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OUR NEWS LETTER HRSI

Medicare Advantage payments to rise slightly

By Sarah Ferris - 04/04/16

The Obama administration on Monday locked in a small payment increase for Medicare Advantage plans, though at a slightly lower rate than previously proposed.

Health insurers offering the Medicare plans will see payments increase by about 0.85 percent, the Obama administration announced in a 250-page regulation.

Officials from the Centers for Medicare and Medicaid Services (CMS) predict the companies will see an additional increase of about 2.2 percent in revenues.

"Together, these changes will ensure the Medicare program remains strong and stable for current and future enrollees," CMS wrote in a statement.

The Obama administration had initially proposed raising payments by about 1.3 percent. CMS acknowledged in its regulation that it made a technical error when calculating the proposed payments.

Insurers with plans in Puerto Rico will see a higher bump in reimbursements to help ease the growing burden felt by hospitals and providers on the cash-strapped island.

Rates for Puerto Rico plans will increase by about 1.25 percent. The government also predicts another 5.1 percent boost in revenues as a result of that additional spending.

Puerto Rican health officials have long pleaded for the federal government to raise reimbursement rates for Medicare and Medicaid. About 60 percent of the territory's population relies on one of the programs, though it receives fewer dollars than any U.S. state.

The Obama administration also approved a controversial change to Medicare Advantage's retiree program, which enrolls about 3 million people.

Federal officials have argued the retiree program doesn't have the competitive bidding faced by other plans, and are now planning to replace it with a new formula using standardized county rates.

In Our Newsletter

Analysis finds sharp price increases for nation's top-selling drugs

By Sarah Ferris - 04/04/16

Pharmaceutical companies selling the nation's top 10 branded drugs have raised their prices between 54 and 126 percent over the past five years, according to an analysis by Reuters.

Prices for four of the top-selling drugs have doubled, according to the **analysis of proprietary data** from IMS Health and Truven Health Analytics. The six others had increases of at least 50 percent.

The price increases mean more spending on drugs to treat conditions like arthritis, diabetes, multiple sclerosis and schizophrenia. Humira, a drug from Abbvie used to treat arthritis, went from about $1,676 to $3,797 per dose in five years.

The companies selling those drugs totaled $54 million in sales in 2014 — a 44 percent increase over three years.

The sharp price increases among the nation's most common drugs show that embattled companies like Turing and Valeant Pharmaceuticals are not alone in driving up the costs of prescription drugs in the U.S.

Those companies, whose executives have appeared on Capitol Hill, are seen as public symbols of greed after hefty price hikes.

Turing raised the cost of a drug used by AIDS patients by 5,000 percent, while Valeant raised the costs of a heart drug by about 525 percent.

Nearly all of the companies selling the top 10 drugs belong to the Pharmaceutical Research and Manufacturers of America (PhRma). It's another hurdle for the drug lobby group as it looks to reshape its image and keep itself from becoming a political target on the campaign trail.

PhRma has for months been working to spot clean a public image that has been badly tarnished this year by individuals like former Turing CEO Martin Shkreli.

11 Things You Should Never Throw Out When Downsizing

By Lindsey Campbell APR 13, 2016

When you're packing to move or making over a room, it's the perfect time to take a hard look at all your stuff — and purge. Just be careful how trash happy you get with these few things.

1. Family heirlooms

Evaluate what you have and ask yourself which ones are meaningful to you and your family now, says Jodie Watson, an organizing expert and owner of Supreme Organization. "These are the ones to keep and take with you to your new home," she says.

2. Electronics of any sort

Hold on to them until you've completely wiped out all your personal information. "I can't tell you the number of people who go on massive decluttering binges and don't take the time to clear all their personal information," warns Geralin Thomas, a professional organizer and owner of Metropolitan Organizing who has also worked on A&E's Hoarders.

3. Photographs

"You may need to digitize these, but you don't want to lose them," says Barbara Reich, a professional organizer.

4. Important paperwork

When it's time to clean out or pack up a house, let go of as much paper as possible, says Reich. But look out for important stuff like birth and death records, marriage licenses, social security cards, retirement documents, medical records, insurance policies, and more that might be mixed into a pile headed for the recycling.

5. A landline phone

You never know when your cell phone's battery or service might go dead. "Keep at least one," says Thomas.

6. Collections

"You have obviously enjoyed collecting these items, so select the few items that you value above all the rest," says Watson. Whether it be dolls or decorative glassware, it's better to display and enjoy a few than to have the whole collection boxed away in storage.

