signing up for Medicare is one of the first major decisions a person will face. Eligibility begins the month a person turns 65. All U.S. citizens or permanent legal residents are eligible if they have lived in the country for at least five years and are eligible to receive Social Security benefits or are married to someone who is eligible. Eligibility for Social Security benefits is earned by working in the country at least 10 years.

## Choosing a path to coverage

Retirees must choose one of two paths to Medicare coverage. Both offer coverage for the same services — hospitalization, physician care and prescription drugs — and both come with deductibles, co-pays and premiums for coverage.



### PATH 1: Original Medicare

This path consists of:

- **Part A** — hospitalization
- **Part B** — outpatient care
- **Medigap** — supplemental insurance provided by private insurers to pay for what's not covered
- **Part D** — prescription drug coverage, which is also provided by private insurers

Beneficiaries may visit any doctor or facility that accepts Medicare patients.

Medigap is private insurance that covers most out-of-pocket costs, including deductibles and co-payments required under Parts A and B. However, it does not include prescription drugs or certain other services offered by Medicare Advantage. All 10 Medigap policies are standardized by law, but rates differ among providers.<sup>7</sup> Medigap insurance can also provide coverage for routine vision, hearing and dental care.

Advisors should know that Part B now also covers preventive care and screening, including an annual wellness visit, mammograms, bone mass testing and screenings for cancer, cardiovascular disease and diabetes.

### PATH 2: Medicare Advantage

Also known as Part C, this path consists primarily of private health maintenance organizations (HMO) and preferred provider organizations (PPO) approved by the government. Private fee-for-service plans (PFFS), special-needs plans and medical savings account plans are also accommodated. Hospitalization, outpatient care and prescription drugs are covered, and many plans also offer coverage for routine vision, hearing and dental care.<sup>8</sup> In many cases, premiums and co-payments are lower under Medicare Advantage than they are under Original Medicare.<sup>9</sup>

<sup>7</sup> "Medigap or Medicare Advantage?" AARP Bulletin, American Association of Retired Persons (April 2014).

<sup>8</sup> "How to get vision, hearing and dental care that is not covered by Medicare," PBS Newshour (April 13, 2016).

<sup>9</sup> "Medicare Part C — Medicare Advantage Plans Explained," Medicare Consumer (June 2018).

PATH 1

WHAT IT'S CALLED	WHAT'S COVERED	WHAT YOU PAY FOR
<p><b>Part A</b> Hospital insurance</p>	<ul style="list-style-type: none"> <li>• Hospital care</li> <li>• Skilled care coverage for 100 days following a 3-night or more admittance to a hospital</li> <li>• Hospice</li> <li>• Home care coverage only when certified by a physician, because Medicare typically will not cover the expense of long-term care in your home</li> </ul>	<p>Each benefit period:</p> <ul style="list-style-type: none"> <li>• <b>Monthly premium:</b> \$0</li> <li>• <b>Deductible:</b> \$1,340</li> <li>• <b>Co-insurance:</b> <ul style="list-style-type: none"> <li>- Days 1-60: \$0</li> <li>- Days 61-90: \$335</li> <li>- Days 91-150: \$670 co-insurance per each lifetime reserve day (up to 60 lifetime reserve days, after which you are responsible for all costs)</li> </ul> </li> </ul>
<p><b>Part B</b> Medical insurance</p>	<ul style="list-style-type: none"> <li>• Doctor and physician services</li> <li>• Preventive benefits</li> <li>• Durable medical equipment</li> <li>• Outpatient services</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Monthly premium:</b> Ranges from \$134-\$428.60 (if protected by the hold harmless provision; it's \$130, on average)</li> <li>• <b>Yearly deductible:</b> \$183</li> <li>• <b>Co-insurance:</b> 20% on doctors' services and outpatient care</li> </ul>
<p><b>Part D</b> Prescription drug coverage Available two ways:</p> <ul style="list-style-type: none"> <li>• Stand-alone prescription drug plans (PDPs)</li> <li>• Medicare Advantage plans (MAPDs)</li> </ul>	<ul style="list-style-type: none"> <li>• Covered drugs vary by plan</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Monthly premium:</b> Varies by plan</li> <li>• <b>Yearly deductible:</b> Up to \$405</li> <li>• <b>Co-pay:</b> 25% or flat co-pay amounts based on formulary</li> <li>• <b>Coverage gap (donut hole)<sup>10</sup>:</b> \$3,750 to \$8,472 in total drug costs</li> <li>• <b>Coverage gap the insured pays:</b> 35% of the cost on brand name medications and 44% of the cost on generic medications during coverage gap</li> <li>• <b>Catastrophic coverage is reached after \$5,000 is spent out of pocket:</b> 5% minimum co-pay after coverage gap, \$3.35 generic or \$8.35 brand medication costs</li> </ul>
<p><b>Part C</b> Medicare advantage</p>	<ul style="list-style-type: none"> <li>• Covers the services that Original Medicare<sup>11</sup> covers, except hospice care</li> <li>• May cover hearing, dental and vision treatment</li> </ul>	<p>Costs vary by plan. Visit Medicare.gov or call the plan(s) you're interested in for more details.</p> <p><i>Each year, plans establish the amount they charge for premiums, deductibles and services. The plan (rather than Medicare) decides how much you pay for the covered services. What you pay the plan may change only once a year on January 1.</i></p>

