



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

# Navigating Medicare: Financial Planning for your Health & Wealth

Presented by: Nate Epp & Zac Huish



## Nate Epp

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Health Insurance Consultant

HUB International



## Zac Huish

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Senior Vice President of Wealth Management

HUB International

# Agenda

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**3** Key Takeaways & Q&A

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# Medicare 101

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# Medicare 101

## Who is Eligible?

**1** Individuals age 65 and older

**2** Individuals under age 65 with certain disabilities

**3** Individuals of all ages diagnosed with end-stage Renal Disease and ALS (Lou Gehrig's disease)

# 1965

## July 30

Medicare was passed into law

## Four Parts

**Part A:** Hospital Insurance

**Part B:** Medical Insurance

**Part C:** Medicare Advantage

**Part D:** Prescription Drug Coverage

# Medicare at age 65

**For individuals turning 65 and have health insurance coverage through an employer, there are 3 options to consider:**

**01**

**Stay on the employer plan, enroll in just Part A of Medicare**

- No penalty as long as the employer has 20 or more employees
- If employer has less than 20 employees, must enroll in Part A and B

**02**

**Stay on the employer plan, do not enroll in any part of Medicare**

- No cost to Part A. Employer plan will be primary, Part A secondary for inpatient hospital expenses
- If you enroll in Part A, neither you or employer can contribute to your HSA (Health Savings Account)

**03**

**Come off the employer plan, make full transition to Medicare**

- Turning 65 is a qualifying event to come off the employer plan
- Compare cost/coverage of employer plan vs. Medicare to determine which option is best

# Medicare — Part A



No monthly premium for Part A if worked at least 40 Medicare-approved quarters (equals 10 years). Under 40 quarters can be up to \$311 or \$565 per month.

## What does Medicare Part A cover?

*Medically Necessary...*

Inpatient Hospital Care

Skilled Nursing Facilities

Hospice

## How are these services covered?

- Inpatient – You pay a \$1,736 deductible for first 60 days, \$434/day for 61-90 and \$868/day for day 91 and beyond (per benefit period)
- Skilled Nursing - You pay nothing for days 1-20, \$217/day for 21-100, full cost beyond day 101
- These holes in coverage are referred to as "GAPS"

# Medicare — Part B



**Part B has a monthly premium of \$202.90/month/person**  
Can be adjusted based on income: Maximum = \$689.90/month

**What does Medicare Part B cover?**

*Medically Necessary...*

**Outpatient Care (tests, lab services, chemo)**

**Durable Medical Equipment**

**Doctors' services**

**Preventative Care/  
Home health care**

**How are these services covered?**

- You pay \$283 calendar year deductible
- You pay 20% of the Medicare-approved amount for medically necessary services
- Excess charges over the Medicare-approved amount if your doctor does not accept assignment
- Part B also has holes in coverage referred to as "GAPS"

# Medicare Roadmap

In addition to Original Medicare, choose Advantage (Part C) or Supplement & Part D.

Original Medicare	
Part A	Inpatient Hospital Insurance
Part B	Doctor/Outpatient Insurance

## Advantage Part C

- Must be enrolled in Original Medicare
- Low Premium/Copays at time of service
- Most include Part D at no extra premium
- Networks (HMO/PPO)
- Annual Enrollment Period (AEP) is October 15 - December 7

OR

## Supplement Medigap Insurance

- Must be enrolled in Original Medicare
- Mandated Benefits - All carrier plans are the same
- Higher premium/less out of pocket costs at time of service
- No Rx included (need Part D)
- Use any doctor/facility that accepts Original Medicare
- Can be guarantee issued

+

## Part D Prescription Drug Insurance

- Must have creditable coverage at age 65 - can be through an employer plan, VA or other Medicare retiree plan
- National average cost is \$38.99/mo.
- Annual Enrollment Period (AEP) is October 15 - December 7

