Health & Retirement Services of Illinois
Newsletter May 2019

OUR NEWS LETTER HRSI

TAKE ADVANTAGE OF MEDICARE'S PREVENTIVE SERVICES

Did you know? **Medicare gives you access to a variety of preventive tests and screenings,** most at no cost to you. For example, Medicare covers screenings for diabetes, osteoporosis, heart disease, and more.

Preventive & screening services

Medicare Part B (Medical Insurance) covers:

- Abdominal aortic aneurysm screening
- Alcohol misuse screenings & counseling
- Bone mass measurements (bone density)
- Cardiovascular disease screenings
- Cardiovascular disease (behavioral therapy)
- Cervical & vaginal cancer screening
- Colorectal cancer screenings
  - Multi-target stool DNA tests
  - Screening barium enemas
  - Screening colonoscopies
  - Screening fecal occult blood tests
  - Screening flexible sigmoidoscopies
- Depression screenings
- Diabetes screenings
- Diabetes self-management training
- Glaucoma tests
- Hepatitis B Virus (HBV) infection screening
- Hepatitis C screening test
- HIV screening
- Lung cancer screening
- Mammograms (screening)
- Nutrition therapy services
- Obesity screenings & counseling
- One-time "Welcome to Medicare" preventive visit
- Prostate cancer screenings

In Our Newsletter

- Sexually transmitted infections screening & counseling
- Shots:
  - Flu shots
  - Hepatitis B shots
  - Pneumococcal shots
- Tobacco use cessation counseling
- Yearly "Wellness" visit

Survey Finds A Political Divide On Health Care Quality

April 02-- Apr. 2--Though the ruinous consequences of high health care costs don't follow party lines, Republicans tend to believe they're getting more for their money than Democrats and independents do, according to the results of a new nationwide survey released today by San Diego's West Health.

The nonpartisan and nonprofit organization created by philanthropists Gary and Mary West worked with market research firm Gallup to poll 3,537 randomly-selected Americans across all 50 states and the District of Columbia, asking questions designed to gauge the impacts of and attitudes surrounding health costs.

West, also known for its work building health care clinics and other resources for seniors, has made health care costs its main policy focus convening its sixth-annual Health Care Innovations Summit in Washington this week.

The survey results come at a particularly polarized moment as the Trump Administration reportedly works behind the scenes with a handful of conservative think tanks to build an Affordable Care Act replacement as it simultaneously pushes forward with plans to have the legislation eliminated. Meanwhile, Democrats are coming forward with their own health reform ideas amid cries of Medicare for all.

While much of the national health care debate tends to revolve around specific proposals that increase health insurance coverage for one group or another, Tim Lash, president of the West Health Policy Center, said the organization thought it was important for policy makers to get a fresh take on how regular Americans are impacted by health care costs, which continue to rise despite already being the highest among industrialized nations.

Pollsters found that 26 percent of the people they surveyed said they did not seek treatment due to the cost of care. That ratio was similar regardless of political party, and that fraction, Lash noted, translates to about 65 million Americans who are actively avoiding needed treatments and medications with price tags they find affordable.

"Republicans, Democrats, independents, the rich, the poor, the middle class, they're all skipping treatments, they're all not filling prescriptions, they're all borrowing money to afford care," Lash said.

And yet, despite suffering these indignities across the board, survey results showed a significant disparity in terms of the perception of American health care quality. According to survey results, 67 percent of Republicans thought their nation's health care system was "among the best in the world" compared with just 38 percent of Democrats and 46 percent of independents.

Academia has long found that America, despite spending the most, does not rank near the top in most broadly based measures of health care outcomes.

"When you look at just about every measure of performance -- we're 28th in life expectancy, 31st in infant mortality, 16th in heart attack mortality -- we're only No. 1 as it relates to cost," Lash said.

These disparities have been studied in depth over the last 20 years by the Commonwealth Fund, a nonpartisan health care think tank which examines 1,200 different health measures across 30 industrialized nations to paint a picture of differences and similarities from country to country.

Dr. David Blumenthal, the fund's president, said Monday that, through those 20 years of research, it's clear that America does not get the kind of health care results that other nations do per dollar spent.

