

Retiree Healthcare Budget Worksheet

The purpose of this worksheet is to aid a retired individual to budget for healthcare expenses. The accompanied explanation page is to assist with the preparation. Figures used are based on calendar 2021. The example is a healthy male, age 73, non-smoker living in a rural state. Use Part C if you plan to enroll in Medicare Advantage. Part C must pay the Part B monthly premium.

Medicare	Facts	Yourself	Spouse	Example	Example Comment
Part A Hospital Coverage - Auto Enrollment	Public	-	-	-	Automatically Enrolled
Premium	None - \$0	\$0	\$0	\$0	Paid by Taxes on Your Earnings
Annual Deductible (2021=\$1484)	\$1484			\$0	No Hospitalization
Part B Doctor Out-Patient Services		-	-	-	Skip if you opt Med Advantage
Sign Up to Avoid Penalty if no other coverage	Public	-	-	-	Signed Up @ Age 65
2021 Monthly Premium from Soc Sec	\$148.50 or >	\$	\$	\$1,782	Annual Expense (\$148.50 x 12)
Medicare Annual Deductible	Up to \$203	\$	\$	\$203	3 Dr. Visits @\$100 each = \$300
Co-Pay if no Medi-Gap Policy	20%			\$19.40	\$97x.20 = 19.40 or 0 w/Medi-Gap
Part D Prescription Drugs	Private – Public				Skip if you opt Med Advantage
Premiums (Based on State of Residence)	Yes	\$	\$	\$336	\$28/Month
Annual Deductible (Based on Plan)	Yes	\$	\$	\$120	One Tier 1 Drug @ \$10/Month
Co-Pay (Base on Plan)	Yes	\$	\$	\$0	Never met Deductible
Co-Pay 25% if drug costs > (2021=\$4130)	Yes	\$	\$	\$0	Never met Deductible
Medi-Gap Supplement Policy	Private				For Original Medicare Option
Premium (Based on Plan Option and State)	Yes	\$	\$	\$1,788	M-73 N-Smoke Plan N - \$149/Mo
Deductible	\$203	\$	\$	\$203	3 Dr. Visits @\$100 each = \$300
Co-Pay \$20 or \$50	Yes			\$20	\$300-\$203=\$97 Pay \$20 of \$97
Dental, Vision, Hearing - Original Medicare		-	-	-	Skip if you opt Med Advantage
Dental Insurance Premium	Private	\$	\$	\$360	\$30/Month for 2 Cleaning, 1 Xray
Dentist Fees after Insurance Payment		\$	\$	\$500	1 Crown @\$1000 Fee
Deductible		\$	\$	\$0	No Deductible Under His Plan
Co-Pays		\$	\$	\$500	1 Crown @ .50% of \$1000 Fee
Vision Insurance Premium	Private	\$	\$	\$0	Self-Insures
Co-Pays		\$	\$	\$0	
Deductible		\$	\$	\$0	
Optometrist Fees		\$	\$	\$75	1 Visit
Corrective Lenses/Glasses		\$	\$	\$450	1 Pair Glasses
Hearing Insurance Premium	Private	-	-		Self-Insures
Co-Pays		\$	\$	\$0	
Deductible		\$	\$	\$0	
Audiologist Fees		\$	\$	\$0	0 Visits
Corrective Hearing Aids		\$	\$	\$0	
Part C Medicare Advantage Plan - MA	Private	-	-		Use If Opt for Med Advantage
Must Enroll Part A	Yes	\$	\$	\$0	
Must Pay Part B Premium from Soc Sec	21= \$148.50/Mo	\$	\$	\$0	Annual Expense (\$\$\$.\$ x 12)
Svcs not Covered by Medicare & Advantage	Yes	\$	\$	\$0	
Total Annual Costs				\$5,153.40	

The **Retiree Healthcare Budget Worksheet** is based calendar year 2021 Medicare eligibility. Any inaccuracies are unintentional. Sources used for this worksheet are based on interpretation of information from the Medicare.gov website. The reader is encouraged to use the Medicare.Gov website to get an estimate of what their possible costs will be as a recipient and to review the options for Drug Prescription and Medi-Gap plans. The costs for Drug Prescription and Medi-Gap plans are based on your state of residence. There are no family plans under Medicare.

