

SENIOR'S OUTLOOK

JULY 2021



Medicare's Free Diabetes Prevention Program

MILLIONS OF Medicare beneficiaries can now receive free coverage for a comprehensive Diabetes Prevention Program, effective April 1, 2018.

This new program, MDPP, is for Medicare beneficiaries who have prediabetes – an elevated blood sugar level that places them at risk for developing type 2 diabetes – in order to delay or prevent the onset of diabetes and prevent more serious medical problems in the future.

Type 2 diabetes can lead to blindness, kidney failure and amputation. It is also associated with an increased risk of heart disease and stroke.

Studies show that participation in these programs reduces the risk of developing type 2 diabetes by 58% overall.

Eligibility for MDPP

Medicare will cover MDPP if you meet the following criteria:

- You are enrolled in Medicare Part B.
- You have a body mass index of at least 25, or at least 23 if you self-identify as Asian.
- You meet one of these three blood-check criteria within 12 months of the first core session:
 - A1C value between 5.4 and 6.1%
 - Fasting plasma glucose of 110 to 125mg/dl
 - 2-hour plasma glucose of 140 to 199mg/dl
- No previous diagnosis of type 1 or type 2 diabetes (other than gestational)
- You do not have end-stage renal disease.

Nearly half of all senior citizens in America have prediabetes. Left unmanaged, the condition may evolve into type 2 diabetes, and leave victims at higher risk of heart disease and strokes.

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FREE HELP FOR MEDICARE BENEFICIARIES

If you have prediabetes, the program will provide you with a 12-month series of classes and personalized coaching sessions to help you with the following activities:

- Dietary changes
- Shopping and cooking tips for healthy weight loss
- Increasing your physical activity
- Tracking activity levels
- Tracking foods, especially carbs
- Weight loss strategies
- Maintaining heart health
- Stress reduction and management
- Mental health
- Coping with triggers
- Time management and fitness
- Diabetes prevention and detection

If you meet weight loss and attendance goals, you'll be eligible for an additional 12 months of ongoing maintenance coaching sessions.

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Medicare Advantage Plans Get Big Boost for 2019

RELECTING HEALTH care cost trends, the Centers for Medicare and Medicaid Services has issued a final rule increasing payments to Medicare Advantage plans to 3.4% in 2019.

The announcement was part of a larger one on changes that will affect Medicare Advantage plans starting 2019, including more lax rules on what can be covered expenses for medical purposes.

The substantial increase is almost double the 1.84% hike the CMS had proposed in February. The 3.4% increase compares to the 2.95% that the payments were increased to in 2018, from the year prior.

But because of other changes the CMS made in its final rule to how it uses certain data to calculate patient “risk-adjustment scores,” the effective increase could be closer to 6.5%, on average, according to the agency’s announcement of the changes.

The payments that are being increased are made to the health insurers that administer Medicare Advantage plans. Medicare Advantage health insurers are paid a set rate by the government to help cover members’ health care costs.

The rate also affects how much insurers charge for the policies. The increase should help offset part of any premium increases, and the increased level should temper some of the inflationary pressures that all payers are feeling in the health care sector.

Risk-adjustment scoring

Another factor that will affect premiums and how much CMS pays out to health plans is how “risk scores” are calculated.

Payments to Medicare Advantage plans are influenced by risk scores, which take into account differences in patients’ medical diagnoses and health outcomes. The sicker the patient, the higher the risk score assigned.

In its announcement, the CMS said it would increase the use of encounter data to determine risk scores for plans. Under the final rule:

- Traditional fee-for-service data will account for 75% of Medicare Advantage risk scores (it’s 85% for 2018), and

- Encounter data will account for the remaining 25% (compared to 15% in 2018).

The effect, experts say, will likely be a further increase in payments, perhaps by as much as another 2 percentage points.

New covered items

Starting in 2019, new benefits for Medicare Advantage plans may include such items as covering special air filters for air-conditioners for people with asthma and allergies, healthy groceries, rides to medical appointments and home-delivered meals.

The CMS expanded how it defines the “primarily health-related” benefits that can be included in Medicare Advantage policies.

Many Medicare Advantage plans already offer health benefits not covered by traditional Medicare, like eyeglasses, hearing aids and dental care. But the new rules will expand that significantly to items and services that may not be directly considered medical treatment.



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HOW TO LOWER RISK OF DEVELOPING TYPE 2 DIABETES

- Get screened.
- Stay active and take advantage of the Silver Sneakers program – a Medicare program that helps beneficiaries with discounted fitness club memberships and classes.
- Limit sugar and starchy foods like bread, white rice and potatoes.
- Limit alcohol consumption.
- Explore lower-carb diets, such as the Mediterranean or South Beach.
- Get your weight under control. If you can lose 5-10% of your body mass, you can reduce your chances of developing the deadly disease by 58%.