But that disparity, though it has been reported to the public for many years, has not universally affected the average American's perception of health care quality. That probably, experts say, because not everyone sees outcomes like average infant mortality or average life expectancy to be the main measure of quality. Some, Blumenthal notes, are more open to these kinds of stats than others.

"It's very hard to present these kinds of data to people in the United States in ways they find convincing if they're not already critical of the health care system," Blumenthal said. "That may be why Democrats are more prone to accept that information. Their leaders are more prone to talk about it, and, therefore their followers are more likely to be aware of it."

But there is an alternative narrative that explains the political disparity on health care quality.

Lanhee Chen, director of domestic policy studies at Stanford University's Hoover Institution, one of three think tanks rumored to be working with the Trump administration on an ACA replacement, said many Americans think of factors like the ability to choose which provider they want to see and access to cutting-edge treatments when they're asked by a pollster to opine on American health care quality.

"Most progressives, I think, would argue that equity is a paramount value in health care, whereas conservatives might say the important factors are choice, optionality and access to innovative cures," Chen said.

But, regardless of political affiliation, a vast majority of Americans -- 76 percent -- believe that the cost of health care is too high relative to quality delivered.

And here, Lash said, is where West believes the public should focus. He noted that survey results found that only about one in 10 Americans had recently contacted their elected representatives about bringing health care costs down. And that's a shame, he added, because there are several first steps that could be taken to shrink the health care price tag, such as giving Medicare power to negotiate drug prices, mandating that doctors move away from quantity-based payment and requiring health care price transparency.

Lash said the consequences of public disengagement on the issue are stark. He cited a recent study in the Annals of Emergency Medicine, which estimated that 125,000 Americans die every year because they haven't taken prescribed medications, and of those, about two-thirds of those people aren't filling their prescriptions because they're unaffordable.

"That data suggests that roughly 85,000 people die every single year just as a result of not being able to afford their medications. To put that in context, during the entire Vietnam War roughly 59,000 soldiers were killed in action," Lash said. "Where are the protests in the streets over this?"

To start a more regular dialogue on the issue among those outside the world of health care economics, West is planning to launch a new website, healthcostcrisis.org, this week.

HAVE A QUESTION ABOUT MEDICARE? YOUR "SHIP" CAN HELP

You may have heard about SHIPs — State Health Insurance Assistance Programs. SHIPs offer local, personalized counseling and assistance to people with Medicare and their caregivers.

Your SHIP can help you with your Medicare questions, including your eligibility, enrollment, benefits, premiums, deductibles, and coinsurance.

Did you know that each state may call its SHIP by a different name — such as HICAP in California, or APPRISE in Pennsylvania? Visit Medicare.gov to find out what SHIP is called in your state, and get specific contact information.

Contact Your SHIP - ILLINOIS

Senior Health Insurance Program (SHIP)

Call **1-800-252-8966**

Website **https://www2.illinois.gov/aging/ship/Pages/default.aspx**

Facebook Find on Facebook

To contact Illinois SHIP, please call the toll-free number above or email AGING.SHIP@illinois.gov.

How A DIA Contributes To A Successful Retirement

April 2019BY: SUSAN RUPE

Deferred income annuities can be a powerful defense against the risk of outliving retirement savings.

But how much of a retirement nest egg should be invested in a DIA? And why don't more consumers purchase a DIA?

The Employee Benefit Research Institute looked into DIAs and their adoption by those facing retirement. The researchers found that only a small percentage of defined contribution and individual retirement account balances are annuitized. In addition, a significant percentage of defined benefit funds are taken as lump-sum distributions when the option is available.

It's an issue of cost versus control, said Jack VanDerhei, EBRI director of research and author of the report "Deferred Income Annuity Purchases: Optimal Levels For Retirement Income Adequacy."

Because DIA payments are delayed —usually for 20 years — and generally begin paying out when the annuity owner is in their 80s, a DIA could be offered for a small fraction of the cost for a similar monthly benefit provided by a single-premium immediate annuity that begins paying out immediately at retirement, he said. This reduced cost could help alleviate consumers' reluctance to give up control over a large portion of their retirement account funds at retirement age.