# Medicare Supplement Comparisons


Benefits	Plan A	Plan B	Plan D	Plan G*	Plan K	Plan L	Plan M	Plan N*	Plan C <sup>1</sup>	Plan F <sup>1</sup>
Part A coinsurance and hospital costs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B Coinsurance	✓	✓	✓	✓	50%	75%	✓	✓	✓	✓
Blood (first 3 pints)	✓	✓	✓	✓	50%	75%	✓	✓	✓	✓
Part A Hospice Care	✓	✓	✓	✓	50%	75%	✓	✓	✓	✓
Skilled Nursing Facility	✗	✗	✓	✓	50%	75%	✓	✓	✓	✓
Part A Deductible	✗	✓	✓	✓	50%	75%	50%	✓	✓	✓
Part B Deductible	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓
Part B Excess Charges	✗	✗	✗	✓	✗	✗	✗	✗	✓	✓
Foreign Travel (up to plan limits)	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓

\*Plan F and G also offers a high-deductible plan. This plan carries a \$2950 deductible in 2025. \*Not available for those who turn 65 after January 1, 2020, phasing out

\*With Plan N you are responsible for the \$283 Part B deductible before your plan pays 100% minus a copayment for some office visits and some emergency room visits that do not result in inpatient admission.

On 01/01/2020, Medigap policies sold to new members will not be allowed to cover the Part B deductible. Because of this, Plan C and F will no longer be available to newly Medicare-eligible members. If you already have these two plans, you will be able to keep your plan. If you were eligible for Medicare before 01/01/2020, but not yet enrolled, you may be able to purchase one of these plans.

# Medicare Part D Standard Benefits

		2026
<b>1</b>	<b>Deductible</b>	\$615 per calendar year
<b>2</b>	<b>Initial Coverage Period</b>	After deductible is met, beneficiary pays coinsurance/copayments and the plan pays its share until the yearly drug costs (including the \$615 deductible) reach \$2,100.
	<del><b>Coverage Gap - "Donut Hole"</b></del>	This stage was eliminated in 2025
<b>3</b>	<b>Catastrophic</b>	Beneficiary pays \$0 for the remainder of the calendar year.

# Medicare Penalties



## Part B Penalty

- Medicare states that as long as you are covered through a group health plan, and that company has 20 or more employees, then you do not have to enroll in any part of Medicare.
- You are allowed to delay enrollment into Medicare, without penalty, until you come off the employer health plan (same rule for spouse).
- Once employer plan ends, you have an 8 month window to apply for Medicare without penalty.

## Part D Penalty

- This penalty goes a step further and says that even though you have coverage on a group health plan, it has to meet Medicare's standards for prescription coverage.
- This is known as 'Creditable' coverage. As long as your coverage is considered creditable, there is no Part D penalty.

# Medicare Part D Penalty



## 3 Ways to Avoid Paying A Penalty

01

Join a Medicare drug plan when you are first eligible

02

Don't go more than 63 days in a row without Part D or other creditable coverage (i.e. VA Benefits, Employer Plan, etc.)

03

Fill out the Declaration of Prior Drug Coverage form when you enroll in a Part D plan.

### How is the penalty calculated?

Multiply 1% of the "national base beneficiary premium" (\$39 in 2026) by the number of months you were not on a Part D plan or on non-credible drug coverage

### Example:

#### 7-month penalty

$.07(7\% \text{ penalty}) \times \$39 = \$2.73/\text{monthly late enrollment penalty}$

Part D premium + Late enrollment penalty = Total Part D monthly premium

# Health Savings Accounts



Per IRS rules, ENROLLING in any part of Medicare coverage for any reason will cause an individual to become ineligible to contribute to an HSA.

Note: Drawing Social Security triggers enrollment into Medicare, if eligible.

If a spouse on a group health plan has any part of Medicare and the employee does not, the employee can still contribute the family maximum limit allowed by the IRS.

At age 65, an individual can take penalty-free distributions from an HSA for any reason. For the distribution to be tax-free, it would have to be for a qualified medical expense.

# Health Savings Accounts



At age 65, you can use your HSA to pay for Medicare parts A, B, D and Medicare Advantage premiums tax-free and penalty-free.

