

The BAIRD logo is a blue parallelogram with the word "BAIRD" in white, sans-serif, uppercase letters.

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BAIRD WEALTH STRATEGIES

Navigating the Medicare Maze Making Sense of Federal Health Insurance

Ron Johnson, CFP®

Wealth Planner/Vice President

The presentation will begin shortly. We will join you soon!

All attendee microphones and videos have been muted. Ensure your audio is connected and the volume is up on your device. To have the audio streamed through your phone instead, please select *Audio Connection > Call me*

To ask a question, open your Q&A panel using the “?” or “more options” button. Type your question in the box and **send to “All Panelists.”**

Ron Johnson, CFP®

Humble servant who recently joined Baird. He has been in the financial services industry for 29 years and is considered an expert in retirement planning. Residing in Whitefish Bay WI, he is married with 2 children. In his free-time he can be spotted wandering the fairways of Milwaukee County.



Look Familiar???

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Agenda

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- ✓ What the Government Provides
- ✓ Options to Obtain Additional Coverage
- ✓ When and How to Sign Up
- ✓ Items to be Aware of

What the Federal Government Provides:

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- Part A - Hospitalization
- Part B - Out Patient Care
- Part D - Prescription Drug Coverage



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Part A – Hospitalization

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Coverage

- Inpatient Hospital Care
- Skilled Nursing Facility Care
- Behavioral & Mental Health
- Hospice

Premium

Good News! If you or your spouse has worked at least 40 quarters, you've already paid for...

1.45% of FICA tax funds Medicare Part A Premiums

Deductible

\$1,676 per Benefit Period (2025)



Benefit Period???

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You pay this in each benefit period (2025):

- **Days 1–60:** \$1,676 deductible.
- **Days 61–90:** \$419 each day.
- **Days 91 and beyond:** \$838 each day while using your 60 lifetime reserve days.
- **Each day after you use your lifetime reserve days:** All costs.

Part B – Out-Patient Care

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Covers medical services such as:

- Doctor's services
- Outpatient care
- Preventive services

Part B – Premium 2025

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The premium is \$185 per month for each Individual

And maybe more.....Let's discuss IRMAA

Not Irma



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But IRMAA

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If Your Modified Adjusted Gross Income in 2023 was:			
File Individual Return	File Joint Tax Return	Income-Related Monthly Adjustment Amount (IRMAA)	You Pay (In 2025)
\$106,000 or less	\$212,000 or less	\$ -	\$ 185.00
Between \$106,001 and \$133,000	Between \$212,001 and \$266,000	\$ 74.00	\$ 259.00
Between \$133,001 and \$167,000	Between \$266,001 and \$334,000	\$ 185.00	\$ 370.00
Between \$167,001 and \$200,000	Between \$334,001 and \$400,000	\$ 295.90	\$ 480.90
Between \$200,001 and \$499,999	Between \$400,001 and \$749,999	\$ 406.90	\$ 591.90
\$500,000 or more	\$750,000 or more	\$ 443.90	\$ 628.90

*Modified Adjusted Gross Income (MAGI) = Adjusted gross income + tax-exempt interest

Understanding IRMAA is Part of Your Financial Plan

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MEDICARE PART B/D PREMIUMS FOR 2026

Medicare Parts B and D premiums can be impacted by Modified Adjusted Gross Income* (MAGI). Amounts below are in addition to the base premiums. Amounts are monthly per person.

These brackets and premium values are approximated using an inflation assumption of 3.00%.

*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	Part B Premium Adjustment	Part D Premium Adjustment
\$0 to \$219,000	\$0	\$0
\$219,000 to \$274,000	\$74	\$14
\$274,000 to \$342,000	\$185	\$35
\$342,000 to \$410,000	\$297	\$57
\$410,000 to \$750,000	\$408	\$79
\$750,000 and above.	\$445	\$86

You: \$336,086

Life Changes

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- IRMAA looks back 2 years and life changes can cause reductions in income
- If this happens you can appeal through Social Security using Form SSA-44

☐ Marriage

☐ Divorce/Annulment

☐ Death of Your Spouse

☐ Work Stoppage

☐ Work Reduction

☐ Loss of Income-Producing Property

☐ Loss of Pension Income

☐ Employer Settlement Payment

Part B Deductibles/Co-pays

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- Beneficiaries pay a deductible of \$257 per year (2025)

Then

- Beneficiaries pay 20% of the Medicare approved bill

Part D – Prescription Drug Coverage

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- A plan's list of covered drugs is called a "formulary," and each plan has its own formulary.
- Medicare drug coverage typically places drugs into different levels, called "tiers," on their formularies. Drugs in each tier have a different cost.

