What You Need to Know About Healthcare

Guide to Understanding Healthcare

MetLife®

As you look forward to retirement, you may be considering many different things. Where will I live? How will I spend my time? Should I retire—or work part-time?

Aside from answering these questions, you need to ask yourself about your healthcare:

- How much will it cost?
- What would happen if I had a major illness or injury?
- Where will my coverage come from?

Why is it so important to focus on healthcare expenses? Healthcare costs are rising at a faster rate than general inflation. And unless you plan for anticipated expenses—and unexpected risks—your retirement assets could end up in jeopardy.

How can I plan for future healthcare costs?

When you leave the workplace you may be leaving behind some very important benefits—primarily medical insurance. And without it, you may soon realize that the price tag of even a routine doctor visit could give you sticker shock.

But there are some easy steps you can take to finance your healthcare needs in retirement while protecting your assets from risk.

First, check to see if your employer offers retiree insurance.

If so, speak with your employee benefits advisor to determine what benefits you will have and what the cost will be. This will make it easier to anticipate the other types of coverage you will need and plan for their cost.

> This would also be true if you were able to obtain or continue benefits under your spouse's plan when you retire.

Ask your employer the following questions:

- Will your employer still subsidize your coverage?
- What will your out-of-pocket premium cost?
- Will your benefits mirror your current ones? If not, how will they change?
- Will your co-payments and deductibles increase?
- Will you have dental, vision and prescription drug benefits?
- Once you become eligible for Medicare, how will all this change?
- What will your premiums and benefits be if you select COBRA?
- Can you work part-time to maintain healthcare coverage?
- Will retiree benefits be available at a later date, for example when you become eligible for Medicare?

What is COBRA and how does it work?

Under the Federal COBRA law, even if your employer does not offer retiree health benefits, you may be eligible to keep your health insurance coverage for at least 18 months after you leave work. You can maintain your coverage by paying the full premium plus an administration charge—your benefits counselor can tell you whether you are eligible and what the costs will be.

You can, of course, look into purchasing an individual plan from a private insurer, but COBRA has advantages over other private insurance. For one, your rates will likely be less than private individual insurance.

> Premiums in a private plan are typically based on your age at the time of purchase.

If you're within 18 months of your 65th birthday, COBRA could be an option to help bridge the gap in your coverage until Medicare kicks in.

What happens after my COBRA coverage expires and I'm still not eligible for Medicare?

There is one other law that can provide you with protection. It's called the Health Insurance Portability and Accountability Act or HIPAA.

If your COBRA policy has expired, HIPAA allows you to purchase private individual policies without pre-existing condition exclusions, provided that there has not been a gap in your health coverage that exceeds HIPAA's requirements.

> The protections under HIPAA are important because they protect you if you have health conditions that might otherwise have caused you to be declined for coverage in an individual policy.

Private individual insurance premiums vary so you should carefully consider plan options before making a decision. For example, you can save money on premiums if you select a plan with a high deductible, but be sure you understand what the potential out-of-pocket costs are if you become ill or need hospitalization.

What is a Health Savings Account and how does it work?

A Health Savings Account, or HSA, is something you can contribute to prior to retirement, which allows you to set aside dollars to pay for eligible health care expenses. Your employer may enable you to set up an HSA. Otherwise, you can establish one through a bank, credit union, insurance company or other approved companies.

> There are some requirements to an HSA, including participation in a high deductible health plan.

Unlike flexible spending accounts, or FSAs—where if you don't use your contributions, you lose them—a HSA allows you to roll over funds you don't use in one year to help pay for expenses the next year. These funds also grow tax-deferred in the meantime.

However, once you enroll in Medicare (Part A or Part B), you can no longer contribute to an HSA, but you can use funds you've accumulated in the account for qualified expenses.

Wishing you a happy and healthy retirement.

You can't predict what will happen to you in your retirement, so you might as well plan on enjoying it. And staying healthy can put you at an advantage when it comes to enjoying the freedom and opportunities retirement may bring.

At MetLife, we can help you get organized and create a plan to help you generate income to meet your essential retirement needs with protections to guard against unexpected risks. Let us know if you want a MetLife Representative to contact you.

Contact a MetLife Representative at retirement.metlife.com.

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