PATH 2

Source: Medicare.gov, November 2017. Numbers reflect 2018 rates.

<sup>10</sup> The coverage gap, or donut hole, is a temporary limit on what your plan will pay for prescription drug costs. While you're in the coverage gap, you'll pay higher costs until you reach the yearly out-of-pocket spending limit.

<sup>11</sup> Original Medicare, offered directly through the federal government, is the traditional fee-for-service program. It can also be called Traditional Medicare or Fee-for-Service Medicare. It includes Part A and Part B coverage.

## Enrollment

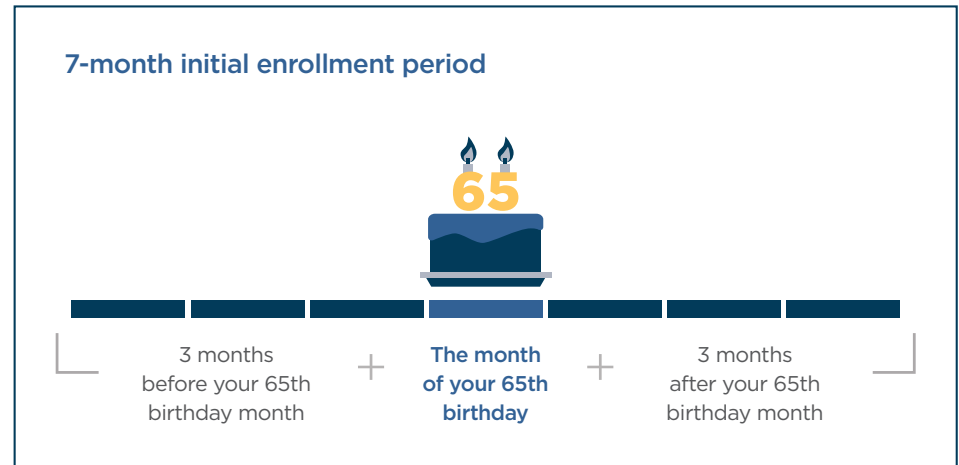
For your clients to avoid permanent penalties on their Medicare premiums, it's important that they enroll during the initial enrollment period. People who are already receiving Social Security benefits will automatically be signed up for Medicare Part A. Otherwise, a person will have to sign up within the required enrollment period. It is recommended that seniors enroll in Part A even if they are already covered by an employer plan. There are no premiums for Part A, and the enrollee has already paid for it via payroll taxes.

Part B is optional. If a person is still working and receiving health insurance from an employer or a spouse's employer (and the employer has at least 20 workers), that person may choose not to sign up for Part B. However, if the person enrolls later, it may result in a permanent 10% penalty on the premium. In fact, the premium can increase 10% for every 12-month period that a person is eligible but remains unenrolled.

Part D is also optional. If a person already has prescription drug coverage but later loses it, they may sign up for Part D later without a penalty.

**Initial enrollment:** When a person is initially eligible for Medicare, they have a seven-month period to sign up, also known as the Initial Enrollment Period (IEP), which includes the three months before the birth month through the three months after the birth month.

If a person misses the IEP, he or she can sign up between January 1 and March 31 of each year, and coverage will begin on July 1. Individuals who miss the IEP may have to pay a permanent 10% penalty in addition to their premium.