Part A Hospital Coverage: When you are about to turn age 65 Medicare will contact you that you are about to be automatically enrolled even if you continue to work. Because this worksheet is about retirees it will not discuss the impact of working on Part A. There is not a premium for Part A. You were taxed a portion of your earnings to pay for Part A. There is an annual deductible if you were to be hospitalized. Medicare expects you to pay the first \$1484 for the cost of Hospitalizations annually. A Medi-Gap policy can be used in conjunction with Medicare Part A to cover some or all that expense.

Part B Doctor and Out-Patient Services: At the time you are contacted about Part B you have the option of not signing up for Part B. If you are covered through work, there is no penalty for not signing up if you continue to work. If you are not working or will not continue working you will be penalized with higher future premiums if you ever do. You do have to pay a premium for Part B Doctor and Out-Patient Services. The premium is adjusted annually and is deducted from your Social Security Payment. During calendar year 2021 most individuals pay \$148.50 per month. If you have a higher retirement income you may be charged more.

Part B has a \$203 Deductible in 2021 and a Co-Pay of 20%. These amounts are subject to change annually. If you have a Medi-Gap policy some of the costs that Part B will not pay will be paid by a Medi-Gap policy. Generally, retirees elect to have a Medi-Gap policy. If you receive treatment from a Doctor for service, the bill is processed first by Medicare Part B and then by your Medi-Gap policy. Anything that is left unpaid is your responsibility. Medicare Part B will pay for one annual wellness check.

Part C Medicare Advantage Plan: Part C is private healthcare insurance that covers hospitalization, doctor, and outpatient services. In addition, it may cover some of the costs for vision, hearing, and dental care. You do not need a Medi-Gap or Prescription Drug Policy under Part C. There will be a premium for Part C and you will still pay the Part B monthly premium of \$148.50. There are a few restrictions on which healthcare providers and organizations you can use for treatments. Information on Part C can be found on the Medicare.Gov website. Deductibles and Co-Pays may vary for different insurers.

Part D Prescription Drugs Plan: It is not mandatory to enroll into a Medicare Part D Prescription Drug Plan. However, if you go without creditable prescription drug coverage for 63 or more days in a row after you are first eligible, you may have to pay a late-enrollment penalty if you enroll into a Medicare Prescription Drug Plan. Most retirees elect to pay for a drug plan. Paying for prescription drugs is complicated. Each insurer has a Formulary that list drugs in Tiers. Generic drugs are in Tier One and less expensive. As you go higher in the tiers the drug prices become more expensive. There is a monthly premium, an annual deductible, and Co-Pays. The Medicare.Gov website provides a search mechanism to identify the plans available in your state and information related to the premium, deductibles, and co-pays. You can enter your prescription information and the site will provide you with the most appropriate plans for you.

Medi-Gap Supplement Policy: A Medi-Gap policy is health insurance sold by private insurance companies to fill the “gaps” in Original Medicare Plan coverage. Medi-Gap policies help pay some of the health care costs that the Original Medicare Plan does not cover. If you are in the Original Medicare Plan and have a Medi-Gap policy, then Medicare and your Medi-Gap policy will each pay its share of covered health care costs. Generally, when you buy a Medi-Gap policy you must have Medicare Part A and Part B. You will have to pay the monthly Medicare Part B premium. In addition, you will have to pay a premium to the Medi-Gap insurance company. If you pay your premium, your Medi-Gap policy is guaranteed renewable. This means it is automatically renewed each year.

If you receive treatment from a doctor, clinic, or hospital for service, the bill is processed first by Medicare Parts A and B and then by your Medi-Gap policy. Anything that is left unpaid is your responsibility. The premium you pay will be determined by your age, gender, and if you smoke. As you age the premium goes up annually. There are several Medi-Gap Plan Options: C, D, F, G, K, L, M, N. Plans G and N have the lowest premiums but higher deductibles and co-pays. The Medicare.Gov website has extensive information about each plan.

Dental, Vision, Hearing Options: If you are under Original Medicare (Parts A and B) expenses for dental, hearing and vision care are yours. You can elect to insure or pay directly to the provider. If you elect a Medicare Advantage plan it may include coverage in these three health areas. Be aware that deductibles and co-pays are possible if you insure.

Military Veterans: Veterans should contact the nearest VA Health Facility for benefits that cover a variety of health services. A Veteran may not have to pay for hearing aids, glasses, and prescription drugs.