In addition, EBRI researchers found that a DIA was more attractive to consumers if it had a death benefit attached to it.

EBRI's study examined how the probability of a "successful" retirement varies with the percentage of a 401(k) balance that is used to purchase a DIA. A "successful" retirement was measured by the EBRI Retirement Readiness Rating. The rating analyzes the risk of not having enough retirement funds to cover basic expenses and uninsured health care costs. The results were broken down for all households with a 401(k) balance and analyzed by a simulated age of death. EBRI also looked at the results by different age groups.

So when is the best time to buy a DIA, and how much of a nest egg should go into it?

Buying a DIA without a death benefit at age 65, putting up to 20 percent of a 401(k) account balance into it and deferring payment for 20 years provides the best hedge against outliving income in retirement, VanDerhei said.

However, more is not exactly better when it comes to how much of a retirement nest egg should be invested in a DIA, VanDerhei cautioned. “There is an overall decrease in retirement readiness for DIA purchases starting at 25 percent — due in part to the interaction with long-term care costs,” he said.

The EBRI study found that retirement readiness improves when DIA purchases equal five, 10 or 15 percent of a 401(k) balance and a death benefit is added to the DIA in case the annuity holder dies before the DIA begins paying out. When EBRI ran through scenarios in which the annuity holders were estimated to die at certain ages, retirement readiness decreased for those projected to die before the DIA benefits kicked in, as well as those projected to die soon after the benefits begin.

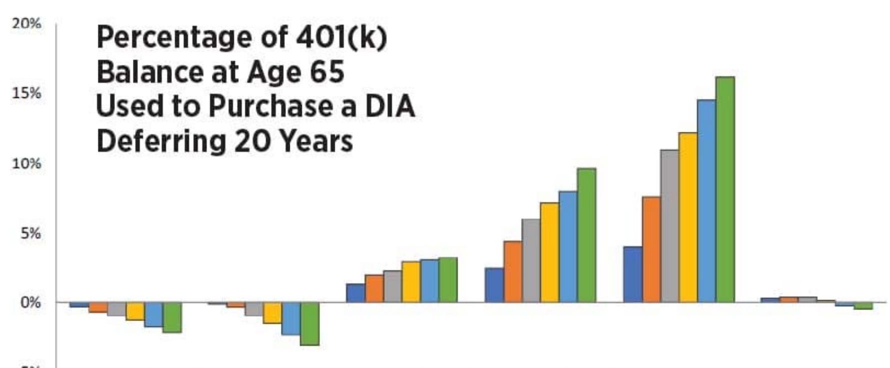
Investors projected to live beyond age 89 showed a significant increase in retirement readiness if they put a larger percentage — but not larger than 25 percent — of their 401(k) balance into a DIA.

The Interest Is There

EBRI’s 2015 Retirement Confidence Survey attempted to gauge workers’ interest in DIAs. Workers were asked how interested they would be at retirement in purchasing an insurance product with a portion of their savings that would begin providing guaranteed monthly income for the rest of the worker’s (or their spouse’s) life at some point in the future, such as age 80 or 85. Eight percent of workers indicated they were very interested and 30 percent reported they were somewhat interested, while 21 percent said they were not too interested and 38 percent said they were not at all interested.

The Retirement Readiness Rating is an analysis of those estimated to be at risk of not having sufficient retirement resources to pay for basic expenses and uninsured health care costs.

Among other things, the analysis estimates how age, relative level of pre-retirement income, and eligibility for participation in a defined contribution plan (principally a 401(k) plan) affect the prospects of running out of money in retirement. It also shows how long early baby boomers' resources are likely to last in retirement.