**Special enrollment:** Of people who are covered by group health insurance when they turn 65, most do not need to sign up for Medicare Part B upon turning 65. When a person or their spouse retires, is laid off or leaves their employer, an eight-month Special Enrollment Period (SEP) goes into effect after employee coverage stops. This allows a person to enroll without facing the 10% penalty on those who enroll after the IEP.

**Annual election:** A person can change their Medicare health or prescription drug coverage from October 15 through December 7 each year.

**Enrollment if living overseas:** Americans living abroad should also sign up for Part A, which covers hospitalization, 100 days of skilled nursing services following a three-night (or longer) stay in a hospital, and limited home health care if certified by a physician. Although doctor and hospital costs incurred in foreign countries are not reimbursed, enrollees will receive Part A coverage if they visit the United States or move back permanently.

Otherwise, retirees living outside the country should either buy a private policy, buy into the government program in the country where they reside or self-insure. Expatriates should check the website of the U.S. Department of State for a list of insurance companies that pay for overseas health services.

## Means testing and possible pitfalls

In 2007, Congress amended the Medicare Modernization Act, which imposed means testing for Medicare Parts B and D. Advisors should be aware that their higher-income clients will have to pay surcharges on their premiums.

Surcharges are added to Part B and Part D premiums for individuals with a Modified Adjusted Gross Income (MAGI) of more than \$85,000 per year in retirement and married couples with a MAGI of more than \$170,000. Most retirees will pay the standard \$134 monthly premium for Part B as well as a premium for their drug coverage.

MAGI is simply the adjusted gross income from a person's tax return, with certain adjustments. It includes passive income, IRA contributions, tuition, student loan interest and rental losses, among other things.<sup>12</sup>

Income thresholds may be adjusted annually for inflation but are currently frozen until 2019. So even if many of your clients are not currently affected, inflation may eventually push them into a higher category. According to a study by HealthView Services, 35% of advisors' clients currently pay surcharges, and over time this figure could rise substantially.<sup>3</sup>

### Some Medicare beneficiaries will pay surcharges for Parts B and D

2016 individual income (MAGI)	Married income (MAGI)	Part B	Part D	Total monthly surcharges
Less than \$85,000	Less than \$170,000	\$134.00	Plan premium	N/A
\$85,000 - \$107,000	\$170,001 - \$214,000	+ \$53.50	+ \$13.00	\$66.50
\$107,001 - \$133,500	\$214,001 - \$267,000	+ \$133.90	+ \$33.60	\$167.50
\$133,501 - \$160,000	\$267,001 - \$320,000	+ \$214.30	+ \$54.20	\$268.50
\$160,001+	\$320,001+	+ 294.60	+ \$74.80	\$369.40

Source: Medicare.gov (June, 2018).

Advisors should take note that as of 2018, the thresholds for some income categories and surcharges have changed. The top category has been reduced from \$214,000 to \$160,000 for an individual and from \$428,000 to \$320,000 for a couple. This means that surcharges will now rise more steeply as a beneficiary's income rises, and more beneficiaries than in the past will be required to pay the top rates. Although these amounts may not be burdensome for these retirees, the changes could generate more demand for Medicare-related planning with advisors.

### Roth conversions and RMDs

Advisors should be aware that retirees who convert their IRAs to Roth IRAs may be in danger of moving into a higher income bracket. A Roth conversion could temporarily push their income into one of the higher brackets for one year, potentially exposing them to surcharges.

Likewise, retirees over the age of 70½ must take required minimum distributions (RMDs) from their IRA, SIMPLE IRA, SEP IRA or retirement plan account. These, too, could push them into a higher bracket.

Due to the rules regarding income determination, the surcharges are not applied until two years later. That is, Medicare premiums for the coming year are set in October of the prior year, using tax returns filed the year before that. So premiums for 2018 were set in 2017, using tax returns filed on 2016 income. This means that a Roth conversion would push a person into a higher bracket, which would then force them to pay higher premiums two years later, at a time

when their income has returned to normal. This could present a problem if those higher expenses strain the budget.

Advisors will also want to monitor clients whose incomes are near the top of a MAGI bracket. It may be possible to avoid crossing that threshold by managing the recognition of capital gains and losses. A retiree who remains in a lower bracket could save hundreds of dollars in surcharges.

<sup>12</sup> "What Is Modified Adjusted Gross Income?" Internal Revenue Service (June 2018).

