

Comparing Costs for an Individual Healthcare Insurance Policy: Michigan Tech’s BCBSM PPO vs. Medicare Parts A, B, and D and a Medicare Supplement (“Medigap”) Plan G

Medicare-eligible employees and retirees might consider **consulting with trusted healthcare insurance professionals and/or certified financial planners** to see if it might be in their best financial interest to withdraw from Michigan Tech’s BCBSM healthcare-insurance plans and, instead, register for Medicare Parts A, B, and D and a Medicare supplement (“Medigap”) plan, such as a Plan G. **Please note that there are many variables; hence, each situation is, to some extent, unique.** However, the below illustration suggests that **in at least some situations**, such a switch might be advantageous. Further research is needed on this question, perhaps with the assistance of an external healthcare-insurance consultant, such as Aon Hewitt.

A. Michigan Tech’s BCBSM HuskyCare PPO, 2015 (See plan description at <http://www.mtu.edu/hr/current/benefits/docs/huskycare-ppo.pdf>)

Premium	Deductible: In Network/Out of Network	*Cost Share (Coinsurance or Copays)	Out of Pocket Maximum: In Network/Out of Network	Prescription Drugs, Retail - 34 day supply or 100-unit doses (whichever is greater)
\$114 per month = \$1,368 per year	\$2,000/\$4,000 per year	Mostly 35%	\$3,000/\$8,000	10% coinsurance for generic drugs (\$5 minimum/\$20 maximum) 25% coinsurance for brand name drugs (\$10 minimum/\$40 maximum)

*Note: Coinsurance is based on a percentage of the cost; copays are based on a defined dollar amount.

When compared to the combined plans below, this plan has a lower total premium and in at least some cases, might provide less expensive prescription drug coverage. However, for some people, the deductibles and the coinsurance and copays might make it a more expensive option overall. Please also note that this illustration is for an *individual* policy; if your spouse and/or children depend on your BCBSM policy for their healthcare insurance and have no other option, switching to Medicare and Medigap may not be the best option for you and your family.

B. Medicare Parts A, B, & D with a Medicare Supplement (“Medigap”) Plan G for 2015
(These plans have no In-Network/Out-of-Network distinctions.)

	Premium	Deductible	*Cost Share (Coinsurance or Copays)	Out of Pocket Maximum
Medicare Part A: Hospital Insurance	\$0	Ordinarily, \$1,260 for each hospital stay of up to 60 days. Then, after you’ve been out for 60 days, this deductible kicks in again; or it kicks in immediately if you’re hospitalized for another reason. However, this expense is covered by some Medigap Plans, including Plan G.	Ordinarily, the following would apply: Days 1-60 = \$0 Days 61- 90 = \$315/day Days 91 – 150 = \$630/day Beyond “life-time reserve days”(get these only once) = all costs. Can repeat in one year. After day 150, you pay all costs. However, this expense is covered by most Medigap Plans, including Plan G.	NA
Medicare Part B: Medical Insurance	\$104.90 per month out of pocket; billed quarterly (@ \$314.70 per quarter). This fee increases for “ higher-income beneficiaries. ” (Taken from Social Security benefits when you begin drawing these benefits.)	\$147 per year This is both your deductible and your out of pocket maximum. (For out-patient care only; none for hospitalization.)	Ordinarily, there would be 20% coinsurance. However, this expense is covered by most Medigap Plans, including Plan G.	None other than the \$147 per year deductible.
Medicare Part D: Outpatient Prescription Drug Plan	\$15.70 per month (depending on the plan; varies with income). <i>See below discussions of coverage gap and Plan Finder.</i>	\$360 for name-brand \$0 for generic	<i>Depends on plan and cost of prescriptions: deductibles plus cost share. See below discussions of coverage gap and Plan Finder.</i>	NA
Medicare Supplement (Medigap) Plan G	\$114.34 per month at age 65 (varies with age and with the insurance company, but all G plans provide the same coverage)	NA	None	NA
Total	\$234.94 per month = \$2,819.28 per year	\$147	See note with Part D: Outpatient Prescription Drug Plan.	NA

*Note: Coinsurance is based on a percentage of the cost; copays are based on a defined dollar amount.

Employees who opt-out of Michigan Tech’s BCBSM plans qualify for a \$150 per month (\$1,800 per year) opt-out payment. See <https://www.mtu.edu/hr/current/benefits/docs/huskycare-plan-comp.pdf>

Employees who opt out of Michigan Tech’s BCBSM plans still qualify for the Health Risk Assessment (HRA) Incentive program. See <http://www.mtu.edu/hr/current/benefits/wellness/hra/hra-info.html>