	65–84	85–89	90–94	95–99	> 99	All
5%	-0.3%	-0.1%	1.3%	2.5%	4.0%	0.3%
10%	-0.6%	-0.3%	2.0%	4.4%	7.6%	0.4%
15%	-0.9%	-0.9%	2.3%	6.0%	10.9%	0.4%
20%	-1.3%	-1.5%	2.9%	7.1%	12.2%	0.1%
25%	-1.7%	-2.3%	3.1%	8.0%	14.6%	-0.2%
30%	-2.1%	-3.0%	3.2%	9.6%	16.2%	-0.4%

For households currently ages 35-64 who have a 401(k) balance at retirement age (65).
* Second death for couples
Source: EBRI Retirement Security Projection Model® Version 3427

EBRI's research showed that that the level of interest in purchasing a longevity annuity is strongly associated with how strongly the worker believes they will live to age 85. Nearly one-half (47 percent) of those who believed it was "very likely" that they would live until at least age 85 were either somewhat interested or very interested in purchasing such a product; however, this percentage dropped to 41 for those who believed it was "somewhat likely" that they would live until at least age 85. One-quarter (25 percent) of those who believed that they were either "not too likely" or "not at all likely" to live until at least age 85 reported that they were interested in buying such an annuity.

A similar relationship was found between the level of interest in purchasing a longevity annuity and a worker's perceived likelihood of living to age 95. In this case, more than one-half (53 percent) of those who believed it was "very likely" or "somewhat likely" that they would live until at least age 95 were either somewhat interested or very interested in purchasing such a product. This percentage dropped to 35 percent for those who believed it was "not too likely" that they would live until at least age 95 and 30 percent for those who believed that they were "not at all likely" to live until at least age 95.

Workers ages 45 or younger — regardless of household income — were much more likely to be interested in purchasing a longevity annuity than their older counterparts. EBRI researchers attributed some of this to public perceptions of the future solvency of Social Security. The percentage of workers ages 45 or younger interested in a longevity annuity was 40 percent for those who believed Social Security would be a major source of income in retirement; however, it increased to 47 percent for those who believed it would be only a minor source of retirement income. The portion of those who expressed interest in a longevity annuity increased to 59 percent for younger workers who believed Social Security will not be a source of income in retirement at all.

Why The Reluctance To Buy?

If purchasing a DIA leads to a higher retirement readiness, then why aren't more people buying them? DIAs and qualified longevity annuity contracts are a good alternative for those who do not want to put their entire 401(k) balance into a SPIA on retirement, VanDerhei said.

"I always thought QLACs or DIAs would be the perfect antidote to people not wanting to give up flexibility by sticking their entire 401(k) account balance into a SPIA," he said. "With a SPIA, even though people have longevity protection, if something happens and they need money for long-term care expenses or something happens to the house, they didn't have that flexibility. So I think there's always been that reluctance on the part of many retirees or near-retirees to, in essence, give up all or part of their account balance to buy a SPIA."

VanDerhei began studying DIAs and QLACs in 2015, looking at the ways software programs have been modified to show the relative advantages of these types of annuities over other annuities.

But all the number-crunching in the world can't account for life's uncertainties, he said.

"What happens if you have a long-term care situation, and you need money for assisted living or a nursing home? If you put too much of your account balance in a [a DIA or QLAC], if you have a situation such as dealing with nursing home costs that otherwise you might have been able to handle, suddenly you no longer have those assets readily available and you might have to end up on Medicaid. There's a really difficult trade-off going on here."

What About A Death Benefit?

VanDerhei said what most surprised him in conducting the research was that people were interested in seeing the advantages of having a death benefit included in the DIA, so that if the account holder died between the ages of 65 and 84, there would be a return of premium. He said he had a "hunch" that advisors are finding it difficult to sell DIAs and QLACs without a benefit that kicks in if the account holder dies between the ages of 65 and 84.

"If you put money into a product that isn't going to pay out for 20 years and you die within those 20 years, what happens?" he asked.

"My surprise was the incredible desire to see results with death benefits presented," he said. "If you're going to get the death benefit between 65 and 84, obviously for any dollar of premium you're going to get less in benefits if you make it to age 85. So there's this trade-off going on."

Health care spending is more than just the parts you see

Illustration: Rebecca Zisser/Axios

People focus on the health costs that are most tangible and sometimes outrageous to them: their deductibles, and drug costs, and surprise medical bills, and the annual increase in the share of the premium they pay. But there's more that gets less attention because it's not as visible to them.

Why it matters: To really understand how Medicare for All or any other big change in health care financing would affect them, people need to understand how they would impact their overall family health budgets. Few people think about the other health costs they pay: their taxes to support health care, or what their employers are paying towards premiums (which is depressing their wages).