# What's still uncovered: long-term care

As already noted, Medicare Parts A and B fall far short of providing complete coverage of health care expenses. The retiree must not only cover premiums and deductibles but also co-insurance and other expenses. However, these can be largely covered with Medigap insurance or by opting for Medicare Part C (Medicare Advantage).

The real threat to a retiree's portfolio, however, is long-term care. And for most retirees, some form of long-term care is inevitable. According to the Center for Medicare and Medicaid Services, a 65-year-old has a 70% chance of needing this service at some time.<sup>13</sup>

Long-term care is a progression of care options ranging from informal assistance provided by friends and family members to full-time

professional care in a residential facility. Today, more than half of all long-term care is being provided in the home.<sup>14</sup>

Costs for long-term care can be substantial. Nursing home care can exceed \$92,000 annually, but even in-home care can cost more than

\$24,000 a year. Although 43% of care lasts for one year or less, individuals who needed it for more than one year averaged 3.9 years, and 15% needed care for more than five years.<sup>15</sup> With proper planning, you can ensure that your clients have options for long-term care.

## Long-term care costs are substantial

Adult day care	\$24,820
Assisted living facility	\$43,536
Home health aide services (6.5 hours/day)	\$47,450
Nursing home (Semiprivate)	\$82,125
Nursing home (Private)	\$92,325

Source: LTC Tree; the costs shown are annual averages. (May 29, 2018).

## Covering the uncovered costs

By taking advantage of Medigap insurance and Medicare Part D (drug coverage) or by enrolling in Medicare Advantage, a retiree can cover the bulk of his or her health care costs. But as we have seen, some costs may still be uncovered. Fortunately, advisors can take steps to address this.

**Permanent life insurance:** To cover these expenses, advisors may want to suggest a permanent life insurance policy. In addition to providing a death benefit, these policies accumulate a cash value that may be borrowed or withdrawn and used for any purpose.

### Products that can lower MAGI:

Products that may help retirees cope with health care costs are those that lower their MAGI. If your clients pay surcharges on Parts B or D, lowering their MAGI may drop them into a lower bracket, which will reduce those costs. Investment accounts that can lower MAGI include life insurance, nonqualified annuities, Roth IRAs, Health Savings Accounts and longevity insurance.<sup>3</sup>

**Long-term care coverage:** As we noted above, long-term care is one of the biggest threats to their estate that many retirees will face. Unfortunately, the options for covering this expense are limited. Medicare Part A will pay for care in a skilled nursing facility, but only for a portion of it and only up to 100 days.

Medicaid covers long-term care expenses for some people, but it is not a realistic solution for most individuals. To qualify, a retiree must spend down his or her assets to just \$2,000—and have an annual income near the federal poverty level or lower. Alternatively, the retiree must have transferred his or her assets to an irrevocable trust five years earlier.

While long-term care coverage is an option for most retirees, thinking about potential long-term care costs can help retirees be better prepared. But it can be difficult to know where or how to estimate these costs.

<sup>13</sup> Medicare & You 2016, Center for Medicare and Medicaid Services, Health Care – Plan for Costs in Retirement, Nationwide Retirement Institute.

<sup>14</sup> "Medicare & You 2016," Centers for Medicare & Medicaid Services, American Association for Long-term Care Insurance Sourcebook (2015 – 2016).

<sup>15</sup> "Long-term Care Insurance Statistics," LTC Tree (May 29, 2018).

# Estimating the costs for health care and long-term care

Health care and long-term care expenses pose a significant risk to a retiree's portfolio, and planning for them can be a challenge. So it's not surprising that

consideration your clients' current health conditions and family medical background as well as their retirement plans, including where they plan to live. It will also show how your clients' health care spending is likely to change throughout their retirement and estimate their potential costs for long-term care.

them develop a plan that addresses their specific needs. It begins with a fact finder that collects medical and financial information. By taking these factors and life expectancy into account, the assessment can provide an estimate of annual costs for Medicare, out-of-pocket expenses and long-term care.



**4** OUT OF **5** PEOPLE

**cannot accurately estimate how much they expect to pay for health care in retirement.<sup>16</sup>**

Nationwide's Health Care/LTC Cost Assessment can help you with this challenge. The assessment will provide a personalized estimate, taking into

The Nationwide Health Care Cost Assessment uses research from one of the world's leading actuarial firms. This helps align anticipated costs with trends in health care spending.