Tier 1—lowest copayment: most generic prescription drugs

Tier 2—medium copayment: preferred, brand-name prescription drugs

Tier 3—higher copayment: non-preferred, brand-name prescription drugs

Specialty tier—highest copayment: very high-cost prescription drugs

Part D - Premiums

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- Premiums will vary depending on the specific plan (average weighted premium in the U.S. is roughly \$45 a month)

And

IRMAA is Back

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If Your Modified Adjusted Gross Income in 2023 was:		
File Individual Return	File Joint Tax Return	You Pay Each Month (2025)
\$106,000 or less	\$212,000 or less	Your Plan Premium
Between \$106,001 and \$133,000	Between \$212,001 and \$266,000	\$13.70 Plus Your Premium
Between \$133,001 and \$167,000	Between \$266,001 and \$334,000	\$35.30 Plus Your Premium
Between \$167,001 and \$200,000	Between \$334,001 and \$400,000	\$57.00 Plus Your Premium
Between \$200,001 and \$499,999	Between \$400,001 and \$749,999	\$78.60 Plus Your Premium
\$500,000 or more	\$750,000 or more	\$85.80 Plus Your Premium

*Modified Adjusted Gross Income (MAGI) = Adjusted gross income + tax-exempt interest

Part D – Deductible/Coinsurance

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Deductible period:

- Until you meet your Part D deductible, you will pay the full negotiated price for your covered prescription drugs.
- Once you have met the deductible, the plan will begin to cover the cost of your drugs.
- While deductibles can vary from plan to plan, no plan's deductible can be higher than \$590 in 2025, and some plans have no deductible.

Part D – Deductible/Coinsurance

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AFTER YOU MEET YOUR DEDUCTIBLE,
YOUR PLAN WILL HELP PAY FOR YOUR
COVERED PRESCRIPTION DRUGS.



YOUR PLAN WILL PAY SOME OF THE
COST, AND YOU WILL PAY A
COPAYMENT OR COINSURANCE.



MEDICARE PART D ENROLLEES WILL PAY
A 25% COINSURANCE PAYMENT WITH A
\$2,000 OUT OF POCKET MAXIMUM.

Medicare: Additional Coverage

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Medicare
Advantage
(Part C)

vs.

Medicare
Supplement
(Medigap)

Medicare Advantage

Enroll in Parts A & B first

- Pay Part B premium
- May not deny enrollment based on health status

All-inclusive plans (use HMO/PPO)

Combine Parts A, B, Medigap and usually D

May cover services not covered by original Medicare

- Vision
- Dental
- Alternative care
- Gym memberships

Emphasis on preventive care & staying healthy

Premiums range from \$0 to more than \$50 a month and average \$17 a month

Original Medicare (Medigap)

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- Is a supplement to Medicare Part A (Hospital Insurance) and Part B (Medical Insurance).
- You must join a separate Medicare drug plan to get Medicare drug coverage (Part D).
- You can use any doctor or hospital that takes Medicare, anywhere in the U.S.

Original Medicare (Medigap)

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What's Covered?

Medigap policies help cover out-of-pocket costs associated in Original Medicare, like:

- Copayments
- Coinsurance
- Deductibles

Some Medigap policies cover services that Original Medicare doesn't cover, like emergency medical care when you travel outside the U.S. (foreign travel emergency care).

Original Medicare (Medigap)

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- Coverage is determined by the federal government (Except Massachusetts, Minnesota and Wisconsin)
- The only difference between carriers is cost

The different types of federal plans

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Medigap plans

Benefits	A	B	C	D	F	G	K	L	M	N
Part A coinsurance & hospital costs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B copays/coinsurance	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Blood (first 3 pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A hospice	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled nursing facility	✗	✗	✓	✓	✓	✓	50%	75%	✓	✓
Part A deductible	✗	✓	✓	✓	✓	✓	50%	75%	50%	✓
Part B deductible	✗	✗	✓	✗	✓	✗	✗	✗	✗	✗
Part B excess charges	✗	✗	✗	✗	✓	✓	✗	✗	✗	✗
Foreign travel emergency	✗	✗	80%	80%	80%	80%	✗	✗	80%	80%
							\$7,060	\$3,530		
							Out-of-pocket limit in 2024			

Initial Enrollment

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- **Generally, when you turn 65.** This is called your Initial Enrollment Period. It lasts for 7 months, starting 3 months before you turn 65, and ending 3 months after the month you turn 65.