Between the lines: Consider this hypothetical example of a total family health "budget":

- **The Browns, a family of four with at least one member in poor health and a $50,000 income, have standard employer coverage much like 156 million other Americans. They spend $9,250 per year (19% of their income) on health.**
- **This includes $3,950 (8% of their income) in out-of-pocket health spending, $3,900 (8% of their income) in health insurance premiums, and, although they are almost certainly not aware of it, approximately $1,400 (3% of their income) in state and federal taxes that fund health programs.**
- **The Browns are not taxed on the contributions their employer makes toward health insurance premiums, which economists generally say offset wages. Their employer is contributing an additional $13,050 to their health insurance premiums, as well as $750 in Medicare payroll taxes.**
- **When combined, the Brown's spending on health care and the money spent by their employer on their behalf totals a considerable $23,050. And remember, they make $50,000.**

A few ideas that could help people learn more about their health total care spending and how reform proposals might affect their health spending:

- **The IRS and states could include a simple pie chart on everyone's tax forms, showing taxpayers where their tax dollars go today.**
- **Along with estimating the impact of health reform legislation on the federal budget, or the number of uninsured, the CBO could estimate its impact on typical family budgets, taking into account all of the forms of health spending families have today. Organizations like ours could do this as well.**

What to watch: This could be particularly important when analyzing Medicare for All proposals, since they would so significantly alter the financing of health care by shifting it from premiums and out-of-pocket costs to taxes.

- **A Medicare for All plan would likely reduce what the nation spends on health care by lowering payment rates to providers and creating administrative efficiencies. The average family would likely pay less, but how much is hard to say without more details.**
- **However, by changing the financing so significantly, there would likely be both winners and losers. Low-income people and sick people might pay less, and higher-income people and those who are healthy could pay more.**

The bottom line: We can only get a clear picture of how family finances would be affected by Medicare for All, or any other significant overhaul of the health care system, by looking at the totality of what they pay now.

Closing the pay gap

by Lucy Saddleton Apr 2019

Although the gender pay gap has certainly narrowed in the past decade, we are still far from a level playing field. With Equal Pay Day taking place around the world this month, women are coming together to draw attention to the issue and to pressure employers to take a stand.

Equal Pay Day took place in the U.S on April 2, raising awareness of the fact that women still earn only around 80 percent of their male counterparts, on average. The date is symbolic of how far into the new year women must work to earn the same as a man had earned the previous year.

In Canada, where women earn an average of 30 per cent less than men, the Ontario Equal Pay Coalition marked the day with rallies across the province on April 9.

It has been suggested in the past that the reason for the gap lies in the reluctance of women to ask for a pay increase. However, this theory was negated by a 2016 study conducted by the Cass Business School, University of Wisconsin and University of Warwick, which found that men and women ask for raises with equal frequency, but men are 25 per cent more likely to get a raise after asking.

In an effort to close the gap, U.K. firms with 250 or more employees have been legally required to disclose information on the pay difference between male and female staff since 2018, but the disparity continues nonetheless. Almost nine out of ten public sector organisations reported a gap in favour of men.

“Men may over-value their worth, whilst women under-value their contribution,” said Matthew Cole, employment partner at Ipswich, U.K.-based law firm, Prettys. “I think the pay gap will only be narrowed over a very long period of time by changing employment practices and attitudes.”

Vanessa Bell, partner and head of employment at Prettys, warned that a difference between earnings could impact future employment.

“It’s all well and good a business revealing its pay gap, but if these businesses don’t take action to address it, they could lose out on recruiting or retaining good staff,” she said.

More Than Half of Americans Want to Live to 100 but Worry about Affording Longer Lifespans

Business Wire

AIG survey finds 53 percent want to live to 100—yet 51 percent are uncertain their savings will last

Nearly six in 10 (59 percent) fear running out of money more than death

AIG Life & Retirement kicks off Plan for 100 to educate Americans to prepare for increased longevity

NEW YORK--(BUSINESS WIRE)-- As more people are living into their 80s and 90s, more than one out of every two Americans has their sights set on even greater longevity. According to a survey[1] released today by AIG Life & Retirement, a surprising 53 percent say their goal is to live to 100 years. Thirty-nine percent identify deeper family relationships as the main benefit of such a long life, 32 percent name seeing the world change and 17 percent want to remain productive.

