

NATIONWIDE RETIREMENT INSTITUTE[®]

A closer look at Medicare coverage and costs

For individuals who spend their working lives subsidized by employer-sponsored insurance programs, health care is rarely top of mind, unless they become ill or lose coverage. Many also live under the false assumption that Medicare will be equivalent to the insurance they enjoyed throughout employment. To help identify any misconceptions, let's take a closer look at Medicare coverage and out-of-pocket healthcare expenses in retirement. Clients looking for additional details can visit medicare.gov, which is the source for the following information.

When to enroll

Individuals who are eligible for Medicare at age 65 have a seven-month sign-up period. This includes the three months before their birth month until the end of the three months after their birth month. Clients who are late to enroll may have to pay a higher premium throughout retirement.

Here's a breakdown of Medicare coverage by part, along with expected out-of-pocket costs.



Medicare Part A

- Although it is free for most Americans, the recipient or spouse must have 40 quarters of substantial career earnings
- Covers most, but not all, hospital care, as well as one wellness physical per year with no vitals or bloodwork; coverage includes inpatient care, skilled nursing facilities and hospice care



Medicare Part B

- Although this is supplementary, all enrollees must pay based on income
- Coverage includes most other necessary medical services, such as doctor visits, physical therapy and medical equipment
- Most people pay a monthly premium of \$135.50, although income-based surcharges may apply
- Additional penalties can be incurred for late sign-up



Medicare Part D

- This is for prescription drug coverage, including most or all of six main prescription drug categories, although specific drug coverage and cost can vary and may be complex
- Premiums are based on terms and conditions set by private insurance companies
- Everyone is eligible, but the annual open enrollment period, and the only time when plans can be changed, is October 15 to December 7
- Both income and state of residency can impact premiums



Supplemental insurance (Medigap)

- A form of insurance that helps fill in the gaps in Medicare Part A and B coverage, such as co-pays and deductibles for medical services
- Premiums are based on terms and conditions set by private insurance companies that administer each plan, and have been approved by Medicare
- State of residency can impact premiums
- Income-based surcharges may apply



Other out-of-pocket costs

- Medicare does not cover everything or pay the total cost for most services or supplies that are covered, a fact that is confirmed on the Medicare website
- Dental, vision, and hearing which are often in demand as people age, are some of the services and equipment that Medicare does not cover
- All individuals – even those with supplemental insurance – will need to cover these expenses with their own money throughout retirement

Clients



Talk to your financial advisor about completing a quick 15-question Health Care Cost Assessment Fact Finder to obtain a personalized Health Care Cost estimate of your annual Medicare and out-of-pocket costs in retirement.

Financial Professionals



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

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



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