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LifeStyle Newsletter

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Understanding 2016's Higher Medicare Part B Premiums

One-in-seven Medicare enrollees will pay higher Medicare Part B monthly premiums during 2016. Their premiums will be \$121.80 each month, an increase of 16 percent. While that's not good news, it's better than it could have been.¹

Part B is one component of Medicare's Supplemental Medical Insurance (SMI). It helps pay the cost of physicians, outpatient hospital care, home healthcare, and other services needed by those who enroll in Medicare. The *2015 Annual Report of the Boards of Trustees* said:²

"In 2014, Medicare covered 53.8 million people: 44.9 million aged 65 and older, and 8.9 million disabled... The SMI trust fund is adequately financed over the next 10 years and beyond because premium and general revenue income for Parts B and D are reset each year to cover expected costs and ensure a reserve for Part B contingencies. In 2016, however, a hold-harmless provision that restricts Part B premium increases for most beneficiaries is expected to cause a substantial increase in the Part B premium rate for other beneficiaries."

The report estimated Part B premiums and deductibles would increase by an unprecedented 52 percent,³ rising from \$104.90 in 2015 to \$159.30 in 2016 for Medicare beneficiaries who were not subject to the hold-harmless provision.^{2, pg 32}

The hold-harmless provision limits the dollar increase in Medicare beneficiaries' premiums to the dollar increase in their Social Security benefits. Since there is no cost-of-living adjustment for Social Security in 2016, there can be no increase in premiums for about 70 percent of Medicare Part B participants.^{2, pg 32} (The hold-harmless provision has been invoked twice in the last 40 years.¹)

The remaining 30 percent of beneficiaries will see premiums increase. The *AARP* reported 16 percent of these beneficiaries are low-income individuals whose premiums are paid by their states, so they will not pay higher premiums directly. The remaining 14 percent will pay higher premiums during 2016. This group includes those who:¹

- Pay higher-income Part B premiums
- Pay Part B premiums directly to Medicare (those who do not have premiums deducted from Social Security benefits)
- Pay permanent penalties because they did not sign up for Part B on time
- Will enroll in Part B during 2016

The good news is these beneficiaries won't pay \$159.30, as originally estimated. The Bipartisan Budget Act of 2015, which was signed into law early November 2015, set the Part B monthly premium at \$121.80 for 2016. That's a 16 percent increase over 2015, but still a significant improvement over original estimates.³

The *Kaiser Family Foundation* reported Part D drug plan premiums, which are not subject to a hold-harmless provision, are likely to increase for all beneficiaries in 2016 (by 13 percent on average), so some Social Security recipients may see a reduction in benefits next year.³

Soup Hits the Spot

There are some days – cold rainy days, bitter blustery days, gray slushy days, quiet snowy days – when soup really hits the spot. This recipe is a favorite in St. Louis, Missouri, where it once was served in Famous Barr's Café.

Famous Barr's French Onion Soup⁴

5 pounds onions

1/2-cup butter (1 stick)

1-1/2 teaspoons black pepper, freshly ground

2 tablespoons paprika

1 bay leaf

7 (16 ounce) cans beef broth, divided

1 cup dry white wine (optional)

3/4 cup all-purpose flour

Caramel coloring (optional) or Kitchen Bouquet (optional)

2 teaspoons salt

French baguette (optional)

Swiss cheese (optional) or Gruyere cheese (optional)

Directions:

Peel onions and slice 1/8-inch thick, preferably in a food processor.

Melt butter in a 6-quart (or larger) stockpot. Add onions; cook, uncovered, over low heat for 90 minutes, stirring occasionally. (The long cooking time makes the onions mellow and sweet.) Stir in pepper, paprika, and bay leaf; sauté over low heat 10 minutes more, stirring frequently.

Add six cans of broth and wine. Increase heat and bring to a boil.

Dissolve flour in remaining one can of broth. Stir into boiling soup. Reduce heat and simmer slowly for two hours. Adjust color to a rich brown with caramel coloring and season with salt.

Refrigerate overnight. To serve, heat soup in the microwave or on the stove. If desired, pour into ovenproof crocks or bowls. Top with a slice of bread and a sprinkling of grated cheese. Heat under the broiler until cheese melts and bubbles, about 5 minutes.

What Do You Know About Medicare?

Medicare can be complicated. As you near retirement (or if you become disabled), it's important to understand who is eligible, when to enroll, what is covered, and a variety of other essential information. Test your basic knowledge by taking this quiz.

1. The Initial Enrollment Period for Medicare is:⁵
 - a. Your first chance to enroll in Medicare.
 - b. A seven-month window.
 - c. The three months before your 65th birthday, the month of your birthday, the three months after your 65th birthday.
 - d. All of the above.

2. If you don't sign up during the Initial Enrollment Period:⁵
 - a. You can sign up during the general enrollment period, which is January 1 through March 31 each year.
 - b. You may have to pay a higher premium for Part A and/or Part B.
 - c. You may be eligible for a special enrollment period.
 - d. All of the above.

3. Which of the following does Medicare typically not cover?⁶
 - a. Hospitalization
 - b. Preventative medical care
 - c. Long-term care
 - d. Prescription drugs

4. During 2013, one-half of all Medicare beneficiaries had income (including Social Security benefits) of less than:⁶
 - a. \$53,500 per person
 - b. \$43,500 per person
 - c. \$33,500 per person
 - d. \$23,500 per person

A Good Night's Sleep

The brain is a complicated piece of machinery. It accounts for about 2 percent of body mass, but requires up to one-fourth of the body's entire energy supply to complete the intricate functions required of it. As a result, the brain takes in a lot of nutrients and produces a corresponding amount of waste.⁷

To perform properly, those waste products have to be removed from the brain periodically. Since the brain is working during the day, clean up occurs at night while we sleep, according to Jeff Iliff, a neuroscientist at Oregon Health & Science University. In a 2014 TED Talk, he explained his research showed cerebrospinal fluid (CSF) filled the space surrounding the brain during sleep, and:⁷

“...was pumped back into and through the brain along the outsides of the blood vessels, and as it flushed down into the brain along the outsides of these vessels, it was actually helping to clear away, to clean the waste from the spaces between the brain's cells...”

One of the waste products removed by CSF is a protein often found in the brains of patients with Alzheimer’s disease. While there is no proof getting too little sleep could cause Alzheimer’s, it’s clear sleep refreshes the mind. In fact, that may be why we sleep!⁷

Quiz Answers:

1. D – All of the above
2. D – All of the above
3. C – Long-term care
4. D – \$23,500 per person, including Social Security income, pension income, earnings, and income from other sources.

Sources:

1 <http://www.aarp.org/health/medicare-insurance/info-2015/medicare-part-b-premiums-could-spike.html>

2 <https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/reportstrustfunds/downloads/tr2015.pdf>

3 <http://kff.org/medicare/issue-brief/whats-in-store-for-medicares-part-b-premiums-and-deductible-in-2016-and-why/>

4 <http://www.food.com/recipeprint.do?rid=607>

5 <https://www.medicare.gov/sign-up-change-plans/get-parts-a-and-b/when-sign-up-parts-a-and-b/when-sign-up-parts-a-and-b.html>

6 <http://kff.org/quiz/medicare-quiz/>

7

http://www.ted.com/talks/jeff_iliff_one_more_reason_to_get_a_good_night_s_sleep/transcript?language=en#t-444511

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