7. Fine jewelry AND the boxes they came in

"Having a piece of jewelry in its original box adds value when reselling it and keeps the piece of jewelry in mint condition," says Thomas.

8. Extra kitchen and bathroom supplies

Only keep what you need and use from the kitchen, like pots and pans, a good quality chef's knife, a spatula, a wooden spoon, countertop appliances you use a lot like a blender, and crucial linens. "If you have duplicates, you can donate them, but make sure you have the basics with you," says Reich. And the bathroom? "You should bring two sets of sheets per bed (one on the bed, one to change) and four towels per person," she says.

9. Decorative and sentimental items that bring back precious memories

Hold on to things like a lock of hair from your child's first haircut or the medal you won for running a marathon, says Reich. "These are items that you would not be able to replace," adds Watson.

10. Emergency supplies

A radio, batteries, a flashlight, and a first aid kit should all be on hand when you move into a new home, advises Reich. "And if you don't have emergency supplies, now is the time to get them!"

11. Medication and toiletries that haven't expired yet

Replacing these can be expensive. "Medication taken daily should be kept with you during the move," says Reich.

How to Pay Less Taxes on Retirement Account Withdrawals

How to avoid penalties and minimize taxes as you pull money out of your retirement accounts.

By Emily Brandon April 18, 2016

You don't get to use all the money in your traditional 401(k) and IRA for retirement because you still have to pay taxes on it. However, there are several ways to minimize taxes as you pull money out of your retirement accounts. Consider these strategies to decrease the tax bill for your retirement account withdrawals.

Avoid the early withdrawal penalty. If you withdraw money from your traditional IRA before age 59 1/2, there's a 10 percent early withdrawal penalty, and that's in addition to the income tax due on each withdrawal. However, you can take penalty-free 401(k) withdrawals beginning at age 55, if you leave the job associated with that 401(k) account at age 55 or later.

Roll over your 401(k) without tax withholding. If you withdraw money from your 401(k) when you change jobs, 20 percent will be withheld for income tax. However, you can avoid the tax withholding, and the potential to trigger penalties and fees, if you transfer the money directly from your 401(k) to the trustee of another 401(k) or IRA.

Remember required minimum distributions. You are required to withdraw money from your traditional 401(k) and IRA after age 70 1/2. The penalty for missing a required withdrawal is 50 percent of the amount that should have been withdrawn. "You can take a lump sum or set up monthly or quarterly transfers. Tax-wise it doesn't matter as long as you meet the requirements," says Cristina Guglielmetti, a certified financial planner for Future Perfect Planning in Brooklyn, New York. "You will be taxed on how much comes out in the calendar year whenever it comes out." However, if you are still working after age 70 1/2 and don't own 5 percent or more of the company you work for, you can continue to delay 401(k), but not IRA, withdrawals until you actually retire.

Avoid two distributions in the same year. Your first required minimum distribution is due by April 1 of the year after you turn 70 1/2. Your second and all subsequent distributions must be taken by Dec. 31 each year. If you delay your first distribution until April you will be required to take two distributions in the same year, which could result in an unusually high tax bill or even bump you into a higher tax bracket. "It's probably better to do them in individual years so you are not doubling up on the taxes," Guglielmetti says.

Start withdrawals before you have to. While you don't have to begin traditional retirement account withdrawals until after age 70 1/2, taking smaller distributions beginning during your 60s spreads the tax bill over more years and could allow you to stay in a lower tax bracket and reduce your lifetime tax bill. "While most people consider deferring retirement account withdrawals to the latest possible time – 70 1/2 – it may be wise to consider spreading out the tax consequences over many years beginning sooner," says Carey McNeal, a certified financial planner for Buffington Mohr McNeal in Boise, Idaho.

Donate your distribution to charity. Retirees who are age 70 1/2 or older can avoid paying income tax on IRA withdrawals of up to $100,000 per year that they directly transfer to a qualified charity. An IRA charitable contribution will also satisfy the minimum distribution requirement.

Consider Roth accounts. Putting some of your retirement savings in an after-tax Roth account could set you up for tax-free investment growth and tax-free withdrawals in retirement. If you expect to be in a higher tax bracket in retirement, a Roth account also allows you to lock in today's low tax rate.