Penalties

- You'll pay an **extra 10% for each year** you could have signed up for Part B, but didn't.
- You'll pay an extra 1% for each month (that's **12% a year**) for Part D coverage



Exceptions to Initial Enrollment

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- You or your spouse are still working and maintain health insurance and drug coverage through your employer

*Health Insurance coverage must be creditable (usually companies with over 20 employees)

*Drug plans must also be creditable providing at least the following:

- ✓ cover as much as the standard Medicare prescription drug plan
- ✓ cover both generic and prescription medications
- ✓ not have a plan maximum or offer a low deductible
- ✓ cover at least [60%](#) of a prescription drug's cost
- ✓ offer sufficient pharmacy choices or provide a mail-order option

*Be aware of COBRA or retirement health insurance plans

Special Enrollment

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- This SEP is an opportunity for people who didn't sign up for Medicare when first eligible because they had group health plan coverage based on current employment (their own, a spouse's, or a disabled family member's).
- A person may sign up for Medicare while they're still covered under the group health plan based on current employment, or the first month when their coverage isn't based on current employment. They may choose to have coverage begin on the month they sign up or at the beginning of any of the three months after they sign up.
- If they sign up for Medicare during any of the remaining seven months of this SEP, coverage will begin the month after they sign up.

Open Enrollment

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Each year, Medicare Advantage insurance providers are allowed to make changes to their plans such as:

- Changes to the network
- Changes to the drug formulary

Therefore, Medicare beneficiaries have an opportunity to make changes to how they receive their Medicare coverage during the nearly 8-week annual open enrollment period.

Open Enrollment

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What Changes Can Be Made?

- Make changes to your Medicare Part D prescription drug plan:
 - Join a Part D plan or switch plans
- Switch from one Medicare Advantage plan to another.
- Switch from Original Medicare to a Medicare Advantage plan.
- Switch from a Medicare Advantage plan back to Original Medicare.
 - Guaranteed issue on Medicare Supplement plan is often NOT available.
 - See if your state offers additional reasons that trigger guarantee issue

Open Enrollment – When?

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Figure 1

Medicare's Open Enrollment Period Runs from October 15 to December 7 Each Year

October 2024							November 2024							December 2024						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2	1	2	3	4	5	6	7
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
27	28	29	30	31			24	25	26	27	28	29	30	29	30	31				

Source: Centers for Medicare and Medicaid Services, "Joining a plan," <https://www.medicare.gov/basics/get-started-with-medicare/get-more-coverage/joining-a-plan>

KFF

How to Sign Up

- [Online \(at Social Security\)](#) – It's the easiest and fastest way to sign up and get any financial help you may need. (You'll need to create your secure *my* Social Security account to sign up for Medicare or apply for benefits.)

How to Sign Up

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- <https://www.ssa.gov/medicare/sign-up>

Information you'll need to provide

Basic information about yourself

- Social Security number
- Where you were born (city, state, country)

Health insurance information

- Start and end dates for any current group health plans
- Start and end dates for any group health plans after age 65

For Part B only

- Valid email address
 - Your existing Medicare number
-

Health Savings Accounts (HSAs)

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You can use your HSA funds (tax and penalty free) for the following expenses:

- ✓ Qualified medical expenses such as deductibles and co-pays
- ✓ Part A, Part B and Part D premiums
- ✓ Prescription Drugs
- ✓ Dental & Vision expenses



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Health Savings Accounts (HSAs)

What can't you do??

- Contribute after you start either Medicare or Social Security
- Pay for Medigap premiums

Wealth + Wellness = WHealth

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- Wealth and wellness are inextricably linked – and anyone looking to increase and preserve their wealth would be wise to focus on their well-being.
- Getting proactive and taking care of your health saves you money at every age and can help you minimize ongoing and catastrophic care expenses in a variety of ways.



John Taft

Vice Chair

Comprehensive Financial Plan

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A complete plan tells you how healthcare costs impact your chance to meet your retirement goals

Testing & Testing Spouse's Goals

Needs



Health Care



Both Retired Before Medicare (2022)	\$30,544
Both Medicare (2023-2053)	\$9,913

Monte Carlo Results

■ Your Confidence Zone
75% - 90%

Likelihood of Funding All Goals



Questions??

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