Health & Retirement Services of Illinois
Newsletter July 2023

OUR NEWS LETTER

Consumers can expect higher costs as the public health emergency ends

Minneapolis, MN, May 04, 2023 (GLOBE NEWSWIRE) -- Some of the health coverage and cost savings put in place during the COVID-19 pandemic are coming to an end. Medicareresources.org and healthinsurance.org are letting consumers know what changes to expect with the end of the public health emergency on May 11, 2023.

"Many people don't realize their ability to access certain care at lower costs has been largely the result of the public health emergency," said Dr. Tanya Feke, an analyst for medicareresources.org. "With the public health emergency coming to an end, it's going to be an adjustment for consumers."

The federal government expanded coverage for certain telehealth services, hospital care, and COVID-related testing and care under the public health emergency (PHE), beginning in January 2020. While some measures will continue or be phased out over the next few years, consumers will begin seeing changes to their coverage – and their share of costs – as early as May 12.

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Expect changes in Medicare coverage

The end of the public health emergency will result in big changes for Medicare recipients, whether they have Original Medicare or a Medicare Advantage plan.

Changes to COVID-related Medicare benefits include:

- **COVID tests:** Unless at-home COVID tests are a supplemental benefit included in a Medicare Advantage plan, at-home COVID tests will no longer be covered with no out-of-pocket cost. Testing with an in-network provider will continue to be free under Original Medicare, but out-of-pocket costs for Medicare Advantage plan holders will depend on the plan.
- **COVID-related care and medicine:** Patients will become responsible for some costs – including any deductibles, copays, or coinsurance – for COVID-related visits and services that were free under the PHE. That also applies to some COVID-related medicines that were covered for free under the PHE. However, monoclonal antibody treatments for COVID will

continue to be free for Medicare beneficiaries until the end of 2023; and oral antiviral medications for COVID will continue to be free through Dec. 31, 2024.

- **Out-of-network hospital care:** During the PHE, Medicare Advantage plans could not charge more for care received out of network, and physician referrals were not required. That will end June 10, 2023.
- **Telehealth:** Beginning May 11, coverage of audio-only telehealth visits will end, including for hospice care patients. The only exception is for mental and behavioral health services. Medicare will also return to a more limited list of telehealth technology platforms to better protect patient privacy.

"I expect these telehealth changes will be very disruptive," Feke said. "The change in software use and audio-only access could result in a sharp drop-off in telehealth use overall."

Marketplace and employer coverage is also changing

In general, Marketplace and employer-sponsored health plans already require their normal out-of-pocket costs for COVID treatments, and their telehealth coverage is not regulated to the extent that it is for Medicare. So the end of the PHE may not be as disruptive for consumers covered by these plans.

Here are the changes these consumers can expect:

- **COVID tests:** Plans will no longer be required to cover the full cost of at-home tests, so costs and coverage will start to vary by plan. Testing with a provider will likely start to cost consumers more as plans start covering this as they cover laboratory testing for other illnesses.
- **COBRA coverage:** During the national emergency, people leaving group health plans had more than a year to elect COBRA and pay their first premium. However, beginning June 9, 2023, COBRA deadlines will revert to 60 days to elect COBRA and then 45 days to pay the first premium.
- **Employer-sponsored enrollment periods:** Special enrollment periods for employer-sponsored health plans will once again be limited to 30 days, or in some cases 60 days. The limited enrollment windows were not applicable during the national emergency, but will return on June 9, 2023.

"Some of the normal rules didn't apply during the pandemic," said Louise Norris, health policy analyst for healthinsurance.org. "After three years, it will be a bit of an adjustment for consumers, who may face higher costs for things like COVID testing."

Some coverage will stay the same

Even with the end of the PHE, consumers will continue to have access to free COVID-19 vaccines and boosters. That is true whether they have Original Medicare, a Medicare Advantage plan, a Marketplace plan, coverage through an employer, or Medicaid. (Grandfathered health plans, however, do not have to cover the full cost of vaccines). Consumers will need to comply with in-network restrictions to avoid costs, though.

Most consumers with a Marketplace plan or employer coverage will experience minimal or no changes to their telehealth access and coverage with the end of the PHE.

How the end of the PHE affects Medicaid

The end of the PHE will not have an immediate impact on Medicaid recipients. COVID vaccines will continue to be free under Medicaid. Testing and treatment for COVID will also continue to be covered by Medicaid at no cost, but only until the summer of 2024.

The PHE originally included a continuous coverage requirement that prevented states from disenrolling Medicaid patients. However, the federal spending bill passed in December of 2022 notified states that they could begin disenrollments as early as April 1, 2023. While no longer tied to the PHE, that policy change is significant as it is expected to result in the loss of Medicaid and Children's Health Insurance (CHIP) coverage for up to 15 million people nationwide.

