



THE RETIREMENT REPORT

Monthly Medicare & Retirement Planning Newsletter



Springing into March and Tax Season

By Anne de Leon



As tax season approaches, it's important to consider the implications for Medicare and Social Security recipients. While Social Security benefits may be subject to federal taxes depending on income, Medicare premiums generally aren't tax-deductible. However, certain out-of-pocket medical expenses might be deductible. Understanding these nuances can help ensure accurate tax filings and financial planning for retirees and beneficiaries.

In this newsletter, you will find out what to do if your hospital drops your Medicare Advantage plan. You will also learn more about what to know about tax season and your Social Security. Lastly, there are 12 important things to know that are free under Medicare. Be sure to check it out. We are here for you and are happy to help if you need assistance. Please just reach out!

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What to Do if Your Hospital Drops Your Medicare Advantage Plan

Just over half of those eligible for Medicare have chosen Medicare Advantage, yet hospitals nationwide are discontinuing their acceptance of these plans due to problems with prior authorizations and denials. Reports from Becker's Hospital Review, a prominent medical industry publication, reveal that hospitals and healthcare systems in at least 11 states declared in 2023 that they would no longer be in-network for certain or all Medicare Advantage plans starting in 2024.

"It's a real problem for people," says Katy Votava, who holds a doctorate in health economics and nursing and is president and founder of Goodcare, a consulting firm focused on healthcare economics. "This has always been a problem, but it's getting worse. It's not only the reimbursement rates, but the approvals have become so onerous for providers to deal with."



Why are hospitals dropping Medicare Advantage?

In addition to other requirements, Medicare Advantage plans necessitate patients to obtain prior authorization for a broader range of services compared to Original Medicare. This process consumes time for medical providers, and the outcomes of these requests are not consistently favorable.

"It's not like you get paid more to compensate for the fact that you spent all this doctor time jumping through hoops," says Melinda Caughill, co-founder and CEO of 65 Incorporated, which offers guidance on Medicare. "Essentially, it is a huge money loser for medical practices."

Nilsa Cruz, an administrator and patient advocate at a rheumatology practice in Milwaukee, recalls spending two hours trying to reach an insurance representative to advocate for a patient. "Many of the critical administrative and clinical functions have been outsourced by these plans," she says.

Medicare Advantage insurers argue that prior authorization serves valuable purposes, but they have implemented measures to alleviate the challenges that providers and patients face. For example, UnitedHealthcare declared its intention to reduce nearly 20% of its prior authorization requirements last year. "Prior authorizations help ensure member safety and lower the total cost of care, but we understand they can be a pain point for providers and members," said Dr. Anne Docimo, chief medical officer of UnitedHealthcare, in a press release.

Hospitals are also frustrated by administrative delays and denials for care. In October 2023, St. Charles Health System in Oregon announced it would be dropping three Medicare Advantage providers in 2024. "We care deeply about our patients and the care they receive, which is why we are unwilling to continue with the status quo with Medicare Advantage plans that result in restrictions to patient care, longer hospital stays and administrative burdens for providers," said Dr. Mark Hallett, chief clinical officer for St. Charles, in a press release.

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What to Do if Your Hospital Drops Your Medicare Advantage Plan cont'd

It doesn't make clinical sense for providers to have to go back to insurance companies multiple times, Votava says. "The cost of doing that – which is, by the way, extremely wasteful – it doesn't gain anybody good care."

How big an issue is it?

Should your chosen hospital stop accepting your Medicare Advantage plan, you may find yourself needing to make adjustments. For instance, tens of thousands of Medicare Advantage beneficiaries in California faced the need to swiftly alter their insurance or healthcare providers when Scripps Health, a healthcare system, announced that two of its medical groups would stop accepting Medicare Advantage plans in 2024.

"Scripps tried to negotiate with private insurers for reimbursements that would cover our costs but was unsuccessful," said Scripps spokesperson Janice Collins in an email.



If your hospital system discontinues your plan and there isn't an alternative Medicare Advantage plan suitable for you, you could find yourself in a difficult situation. While you can switch back to Original Medicare during specific enrollment periods, obtaining an affordable Medicare Supplement Insurance, or Medigap, the plan might pose challenges.

With the exception of a few states, Medigap plans are typically "guaranteed issue," meaning insurance companies must offer you a plan without charging higher premiums based on pre-existing health conditions, but this guarantee only lasts for six months, beginning when you are at least 65 and have enrolled in Medicare Part B.

Medigap covers many of the out-of-pocket costs that come with Original Medicare. Without Medigap, Original Medicare can be pricey. "For Original Medicare to work most effectively, you need a Medigap policy," Caughill says.

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Current Annuity Rates
March 2024

5.90%
3 Year Fixed Annuity

5.83%
5 Year Fixed Annuity

5.80%
7 Year Fixed Annuity

*To find out more,
contact me: 314-287-0179*

What to Do if Your Hospital Drops Your Medicare Advantage Plan cont'd

What can patients do?