The personalized assessment can help you and your clients better understand how expected health care costs can affect retirement and help

The assessment also provides a listing of estimated expenses by year, including Part B or private premiums, Part D and supplemental insurance premiums, as well as additional costs. A detailed analysis is also provided for three types of long-term care—home health care, assisted living and nursing home care—including an estimate of the age when this care will be needed.

Complete this form and have your advisor return it to the Retirement Institute Income Planning Team.  
 IPLNDESK@nationwide.com Fax: 1-855-256-4220  
 Have questions? Call 1-877-245-0763

### Health Care/LTC Cost Assessment Fact Finder

Wholesaler name: \_\_\_\_\_ Meeting reference: \_\_\_\_\_

Report type requested:  Medicare costs only  Long-term care costs only  Both

REPORT REQUESTED BY:  BROKER/DEALER  BGA  IMO  RIA

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_  
 Firm/BGA/IMO Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
 Send Report To (Email): \_\_\_\_\_ Address (Street, City, State, Zip Code): \_\_\_\_\_

---

**Client and spouse/partner information**

Couples and partners sharing a household should complete all of the fields below, even if you are planning for only one spouse or partner. The assessment considers the availability of receiving care from a spouse or partner in determining the health care and long-term care cost estimate.

	First Name	Last Name	Gender	Current Age	Retirement Age	Retirement Location(s)	
						State(s)	Metro region(s) (see back for full list)
Client							
Spouse/Partner							

Assessment questions	Client's response	Spouse's/partner's response
<small>If you plan to retire prior to age 65, will you need to purchase private health insurance?</small>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<small><b>CURRENT HEALTH</b> Assessment is not designed for persons already diagnosed with Alzheimer's, Parkinson's or other disqualifying conditions.</small>		
Diagnosed with high blood pressure?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Diagnosed with high cholesterol?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Diagnosed with type 1 diabetes?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Diagnosed with type 2 diabetes?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Diagnosed with cardiovascular disease?	<input type="checkbox"/> Yes <input type="checkbox"/> No Years since diagnosis: _____	<input type="checkbox"/> Yes <input type="checkbox"/> No Years since diagnosis: _____
Diagnosed with cancer?	<input type="checkbox"/> Yes <input type="checkbox"/> No Years since diagnosis: _____	<input type="checkbox"/> Yes <input type="checkbox"/> No Years since diagnosis: _____
Diagnosed with multiple sclerosis?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<small><b>LIFESTYLE &amp; HEALTH HISTORY</b></small>		
Currently a tobacco user?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Dependent on cane, walker or wheelchair?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Family history of diabetes or cardiovascular disease?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

---

**Annual income in retirement**

Select the range that best fits your actual or estimated post-retirement income (not your income level before retirement). Use your modified adjusted gross income (MAGI) and assume today's dollars. Your retirement income helps determine the cost for Medicare Parts B & D.

Married filing jointly: married couples filing a joint tax return	Individual: for single persons filing an individual tax return
<input type="checkbox"/> \$170,000 or less	<input type="checkbox"/> Individual 1 <input type="checkbox"/> Individual 2
<input type="checkbox"/> \$170,001 to \$214,000	<input type="checkbox"/> \$85,000 or less
<input type="checkbox"/> \$214,001 to \$267,000	<input type="checkbox"/> \$85,001 to \$107,000
<input type="checkbox"/> \$267,001 to \$320,000	<input type="checkbox"/> \$107,001 to \$133,500
<input type="checkbox"/> more than \$320,001	<input type="checkbox"/> \$133,501 to \$160,000
	<input type="checkbox"/> more than \$160,001

---

**Medicare coverage** (select only one option)

All Medicare premiums plus additional medical costs will be used as the default option if no other option is selected. Not required for LTC-only reports.

