

Health Insurance Options for Pre-Medicare Retirees

Question: I am planning on retiring before my 65th birthday and I am not disabled so I will not yet be eligible for Medicare. What are my options?

Answer: I was faced with this question a number of years ago when I retired at about 58 years of age. I had to find medical insurance for myself (my wife was already covered under Medicare) for a period of about seven years. In this article I will relate my specific experience to hopefully help those of you still pondering this tough question. The path I chose was specific to my needs and my situation; yours may be different so be sure to take into account those differences in determining the best option for yourself and your family. In the paragraphs that follow I shall also note other options and alternatives that either were not available to me when I retired or about which I was just not aware.

For the first 18 months of retirement I was enrolled in COBRA as it offered me a continuation of my coverage prior to retirement at a favorable premium rate compared to other alternatives. This MAY NOT be the case in all situations. Textron offers, for those that are eligible, continuation of your current insurance plan at the full cost until one reaches the Medicare eligible age of 65 under a “Retiree medical” option. The trade-off is that COBRA provides continued coverage of one’s current health insurance plan (same benefits as plan pre-retirement) for ONLY 18 months after separation, in some cases at a subsidized rate for a period of time. The COBRA vs. “retiree medical” decision must be made within 30 days of your separation commencement date. This applies only if you are under the age of 65; there is a different situation for COBRA if you are over 65 and Medicare eligible.

The real challenge for me came after my 18 month COBRA period expired. As I looked into my options I learned about a website: www.mahealthconnector.org. This site enables Massachusetts residents to do comparative analyses on the different medical insurance plans that are available to them. I found this tool to be very helpful in my selection process. The differences in premiums and

coverage are substantial. For an INDIVIDUAL, the monthly premiums ranged from about \$400 to over \$1000, depending on coverage! I imagine other states such as New Hampshire and Florida would have similar online tools available. Unlike the more streamlined plans that Textron employees have become accustomed to over the years, the way coverage is priced in the form of deductibles/co-payments within a given plan can vary widely by medical category of service provided. The standardized coverage format that Massachusetts has created on their website is a big help in making comparisons between plans. Note that healthcare coverage is mandatory in MA.

Other potential sources of health insurance are group insurance plans offered by associations such as ASME, IEEE, AARP, and AAA and your Chamber of Commerce.

In selecting the right coverage I considered the following factors:

1. My objective in purchasing medical insurance;
2. My current health and past history;
3. My genetic predispositions;
4. My current prescription medication needs;
5. My requirements for maintaining my current set of MDs
6. My requirements for in-network hospitals
7. Selection of HMO, PPO, or PCP plan (note: specific definitions of HMO, PPO, and PCPs are beyond the scope of this article but should be adequately researched by the interested reader).

In my specific case I decided I wanted a plan that would protect me against major medical expenses such as complex surgery or long duration hospital stays for treatment and recuperation. On the other hand I planned on paying for minor medical expenses “out of pocket” and not incur a higher premium to include them in my insurance coverage. Since my current health, past history, and genetic predispositions were all good, and since my current prescription medication needs were low, I felt this was a good decision.

I wanted to maintain my current set of MDs as most of them have cared for me for many years but I also wanted the freedom to go to any doctor at any hospital to receive treatment, in the event of a critical need. If participating physicians are important to an individual, then one should recheck the MD list when re-evaluating health plan options each year – participation can change as plans and rates change. These requirements drove me to a PPO type of plan. Within the PPO category there are still many plans from many providers to select from. Your specific needs, desires and requirements could very well drive you to a different type of plan, with different coverage and premiums.

The “bottom line” is that if you are a Massachusetts resident, www.mahealthconnector.org is a very valuable tool in helping you sort out your health insurance options. Since I am still less than 65, I evaluate my options every year during the Open Enrollment period to make sure the plan I have is best suited to my needs and my pocketbook.

While the above discussion addresses health insurance, it generally does not cover dental or vision care. In most cases you need to determine your need for these types of insurance and then seek them out separately, compare and choose.

One final note, within the year that one turns age 65, he or she should check out the www.medicare.gov website for information on basic Medicare benefits and some good comparative tools for Medicare Supplemental and Prescription Drug plans.