Although Medicare’s fall open enrollment period has ended, Medicare Advantage open enrollment runs from Jan. 1 to March 31 each year. During that time, Medicare Advantage enrollees can switch plans or return to Original Medicare.

If you’re outside of an open enrollment window, you might be able to take advantage of a 5-star special enrollment period, which allows you to switch from your current Medicare Advantage plan to a 5-star plan in your area. You can do this once between Dec. 8 and Nov. 30 of the following year. “That hinges on whether you have access to a 5-star plan,” says Meredith Freed, senior policy manager for the Program on Medicare Policy for KFF, a health policy think tank.

Do your research before jumping to another plan, though. “If you’re considering switching because you’re concerned about having access to a specific provider or hospital, I would suggest calling [the provider] to make sure they’re in-network for any plan you’re considering,” Freed says.

If you’re outside of open enrollment and you don’t qualify for a special enrollment period, you’ll have to wait for the next open enrollment period to change plans — unless you move, which Caughill calls the “nuclear option.”

“When you move, you have a Medicare do-over,” Caughill says. “You just have to move out of your Medicare Advantage plan’s service area.” Not only can you change Medicare Advantage plans if you move, but you also have another chance to sign up for Original Medicare and a Medigap plan with guaranteed issue rights. The caveat: You do have to actually move — not just pretend you’ve moved. “Don’t commit insurance fraud,” Caughill says.

Upcoming MO Medicare 101 Workshops

St. Louis County Library

Oak Bend Branch

842 S Holmes Ave
St. Louis, MO 63122

- March 28th at 1:00pm

Jefferson County Library

Arnold Branch

1701 Missouri State Rd
Arnold, MO 63010

- March 21st at 12:00pm

St. Louis County Library

Meramec Valley Branch

1501 San Simeon Way
Fenton, MO 63026

- March 18th at 6:00pm

St. Louis County Library Thornhill

Branch

12863 Willowyck Dr
St. Louis, MO 63146

- March 26th at 1:00pm



Register soon:
usamedicare101.org/adl!

7 Things to Know About Social Security and Taxes

A persistent misconception regarding Social Security is that benefit payments are exempt from federal income taxes. While this was accurate since the program's inception in the 1930s until Congress restructured its financing in the 1980s, for the past four decades, a portion of Social Security income has been subject to taxation for certain beneficiaries. Whether or not your benefits are taxable hinges on your income. If you rely solely on Social Security, it's improbable that your benefits would meet the threshold for taxation. However, if you have additional income sources such as employment or withdrawals from retirement accounts, the likelihood of owing taxes on some portion of your benefits increases.



Here are seven things Social Security recipients, present and future, should know about taxation of benefits.

1. Income matters — age doesn't

Contrary to another widespread misconception, reaching a certain age does not exempt you from paying taxes on your Social Security benefits. Rather, it is solely your income that determines whether you owe federal taxes on these benefits. To determine this, the IRS calculates your adjusted gross income (AGI), tax-exempt interest income, and half of your Social Security benefits for the year. If this total, often referred to as your "combined" or "provisional" income, surpasses \$25,000 for an individual taxpayer or \$32,000 for a married couple, a portion of your benefits becomes taxable.

These minimum thresholds have remained unchanged since the introduction of benefit taxation. As incomes have increased over the decades, the proportion of Social Security recipients whose benefits are subject to taxation has also risen, according to data from the Social Security Administration (SSA), from less than 10 percent in 1984 to nearly half in recent years

2. You won't be taxed on all your benefits

Under an overhaul of Social Security's financing passed by Congress and signed by President Ronald Reagan in 1983, up to 50% of benefit income could be taxed if the recipient's combined income exceeded the limits noted above. Budget legislation enacted a decade later under President Bill Clinton added a second, higher income threshold and making up to 85% of benefits taxable above it.

Here's how it stands:

- Combined income under \$25,000 (single) or \$32,000 (couple): Benefits are not taxed.
- Combined income of \$25,000 to \$34,000 (single) or \$32,000 to \$44,000 (couple): Up to 50 percent of benefits can be taxed.
- Combined income above \$34,000 (single) or \$44,000 (couple): Up to 85 percent of benefits can be taxed.

The "up to" is important. Simply landing in one of those higher income tiers doesn't mean your benefits will be taxed to the maximum level — it's more like a sliding scale. The IRS has an [online tool](#) you can use to figure out how much of your Social Security income is taxable.

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7 Things to Know About Social Security and Taxes cont'd

3. You can have federal taxes withheld from benefits.

If you anticipate owing taxes on your benefits, you have the option to proactively cover a portion of the tax liability by having taxes deducted from your monthly Social Security payments. You can elect to have withholding initiated during your Social Security application process or opt for it later by completing IRS Form W-4V and delivering it to a Social Security office. In either scenario, you have the flexibility to select withholding rates of 7 percent, 10 percent, 12 percent, or 22 percent of your benefits, which will be applied towards your subsequent IRS obligations.