Keep tax-preferred investments outside retirement accounts. Investments that generate long-term capital gains receive preferential tax treatment when held outside of a retirement account. However, if you put them in a retirement account, you will pay your typically higher regular income tax rate when you withdraw the money from the account. In contrast, you can lower your tax bill by holding more highly taxed investments, including Treasury inflation-protected securities, corporate and government bonds and funds that generate short-term capital gains inside retirement accounts. "You normally push the equity portion into a nonqualified account, and then you push any income producing securities like bonds into the IRAs," says Gabriel Anderson, a certified financial planner for Crafted Wealth Management in Venice, California. "You get a higher after-tax return because of the lower tax rates."

Major insurer to drop out of all but a few Obamacare states

by *Zachary Tracer*| Apr 19, 2016

UnitedHealth Group Inc., the biggest U.S. health insurer, said it will drop out of all but a "handful" of state exchanges where it sells individual Obamacare plans, acting on concerns it raised last year that the government program that has brought coverage to millions isn't profitable enough.

Chief Executive Officer Stephen Hemsley said Tuesday that the company next year "will remain in only a handful of states." The exchange market is proving to be smaller and riskier than UnitedHealth had expected, meaning "we cannot broadly serve it on an effective and sustained basis." The company expects to lose about $650 million on the plans this year.

Hemsley spoke on a conference call as part of the company's release of first-quarter results, which topped analysts' profit estimates in part thanks to UnitedHealth's consulting, technology and services unit, Optum.

The Patient Protection and Affordable Care Act, President Barack Obama's signature domestic policy achievement, is projected to cover about 12 million people this year, according to the Congressional Budget Office, helping many afford private insurance using tax subsidies. It has proven volatile for health insurers selling coverage in the new markets, known as exchanges, with some reporting losses.

UnitedHealth already plans to withdraw from at least five states for 2017 after selling coverage in 34 states for 2016. The company said in December that it should have stayed out of the individual exchange market longer. UnitedHealth had about 795,000 customers of Obamacare's exchanges as of March 31, and expects that number to fall to about 650,000 by December.

First Quarter Results

Earlier Tuesday, UnitedHealth posted first-quarter profit that beat analysts' estimates as results from its Optum business helped overcome losses on its Affordable Care Act plans.

Earnings were $1.81 a share, excluding some items, UnitedHealth said in a statement, exceeding the $1.72 average of 24 analysts' estimates compiled by Bloomberg. Changes to how the company accounts for taxes on stock-based compensation boosted adjusted earnings by 6 cents a share, UnitedHealth said.

"Consistent organic growth, strong operating discipline and solid execution generated a strong quarter with a little upside," Sheryl Skolnick, an analyst at Mizuho Securities USA, said in a research note. "This is a really strong, solid way to start the year."

The shares gained 1.8 percent to $130.07 at 9:31 a.m. in New York trading.

Net income rose 14 percent to $1.61 billion, or $1.67 a share, on revenue of $44.5 billion. Optum posted operating profit of $1.1 billion, up from $742 million a year earlier. fueled by the expansion of the pharmacy-benefits business with the acquisition of Catamaran Corp. in July. The company raised its 2016 adjusted earnings forecast to a range of $7.75 to $7.95 a share on annual revenue of $182 billion. Analysts had estimated adjusted earnings of $7.73 on average. The change was driven by taxes and accounting items.

UnitedHealth is the first health insurer to report results for the first three months of 2016. Analysts and investors will scrutinize the report for signs of how the entire health-care industry is faring. UnitedHealth, based in Minnetonka, Minnesota, said it spent about 82 cents on medical costs for every premium dollar it took in during the first quarter. The company's medical membership climbed to 47.7 million people on March 31 from 46.4 million in the last quarter on 2015.

Optum includes units that help doctors and hospitals analyze data and treat and bill patients. It also aids employers with health benefits, runs clinics and has a pharmacy-benefits business.

Choosing between Medigap Plan F and G

Medigap Plan G is a high-benefit plan that is commonly overlooked for the more-popular Plan F. However, Plan G is very similar to Plan F and may be cheaper in some cases.

According to 2014 enrollment data, Plan F is almost 10 times as popular as Plan G even though the two provide nearly identical coverage. The only benefit Plan F includes that Plan G does not include is the $166 annual Medicare Part B deductible (in 2016).

If you’re getting a quote for Plan F, it may be smart to also get a quote for Plan G. If the Plan F monthly premium is at least $14 higher than the Plan G monthly premium, you would be overpaying for the Part B deductible benefit, and Plan G may be the better deal.