If you delay Medicare enrollment past age 65, your Part A effective date can be backdated six months.

The year an individual enrolls in Medicare, they will be able to contribute a pro-rated amount to an HSA for the months they were not eligible for Medicare

## Example

Medicare  
Enrolled Date:  
**7-01-2026**

Single Maxed  
Allowed in 2026  
**\$5,400**

Pro-rated Amount to  
Contribute:  
**\$2,700**

# Medicare & Your Wealth Strategy

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# How Medicare Affects Your Income Strategy

## IRMAA: Your Income Affects Your Premiums

Medicare premiums are not one-size-fits-all — higher earners pay more.

The surcharge is called IRMAA and is based on your income from 2 years prior.

It applies to both Part B and Part D premiums.

The difference between the lowest and highest premium tier can be significant.

You can appeal IRMAA if your income has changed due to a life event.

**Plan income carefully in the 2 years before Medicare enrollment**

## Tax Implications to Consider

### **Medicare premiums may be tax deductible**

*Deductible as a medical expense if you itemize or are self-employed*

### **HSA withdrawals for Medicare are tax-free**

*Can be used for Parts A, B, D and Medicare Advantage premiums*

### **Roth distributions are tax-free**

*Do not count as income — no impact on IRMAA or tax bracket*

### **Traditional IRA & RMD withdrawals are taxed**

*Count as ordinary income and can push you into a higher IRMAA tier*

### **Social Security may be partially taxable**

*Up to 85% can be included as taxable income depending on MAGI*

**Tax-efficient income planning before and during Medicare can meaningfully reduce your costs**

# Advanced Planning: Roth Strategy & Estate Considerations

## Roth Conversions Before Medicare

Strategic Roth conversions in the years before Medicare eligibility can meaningfully reduce lifetime healthcare costs.

<b>Ages 60–63</b>	The ideal conversion window — often lowest income years before Medicare, allowing tax-efficient Roth conversions
<b>Ages 63–65</b>	IRMAA is based on income 2 years prior — large conversions at 63+ can raise age-65 Part B premiums
<b>Post 65</b>	Roth IRA distributions do not count toward MAGI, reducing IRMAA exposure in retirement
<b>RMDs</b>	Converting earlier reduces future required distributions that inflate MAGI

## Estate & Long-Term Considerations

Medicare covers acute care — NOT long-term care. That gap requires its own planning strategy.

### Medicare Does Not Cover Long-Term Care

Custodial and nursing home care must be funded through other means

### Medicaid & Asset Protection

Qualifying requires spending down assets – advance planning is essential

### Roth Assets & Heirs

Roth IRAs pass income-tax-free to beneficiaries and avoid RMD inflation on survivors' Medicare costs.

### Estate Recovery

States can recover long-term care costs from estates. Coordinate with an estate attorney well before enrollment.

**The earlier you plan, the more options you have to protect assets and reduce costs.**

# Key Takeaways

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# Key Takeaways



**Medicare Basics:** Medicare has four parts (A, B, C, and D), each covering different aspects of your health care. Understanding what each part covers helps you make informed decisions about your coverage.



**No Cost to You:** HUB's Medicare consulting services are provided at no charge. Our advisors are here to help you navigate your options without any fees.



**HSA and Medicare Don't Mix:** Enrolling in any part of Medicare makes you ineligible to contribute to an HSA. Plan ahead to maximize contributions before your Medicare enrollment date.



**Next Steps:** Complete the survey at the end of the webinar to get more information and talk to an RPW advisor.

# Q&A

# Resilience Under Pressure: Enterprise Risk Strategies for Healthcare Organizations

Healthcare organizations are growing faster than ever — whether through mergers, adding clinic networks or adopting new technologies— all of which create a more intricate and interconnected risk ecosystem. Operational vulnerabilities, cyber threats, liability exposures and tightening capital budgets don't exist in isolation, and neither should your risk strategy.

Thursday, April 9  
12:30 PM CT | 1:30 PM ET

Register here



# Thank you

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