Social Security's cost-of-living increase will be far smaller next year, estimates show

Next year's Social Security cost-of-living adjustment (COLA) will likely be less than half of the increase seniors enjoyed in 2023, according to new estimates, as inflation continues to cool this year.

The Senior Citizens League predicts Social Security benefits will increase 3.1% for 2024, based on current inflation numbers, while Moody's Analytics puts the increase at 3.2%.

Both estimates are far smaller than the 8.7% boost the federal government delivered this year, which was the biggest increase in benefits in four decades and raised the average retiree benefit by more than $140 per month.

The smaller COLA, though, may not be enough for the more than 70 million retired senior citizens and disabled workers who are still struggling with rising prices, a persistent problem with how COLAs are measured.

"Our current method of adjusting Social Security benefits tends to only do a mediocre job on that because the index that's used to adjust benefits doesn't track the spending patterns of retired adults over the age of 62," Mary Johnson, Social Security and Medicare policy analyst at The Senior Citizens League, a nonpartisan group, told Yahoo Finance.

"Instead, it surveys the spending of younger working adults, who have different patterns of spending."

'Still early'

The lower estimate reflects the news that consumer prices in April showed that while inflation pressures remain high in the US economy, the headline prices rose at the slowest annual rate since the period ending April 2021.

According to the latest data from the Bureau of Labor Statistics released Wednesday morning, the Consumer Price Index (CPI) revealed headline inflation rose 0.4% over last month and 4.9% over the prior year in April. Prices in March rose 0.1% on a monthly basis and 5% from the prior year.

The actual COLA is calculated by averaging together the CPI-W consumer price index for the third quarter of the year – July, August, and September of 2023 – and then comparing that figure with the same data last year. The Social Security Administration is expected to announce the COLA in mid-October after the release of the September consumer price index data.

Until then, this is still crystal ball time.

"This estimate is still early and will undoubtedly change several times before the COLA is announced in October," Johnson said.

"While I use methodology that I've worked out over the past two decades to estimate the COLA, the 3.1% estimate is in line with what the Social Security Trustees are forecasting for 2023 in their most recent annual report which ranged from 3.1% to 4%."

"Those estimates seem plausible–we're already up more than 2% and still have five months of inflation left," Marc Goldwein, senior vice president and senior policy director at the nonprofit Committee for a

Responsible Federal Budget, told Yahoo Finance. “The bottom line: Social Security beneficiaries will continue to enjoy inflation protection.”

But that protection may not be enough

More than half (53%) of seniors say they’re worried the COLA for next year will fall short of inflation because their monthly household budgets have already increased by $185, or more than the extra $140 per month this year's 8.7% COLA bump provided, Johnson said. The group’s survey of 1,815 seniors was conducted between January 2023 and May 5, 2023.

Other research in April by The Senior Citizens League also found that average benefits fell short of inflation by about $1,054 from January 2021 to December of 2022. Average benefits in 2023 so far have only recouped about $179.40 of that total since the start of the year.

Part of the problem is the index used to calculate COLA doesn’t necessarily reflect the typical spending that retirees do.

"For example the CPI-W, which is used to calculate the COLA, assumes that consumers spend only 7% of their incomes on healthcare costs," Johnson said. "Our Senior Survey found that two-thirds of survey participants spend up to 29% of their incomes on health care costs."

Since 2000, The Senior Citizens League has created its own Social Security buying power index that tracks the price of 38 goods and services typically used by retirees over the same period. To match the buying power that Social Security’s monthly benefits provided for beneficiaries in 2000, retirees would now need an extra $516.70 per month ($6,200 in 2023), the group found.

“There was an expected mild improvement, but the overall loss is still the highest since we’ve been keeping records — exceeded only by the 40% loss in 2022,” Johnson said.

Between January 2000 and February 2023, Social Security COLAs increased benefits an average of 3.4% annually. But the cost of goods and services purchased by typical retirees rose nearly double that amount (about 6.2%) annually over the same period.

“For every $100 a retired household spent on groceries in 2000, that household can only buy about $64 worth today,” Johnson said.

Health care: Americans are increasingly delaying medical care due to cost

The U.S. health care system is once again falling short for Americans.

A new Federal Reserve survey found that 28% of respondents went “without some form of medical care” due to cost in 2022, which represented a 4 percentage-point year-over-year increase.

The survey found that dental care was the most frequently skipped medical service, followed by a doctor’s visit, prescription medication, a follow-up visit, and mental health care or counseling.

“The increase in this measure may, in part, reflect consumer responses to inflation as medical care is an area where people can save money by cutting back on spending,” the Federal Reserve wrote in its annual "Economic Well-Being of US Households" report.