Life Insurance That Kicks in Prior to Death

MOST PRUDENT individuals with a family have life insurance in place, but what happens if you have a life-debilitating illness or injury that leaves you incapable of working and which renders you struggling to hang on to life?

The financial consequences of a terminal illness can be catastrophic. Developing cancer, suffering a heart attack or being seriously injured in an accident can leave you and your loved ones scrambling to make ends meet.

For people in that position, it makes sense for life insurance benefits to kick in so that they can be used while the covered individual is still alive.

The term for this type of insurance is “living benefits,” which typically comes in the form of a rider to a life insurance policy. A living benefits rider helps people to receive care and pay for chronic or terminal illness that precedes death.

The rider entitles the policyholder to an early and accelerated payout of policy death benefits, if the insured is diagnosed to have a life expectancy of 12 months or less.

The rider can help make the insured’s remaining time as comfortable and as dignified as possible, and also keep the family from financial ruin.

Often the majority of our health care expenses come during our end-of-life stage. And that leaves many terminally ill patients facing financial hardship during the worst possible time.

Unfortunately, a simple life insurance policy will not step in to pay benefits until the insured has passed. The living benefits rider breaks down that barrier.

The policyholder can access up to \$250,000 or more of eligible policy proceeds, depending on the type of contract.

This payment, made to the policyholder rather than the beneficiary, reduces the cash value and death benefit, so it dilutes

what the policyholder’s beneficiaries will receive upon his or her death.

Policyholders without this rider and in this situation have two options for accessing funds:

- A policy loan
- A policy surrender

In most cases, however, the rider may provide more funds than either of these options.

This is because policy loans or surrenders are usually based on cash value, while the amount available from the living benefits rider is generally based on the policy’s face value, paid-up additions, and (if applicable) an amount payable under a rider that provides a level amount of insurance.

Using the rider

The rider may be exercised only once and it will be terminated once the policyholder makes a claim for accelerated benefits.

At the policyholder’s request, this rider can be added to new or existing policies for a one-time charge, which is applied when the rider is exercised.

The policy owner merely has to elect living benefits coverage, and can choose to do so anytime.

Benefits are tapped when the policyholder presents the insurance company with proof that they have a terminal illness or have been given a certain amount of time to live based on their circumstances.

If you have any questions about this voluntary benefit and why you should consider offering it to your employees, contact us today.

**WANT TO KNOW MORE?
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Ten Important Steps for Building an Estate Plan

An estate plan is essential for every American adult. People should be prepared for the unexpected whether they are just out of college or nearing retirement. These 10 important steps are helpful for building a solid estate plan.

Create a will – Wills should be signed and dated. A will outlines any specific wishes about who should receive certain belongings. It also serves to appoint an executor for the will and a specific person as a guardian for minor children if desired.

Make a trust – Trusts keep assets safe from probate courts and creditors. If certain assets will be left to survivors, putting them in a trust will ensure that named heirs receive them. Trusts can be revocable or irrevocable.

Set up advance directives – Most people know whether or not they want to be resuscitated or kept alive on life support. Health care directives serve to specify wishes about breathing assistance, feeding tubes and other life-saving measures.

Also, a person can name a health care power of attorney. This individual can legally make decisions about life-saving treatments.

Appoint a financial power of attorney – In the event of a person becoming mentally incapacitated or dying, a financial power of attorney can make decisions about all finance accounts. This individual can handle tax matters, property sales and more.

Buy ample life insurance – Life insurance should at least cover final expenses such as debts and funeral costs. Both working and stay-at-home spouses should have life insurance to replace income or the cost of child care.

Some people also opt to include enough funds for survivors to live on comfortably for several years, to pay off a mortgage or to pay for a

child's college education in the future.

Protect the property of children – If children will inherit money, it should be left in the care of a responsible adult with instructions for distribution. Also, it can be put into special funds for regular disbursement.

Name a beneficiary for financial accounts – By naming a beneficiary for bank, life insurance, savings and other accounts, the funds automatically become payable to that person upon the death of the account holder. This means that the funds will not be tied up in an expensive and long probate process.

Learn about estate taxes – Over 99% of estates will not owe taxes. Those who have an estate worth \$5.4 million or more should discuss strategies with a financial planner.

Make final plans in advance – One of the most frustrating experiences for grieving family members is trying to plan a funeral quickly. If all plans are made in advance and the funeral is paid for, this eliminates a great deal of stress. It is free to make plans even if the individual does not pay for the funeral in advance. Also, make wishes about organ donation known.

Protect business interests – People who own a sole proprietorship or are part of a partnership should make a succession plan and form a buyout agreement. This protects surviving family members and other business owners.

Be sure to store all documents in a safe place – However, they should not be kept a secret from everyone. If they are in a safety deposit box or a locked cabinet, be sure that one or two other trusted people have access to the files. Let beneficiaries or will executors know of their status and where to find documentation.



**WE CAN HELP
WITH ESTATE PLANNING**