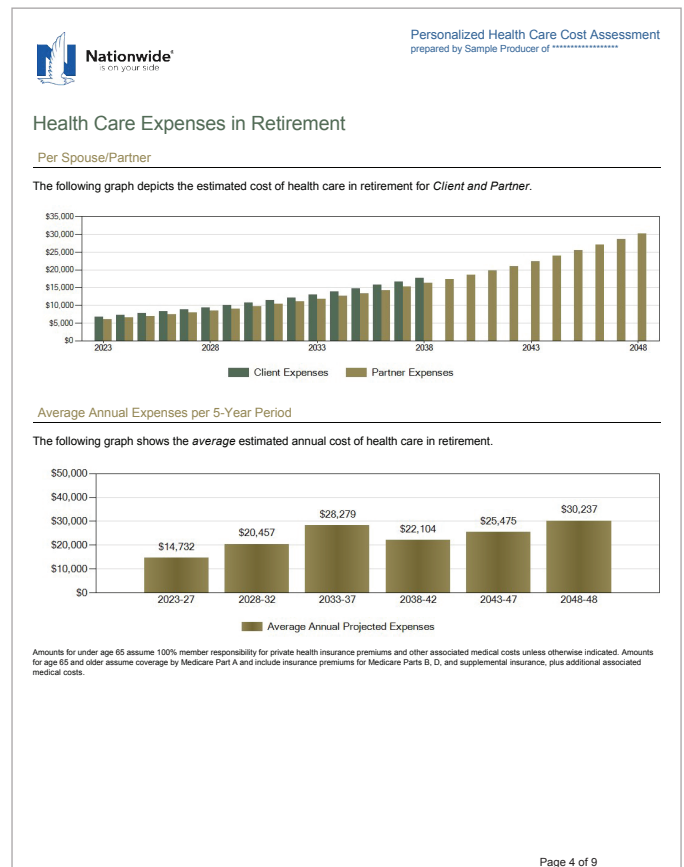
Include Medicare parts A, B, & D plus supplemental insurance premiums and out-of-pocket expenses.

Include Medicare parts A, B & D plus supplemental insurance premiums only.

Include Medicare parts A, B & D only.

Include Medicare parts A & B only.

Fact Finder



Sample page from Personalized Health Care Cost Assessment Report

<sup>16</sup> Nationwide Financial/Harris Poll survey, November 2016.



## Next steps

- 1 Schedule an appointment with your clients who are approaching age 65 to discuss Medicare options and enrollment. Direct them to federal, state and other resources to help them make the correct decision.
- 2 Refer clients who own a Nationwide annuity to the Nationwide Care Concierge referral service for help selecting the correct Medicare plan options. Contact 1-866-799-2688.
- 3 Review the income levels of your retired clients and those nearing retirement. If they are at risk of paying higher Medicare premiums because they will rise into a higher MAGI bracket, find out if you can take steps to reduce their MAGI.
- 4 Talk with your clients about expected healthcare expenses, and ask them to complete a Health Care/LTC Cost Assessment Fact Finder.
- 5 Use the results from your clients' personalized Health Care/LTC Cost Assessment report, along with the Nationwide Health Care Solutions Guide Quick Quote tool, to help your clients create a plan to cover estimated health care costs in retirement.

## Additional health care planning resources

**Social Security Administration:** Call 1-800-772-1213 for help with Medicare eligibility and enrollment, Part B premiums, Part D Extra Help or Medicare Savings Programs.

**Centers for Medicare & Medicaid Services:** Call Medicare's customer service line at 1-800-633-4227 for help with Medicare coverage issues and to compare Medicare options and plans.

**State Health Insurance Assistance Program (SHIP):** Trained counselors in every state offer free, personal help with all Medicare and Medicaid issues. To find the toll-free phone number for your SHIP office, visit the [shiptacenter.org](http://shiptacenter.org) or call 1-877-839-2675.

**Benefitscheckup.org**

**Eldercare.gov**



Complete a quick 15-question Health Care/LTC Cost Assessment Fact Finder with the client to obtain a personalized Health Care/LTC Cost Assessment client report from Nationwide. Visit [nationwidefinancial.com/healthcare](http://nationwidefinancial.com/healthcare).

Or, call the Retirement Institute Income Planning Team at **1-877-245-0763**.



• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person. Investors should discuss their specific situation with their financial professional.

Nationwide Care Concierge is available at no additional cost. It may not be available in all states/territories or in all products. Nationwide Care Concierge is administered by Health Advocate. Nationwide is not affiliated with Health Advocate.

Federal income tax laws are complex and subject to change. The information in this memorandum is based on current interpretations of the law and is not guaranteed. Neither Nationwide, nor its employees, its agents, brokers or registered representatives give legal or tax advice.

Nationwide Investment Services Corporation (NISC), Columbus, OH, member FINRA. Nationwide Retirement Institute is a division of NISC.

Nationwide, Nationwide Retirement Institute, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company. © 2018 Nationwide

NFM-17737AO (09/18)