As of June 2021, US consumers held roughly $88 billion in medical debt, according to the Consumer Financial Protection Bureau (CFPB). An estimated 41% of Americans are grappling with medical debt of some kind. These debts can stem from unexpected medical events, surprise medical bills, out-of-pocket costs, and more.

Out-of-pocket costs are continuing to rise, averaging $1,315 per capita in 2021. For those with employer-sponsored insurance, the average single deductible has increased by more than 57% since 2013, while the average family deductible has risen by more than 55%.

Meanwhile, according to the Fed survey, 23% of adults reported major, unexpected medical expenses within the past 12 months, with the median cost ranging between $1,000 and $1,999. Additionally, 16% of adults indicated they had medical debt, either from their own care or from that of a family member.

“The whole health care financing system is broken,” Eva Stahl, vice president of public policy at RIP Medical Debt, previously told Yahoo Finance. “This is not a single-problem issue. Health insurance does not meet people’s needs, leaving them unable to weather medical bills. Patients are asked to pay amounts they generally can’t afford which discourages them from seeking care at all.”

The Fed’s survey findings indicate Stahl’s assessment may be accurate — among respondents with family income less than $25,000, 38% deferred medical care because they were unable to afford it, compared to 11% of adults making $100,000 or more.

For individuals who are uninsured — which make up roughly 8% of US adults — 42% had delayed medical treatment because of cost, compared with 26% of insured individuals.

IRS to launch its own free tax-filing service in pilot program next year

The Internal Revenue Service is rolling out its own tax-filing system in a pilot program next year, testing the feasibility of a government-run service that could cut costs for taxpayers and potentially make filing taxes easier.

The IRS announced the test run on Tuesday after it released research showing that large swaths of taxpayers support a federally-run tax prep option. Almost three- quarters of surveyed taxpayers say they are somewhat or very interested in the possibility and more than two-thirds of those who use self-prep software said they are somewhat to very likely to switch to an IRS option, the report found.

However, the full implementation and success of the e-file tax return system — called Direct File — may hinge on not just the federal government, but also the participation of state tax departments.

"Research indicates that taxpayers expect to be able to file federal, state, and local returns in one place. Any solution would require collaboration with state and local tax administrators to enable integration and avoid creating additional burden for filers," the report said. "This work would introduce additional cost and complexity to any potential Direct File option."

The Direct File pilot program is set to launch late next year to file 2024 tax returns, Laurel Blatchford, chief implementation officer of the Inflation Reduction Act at the U.S. Department of the Treasury, said during a press conference on Tuesday.

The aim of the prototype is to determine the usefulness of the IRS tax prep program by releasing it to a limited number of taxpayers. The trial group will have the option to file their taxes directly with the IRS through the prototype service online. The test run will also help the IRS to see if and how the system can be carried out nationwide.

The agency is still working through elements such as how many people would be involved in the pilot program and the overall cost. Also unknown right now is how complex of a return the prototype software can handle.

During the pilot, the IRS will continue its partnership with the Free File Alliance software companies, which provide free prep services for lower-income families.

Who wants an IRS option?

The IRS used two surveys to gauge interest for the report. They found that those who self-prepare their taxes — who tend to be younger — and those who have limited English proficiency are the most interested.

For instance, 83% of taxpayers who self-prepared their return said they would be very or somewhat interested in an IRS-provided tool, versus 57% who use a paid preparer. And 81% of taxpayers with

limited English proficiency are very or somewhat interested in the option, compared with 72% for the overall population.

Time and cost are big factors, too. Currently, individual taxpayers spend about eight hours and $140 preparing their taxes each year, the report said.

One of the surveys found that 37% of taxpayers would prefer a free IRS tax-filing option that provides a filled-in return. Only 15% favored an IRS option that required taxpayers to manually add information. (The remaining 48% preferred a free version of their current tax prep software.)

And when choosing between a free IRS option versus a commercial product costing $80, 70% of taxpayers went for the free service.

The burden of the cost can fall heavily on lower-income families. Although there are free software services for families in need, they are often overwhelming and not standardized, according to Joanna Ain, associate director at nonprofit Prosperity Now.

“Having a centralized system would be really helpful for families,” Ain told Yahoo Finance. “There are so many different programs right now coming from so many different places for low-income families, which is good. But at the same time, what do I use as a low-income family? Where do I go? Who do I talk to? It's pretty complicated.”

Currently, the IRS works with third-party tax prep companies to provide a free filing system for Americans, but its reach has been limited because of income limitations and difficulty in searching for these programs online.

“Making tax filing free and easy has been on the IRS to do list for decades" Sen. Elizabeth Warren (D-Mass.) said last month during a committee hearing on the president’s budget. “The free file program currently just serves 2% of Americans [and is] deliberately hidden from Google.”