4. It isn't just retirement benefits.

The taxation rules apply to all forms of benefits paid out of Social Security's trust funds — retirement benefits, survivor benefits and Social Security Disability Insurance. Whichever type of Social Security benefit you're getting, you could owe taxes on it, depending on your overall income. These regulations do not extend to Supplemental Security Income, a distinct safety net benefit managed by the SSA but funded from the general U.S. Treasury. SSI benefits assist individuals with extremely low incomes and minimal financial resources, including those who are 65 or older, visually impaired, or have a disability. Importantly, these payments are not subject to taxation.

5. Taxes on benefits help pay benefits.

By law, federal income taxes collected on benefits go into the government's Social Security and Medicare trust funds, meaning they contribute to future benefit payments. Income taxes on benefits paid out in 2022 added \$48.6 billion to Social Security's coffers, accounting for about 4 percent of the program's revenue, the vast majority of which comes from payroll taxes levied separately on most U.S. workers' earnings.

6. Some states tax Social Security, too.

Most states do not tax Social Security income. But if you live in Colorado, Connecticut, Kansas, Minnesota, Missouri, Montana, Nebraska, New Mexico, Rhode Island, Utah, Vermont, or West Virginia, some portion of your 2023 benefits may be subject to state income taxes under widely varying rules and formulas. That money goes into the state's general funds. Most of these states use different criteria than the federal government for taxing Social Security payments, setting higher income thresholds, offering various deductions or otherwise limiting taxation of benefits in ways that exempt many beneficiaries. In New Mexico, for example, Social Security income is fully deductible for residents with AGIs below \$100,000 for an individual and \$150,000 for a couple. Colorado residents age 65 and over can fully deduct their benefits. Missouri and Nebraska are ending taxation of Social Security income, starting with the 2024 tax year.

7. COLA could have an impact

Income from Social Security benefits figures into the tax calculation, and that income has gotten a big bump in recent years due to inflation. The 2023 COLA of 8.7%, the largest since 1981, increased the average retired worker's Social Security income by about \$1,760 for the year. The 2024 COLA is boosting benefits another 3.2%. That helps retirees keep up with rising prices. But while benefits are adjusted for inflation, the income tiers for taxation of benefits are not. The COLA can push some Social Security recipients over the threshold for owing taxes on their benefits and potentially increase the bill for those who were already over the threshold, especially when inflation is running hot.

12 Things That Are Free Under Medicare



1. A onetime “Welcome to Medicare” visit

This visit must be made within the first 12 months of signing up for Medicare Part B, the part of Medicare that covers doctor visits and other outpatient services. Think of this initial visit as a baseline check-in.

2. A yearly wellness visit

According to Medicare, this is a once-a-year visit to “update your personalized plan to help prevent disease or disability.” Your doctor will probably take your vital signs (height, weight and blood pressure) and review your medical history and the medications you are taking. Providers are also expected to do a cognitive assessment to look for any signs of dementia.

3. Vaccines

Thanks to a federal law passed in 2022, Medicare now covers most vaccines at no cost to enrollees with prescription drug coverage under Medicare Part D or as part of their Medicare Advantage plan.



4. Diabetes screenings

Medicare Part B will cover up to two diabetes screenings each year, including blood glucose tests, if your doctor determines you are at risk for developing diabetes and you have risk factors such as high blood pressure, a history of abnormal cholesterol levels, are obese or have a history of high blood sugar.

5. Depression screening

Medicare covers one depression screening per year that must happen in a primary care setting, like a doctor’s office.

6. Mammograms

Medicare will pay for a screening mammogram every 12 months if you are a woman age 40 or older.



7. Colorectal cancer screenings

Four separate screening tests for colorectal cancer are covered for free: a fecal occult blood test, a flexible sigmoidoscopy every 48 months, a stool DNA test, and a screening colonoscopy every 10 years if you are not at high risk for colon cancer, or every two years if you’ve had a history of colon problems or there’s a family history of colon cancer.



8. Lung cancer screenings

Medicare will cover a lung cancer screening using low-dose computed tomography once a year if you have certain qualifications.

9. Prostate cancer

Starting the day after a man turns 50, Medicare will cover a prostate specific antigen (PSA) blood test every 12 months.

10. Smoking counseling

Medicare will pay for up to eight counseling sessions over a 12-month period to help you stop smoking or using tobacco.



11. Alcohol counseling

Medicare will cover one annual alcohol misuse screening. In addition, the program will cover up to four brief face-to-face counseling sessions each year if you are someone who uses alcohol but doesn’t meet the medical criteria for being alcohol dependent.

12. Nutrition therapy

Medicare will cover some nutrition services if you have diabetes or kidney disease or have received a kidney transplant in the past 36 months.



Fork Stamped Tulip Craft

This Fork Stamped Tulips Craft is a fun and unique Spring craft perfect for everyone!

Materials:

- Forks
- Washable kids paint
- Paper plate
- White cardstock
- Paintbrush



Instructions:

- Prepare the paint by adding a little bit of each color to the paper plate. Set the forks and paintbrush close by.
- Stamp the fork into different colors of paint and then stamp onto the paper.
- Using a paintbrush, add the green stems and leaves.



Thanks for reading! Please contact me with any questions about Medicare or your retirement planning.



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