Comparing benefits and cost

When comparing Medigap plans, benefits and premiums are two of the most important deciding factors. Keep reading to compare these factors for Plan F vs. Plan G.

Benefit differences

Both Plan G and Plan F provide high levels of coverage. Plan F includes all 9 Medigap benefits. Plan G has the same coverage except it does not cover the Medicare Part B deductible, which is $166 in 2016.

The following chart compares benefits for the two plans.

Medicare Supplement benefits	F	G
Part A hospital care co-insurance & costs	√	√
Part A hospice care co-insurance or co-payment	√	√
Part B co-insurance or co-payment	√	√
First 3 pints of blood	√	√
Part A deductible	√	√
Part A skilled nursing care co-insurance	√	√
Part B deductible	√	
Part B excess charges	√	√
Foreign travel emergency	√	√

This small difference in benefits between Plan G and Plan F makes a huge impact when consumers choose a Medigap plan.

Danielle Kunkle, a licensed insurance agent and vice president of Boomer Benefits, said that when Medicare beneficiaries review the benefits chart in the guide to choosing a policy from the Centers for Medicare & Medicaid Services, they clearly see that Plan F is the only plan that offers full coverage and as a result tend to choose Plan F.

“F has a check mark in every box,” she said. “They want the one that covers all of them.”

Kunkle said that Medicare beneficiaries want to visit their doctors without worrying about any unexpected costs, however large or small. Plan F provides this freedom.

“People don’t want to worry about paying a deductible,” she said. “They don’t want to worry about any bills coming in the mail.”

Cost differences

Plan F usually comes with a higher cost than Plan G.

Kunkle says that, from her experience, Plan G and Plan F monthly premiums can differ by $30 or more in Texas, where her agency is based. She says the cost difference between the two plans has led some of her clients to choose Plan G over Plan F.

When you do the math, you can understand why. If you pay $30 more a month to have Plan F instead of Plan G, you’d be paying an extra $360 a year for an extra $166 in coverage.

“We can see the financial incentive in going with Plan G,” Kunkle said.

However, the price gap between Plan F and Plan G may not always be so large. The prices you are quoted will differ depending on the insurance company and your personal details.

On a national scale, Plan G is still less expensive than Plan F, but only by about $12 a month, according to a 2010 statistical report from the Kaiser Family Foundation (KFF).

Premiums can vary widely depending on the insurance company and the state in which you live.

Medigap plan competition

Despite the fact that Plan G can potentially save Medicare beneficiaries hundreds of dollars per year, nearly 10 times more people choose Plan F compared to Plan G.

Plan F was the most popular Medigap plan in 2014, with over 6 million enrollees, according to a report from America’s Health Insurance Plans (AHIP). In contrast, about 698,000 had Plan G.

Plan F’s popularity creates a snowball effect that further increases its enrollment. Kunkle says some of her clients follow other family members’ suggestions. If one family member has Plan F, the other family member will enroll in Plan F as well.

“That’s part of the reason why it continues to be the most popular,” she said.

Can I withdraw money from my Roth IRA?

By Investopedia

A:

You can withdraw money from your Roth IRA; whether the withdrawal is penalized and at what rate it is taxed depends on a various circumstances. Withdrawing any amount of money up to the amount you have contributed to the Roth IRA is allowed at any time without taxes or penalties. If you have multiple Roth IRAs, the sum total of all contributions to all Roth IRAs can be withdrawn from any individual Roth IRA, as long as that IRA has the amount you wish to withdraw.

Earnings distributions can also be taken at any time. If you take a distribution within the first five years of opening your first Roth IRA, that distribution is taxed as ordinary income (with no penalty at your current tax rate) unless you have a qualifying reason for the distribution. Qualifying reasons that make the Roth IRA distribution tax-free and penalty-free include turning 59.5, being disabled or paying first-time homebuyer amounts. Your death is a qualifying reason that excludes your beneficiary from paying taxes or penalties.

If you have no qualifying reason for withdrawing a distribution from your Roth IRA, the distribution is taxed as ordinary income and may incur a 10% penalty. There are exceptions to the qualifying reason rule that can avoid incurring a penalty for withdrawing.

As for tax treatment of the Roth IRA, the IRS assumes regular contributions are withdrawn first. Conversion and rollover contributions are withdrawn next, on a first-in-first-out basis with the taxable portion out first and the nontaxable portion next. Earnings on contributions are withdrawn last.