Not all taxpayers were excited about a free IRS option.

The surveys found that 11% cited “I don’t think it’s the IRS’s role to prepare taxes” as their most important reason they would choose a commercial option, while 13% said “I don’t want the IRS to prepare my return” as their most important reason.

Private tax preparation companies, too, are pushing back against the IRS filing option, noting that free filing exists now.

“Today, 100% of American taxpayers can file their taxes absolutely free of charge — this is free for them and the government,” Tania Mercado, Turbotax’s corporate communicator, said. “An IRS direct-to-e-file system is redundant and will not be free – not free to build, not free to operate, and not free for taxpayers. A direct-to-IRS e-file system is a solution in search of a problem, and that solution will unnecessarily cost taxpayers billions of dollars.”

State taxes

Whether taxpayers get the option to file their state tax returns with the IRS prep software may play a major role in deciding if the system is feasible at a national level.

When one of the surveys in the report presented these two filing options — commercial tax software that provides both federal and state filing or a free IRS filing option that could not prepare or file state returns — 60% of taxpayers said they would remain with their commercial prep software.

One respondent in the survey said: “State taxes preparation are going to cost me money, so the IRS being free no longer offers any value.”

But the federal government could face hurdles in incorporating state returns into their system, Alex Muresianu, a policy analyst at Tax Foundation, told Yahoo Finance.

"I think that is a pretty significant challenge they might encounter," Muresianu said.

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A nation of quitters: US workers aren't staying at jobs for as long as they used to

Quitting was long in vogue before the Great Resignation. It wasn't just the pandemic that led workers to switch.

In the last decade between 2012 and 2022, the median job tenure has dropped nearly 11% from 4.6 years to 4.1 years, according to the latest LendingTree study, which analyzed US Bureau of Labor Statistics (BLS) data.

The biggest dip in job tenure was for workers between 25 and 34, which fell 12.5% from 3.3 years to 2.8 years. Tenure for those 35 to 44 dropped from 5.3 years to 4.7 years. For those in the 45 to 54 cohort, it slid from 7.8 years to 6.9 years; 55 to 64 year olds left after 9.8 years, down from 10.3 years, and tenure for those 65 and older slipped the slightest (3.9%) from 10.3 years to 9.9 years.

"Shorter job tenures don't necessarily mean that all people hate their jobs and are itching to leave them as soon as possible, but it does suggest that employees might be a bit more willing to seek greener pastures, or otherwise try something new, than they once were," Lending Tree senior economist Jacob Channel told Yahoo Finance.

"And that's not a bad thing. There's absolutely nothing wrong with seeking a new employer who will pay you more money or otherwise treat you better."

That trend is likely to continue, as workers continue to quit in bigger waves than in the past to score better opportunities as employers face labor shortages stemming in part from an aging population.

And there are plenty of jobs out there for them to go to. There are now roughly two jobs (1.8) open for every unemployed worker, more than any other point before the pandemic, according to the latest BLS report.

What drives workers out

The main reasons workers say they jump ship for a new job: a company's shaky business outlook, the perception of unfair pay, a snarky workplace culture, and bad manager relationships, according to Payscale's Retention Report.

Payscale analyzed 578,141 US worker salary profiles that were conducted between March 2018 and March 2023.

"In a troubled economy, employees are naturally more anxious about the health of the company they're working for and are more likely to look for a new job if they anticipate layoffs are coming, or feel their pay is unfair, especially if they are taking on more responsibility in a reduced workforce," Lexi Clarke, Payscale's chief people officer, told Yahoo Finance.

"While employees are a bit less likely to leave their jobs now than during the Great Resignation, there is an uptick in demands from employees, and companies must directly address what they can do in order to retain them," she added.

The biggest factor impacting someone's decision to send out resumes is the fear of getting laid off, according to the findings. Workers who felt that their employer's business prospects were on solid ground, and there was a low likelihood that they may get cut in a layoff, said it decreased their desire to job seek by more than a third (39%), according to Payscale's research.

Show me the money, honey

Even so, pay remains critical when it comes to retaining workers. When employees feel they're paid fairly, the urge to leave drops by 27%.

And that brings us to the thorny issue of pay transparency. For millennials, an increase in pay transparency results in a 32% dip in the odds they will go looking for a new job. For Gen X, that translates to 28% and boomers are 21% less likely to hit the exits — perhaps because both generations are nearing retirement and less likely to change jobs over pay alone.

For Generation Z, workers under age 24, however, when a position's pay is revealed publicly, the reaction is quite the opposite. Pay transparency is associated with a 3% increase in job-seeking, according to the report.

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