

FOCUS ON HEALTH INSURANCE

By RTAC Director Patricia B. Kubistal

The Affordable Health Care Act, more commonly known as Obama Care, impacted the health services in this country in several ways. The act placed a tax on health insurance premiums which allowed the insurers to pass it onto its insured. Taxes were placed on branded drugs and medical devices. As a result, individuals saw their premiums rise. These increases are in addition to the usual rise in premiums which are based on a number of facts including but not limited to inflation and the overall business cost increase of the insurance companies.

For those retirees covered by Medicare the basic Medicare costs have also increased. If you are single and line 37 on your IRS 1040 Tax form is between \$85,000-\$107,000 in addition to the basic Medicare Premium of \$104.90 your premium is increased by \$42.00 Your Part D drug cost is \$12.30. If you are married and file jointly the range is \$170,00 -\$214,000. If you are single and line 37 on your IRS 1040 tax form is between \$107,000 and \$160,000 the premium added onto to the basic Medicare premium is \$104.90. The Part D for drug coverage is \$31.80. As you increase your income, your premiums go up.

Retirees who must take required minimum distributions from IRA's and other retirement plans see that these additions to their income are affecting their cost of Medicare. These additions increase the amount on line 37 of the IRS 1040.

Those teachers who earned forty quarters of coverage by being employed outside of teaching anticipated that they would be covered by Medicare and that they would receive a Social Security check in addition to their pension check. Some teachers anticipated coverage because a spouse was covered by Social Security. However, the Windfall Act which is in effect in only some states, of which Illinois is one, reduced the amount of the Social Security check by 60 percent if you received a teacher's pension check. When these teachers applied for Medicare the premium for Medicare was subtracted from their already reduced check. As the premiums for Medicare have increased some teachers have now found that the entire amount of the Social Security check goes to cover the Medicare premiums. When the amount of the Social Security check is less than the Medicare premiums then Medicare requires the individual to make up the difference by paying an additional monthly payment. The recent premium costs have caused an increase in the number of teachers whose social security benefits have been exhausted and now must make this additional payment in order to be covered by Medicare.

While the Medicare costs have increased, those teachers who earned coverage can find some comfort in the fact that their total health insurance costs are less than those teachers who were not covered.

The Chicago Teachers Pension Fund (CTPF) currently pays a subsidy for health insurance premiums. CTPF pays \$52.45 of the Medicare Premium. CTPF also pays 50% of the health insurance premium. The amount of this subsidy has been decreasing. What would be the cost of health insurance if there were no subsidy? To answer this one should look at one's premium for 2015, double it, add \$52.45, (Medicare subsidy amount), and then add a percentage for increased costs. This projected amount will give one an idea of what the cost for health insurance coverage would be if there is no subsidy.

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Individuals on Medicare have two main choices: Original Medicare or a Medicare Advantage Plan. Let's look at the plans:

	Original Medicare	CTPF Medicare Blue Cross & Blue Shield Advantage Plan PPO	Most Medicare Advantage Plans
Medicare Premiums	You pay your Medicare premiums for parts A B & D	You pay your Medicare premiums for Parts A B & D	You pay your Medicare premiums for Parts A B & D
Supplemental Insurer sometimes called a Medigap policy	Purchase one such as CTPF AARP supplemental plan	CTPF BC/BS Advantage Plan. included in your Advantage premium	Advantage Plan included in your Advantage premium
Primary Insurer	Medicare Parts A & B	CTPF BC/BS The Advantage Plan which is called Medicare Part C	Advantage Plan which is called Medicare Part C
Doctor choice	You can go to any doctor or hospital in the U.S. that accepts Medicare	Currently you can choose any doctor who accepts Medicare whether in the network or not. Encouraged to choose doctors in the network	Some plans limit doctor choices to those in a network. Out of network doctors will cost individuals more
Drug coverage Part D	Covered through Medicare Part D and the CTPF AARP supplemental plan's monthly premium	Covered through Medicare Part D premium and included with monthly premium for the CTPF BC/BS Advantage plan	Usually. See plan for details.
Out-of-pocket limit	No	Yes Plan has an annual out-of-pocket limit.	Yes Plan has an annual out-of-pocket limit.
Coverage for travel in the U. S.	Yes	Yes	Depends upon plan

When considering health plans look at premiums, deductibles and other costs. How well does the plan cover the service you need? What are your choices for doctors and hospitals? Do you need referrals? Do you need to stay in a network? Are drugs covered under the plan's formulary? Does the plan have a preferred pharmacy? What will be the cost of drugs if you only have Part D and not a supplemental plan that covers drugs?