Longer Lives Come with an Array of Concerns

This optimism for aging—fueled in part by medical advances and healthier lifestyles—is tempered by the financial challenges individuals may face in a retirement that could stretch 40 years or more:

- More than half (51 percent) of respondents are uncertain their current retirement savings plan would financially provide for a 100-year lifespan
- Less than one in 10 (9 percent) are extremely confident they will have enough income throughout their retirement
- Nearly six in 10 (59 percent) fear running out of money more than they fear death

"Living longer should be a cause for celebration, but for many, longevity can bring anxiety and financial uncertainty," said Kevin Hogan, Chief Executive Officer, AIG Life & Retirement. "While no one can know if they will live to 100, they can plan for it. Our goal is to help educate Americans about the need to prepare for longer lives so they can achieve financial and retirement security."

When asked to pinpoint their greatest concern about living to 100, the potential for serious health conditions (35 percent) topped the list, followed by burdening their family (27 percent) and running out of the money needed to live comfortably in retirement (25 percent). When considering financial concerns, generating lasting retirement income (23 percent) and the rising cost of healthcare (23 percent) tied as the most significant financial challenge Americans said they would face when planning for retirement. These challenges were followed by concerns about Social Security and Medicare (19 percent) and stock market volatility (19 percent).

Furthermore, with recent market volatility and December's nearly ten percent stock market drop still fresh in consumers' minds, 86 percent of Americans confess to anxiety about funding their retirement lifestyle through their retirement account investments, which typically include stock market exposure, as opposed to a guaranteed source of income.

While financing a long life is a concern for all, the burden weighs more heavily on the shoulders of female respondents—especially since they have longer projected life expectancies than men. Women are significantly more anxious than men about funding their retirement lifestyle through their retirement account investments versus a guaranteed source of income (60 percent of women are somewhat or very anxious, compared to 47 percent of men).

Income Certainty and Professional Help Enhance Happiness and Retirement Security

Results show that even a little more certainty can go a long way; six in 10 (60 percent) said $10,000 more per year of guaranteed retirement income would help ease their minds. Additionally, 75 percent of survey respondents said guaranteed income every year for life would give them greater levels of happiness and satisfaction in retirement. Certainty seems to have an even greater impact on female respondents; women were more likely than men to say they believe they would derive happiness from guaranteed income (women averaged 4.21 on a 5-point scale vs. men at 3.98).

"Retirement planning in the U.S. has yet to adequately adjust for an aging population, a decline in pension benefits, and longer lifespans," said Todd Solash, President, Individual Retirement, AIG. "As a country, we have to face the fact that relying on savings alone will leave many at risk of running out of money during their golden years. We must fundamentally change how we talk about retirement and replace what has been more of a singular focus on savings with a broader perspective that also includes protected lifetime income sources like annuities as part of an overall retirement plan."

Working with a financial professional also boosts confidence for a potentially long retirement. When asked whether they believe their current retirement savings plan will sustain them financially until the age of 100, respondents with advisors are significantly more confident than those going it alone. Nearly half (45 percent) of those with advisors are very or extremely confident, compared to only 8 percent of do-it-yourselfers. In fact, working with an advisor allays financial fears about growing older; nearly two-thirds (64 percent) of respondents with an advisor say they want to live to 100, compared to only 37 percent of those without an advisor.

"Preparing financially for a long life is achievable if you have a financial plan," said Robert Scheinerman, President, AIG Retirement Services (formerly known as VALIC). "Personal finance can be intimidating, but it doesn't have to be. Working with an advisor can help you clarify goals, map out the future you envision and build a strategy for creating a secure retirement. For employers, there is a real opportunity to better educate and engage employees to help them create a financial plan and develop strong savings habits early in their career. Individuals, employers, financial advisors and legislators all have a part to play in ensuring Americans can achieve retirement security."

Respondents are also thinking about how they can ensure the financial security of their loved ones in the case where their life expectancy differs from their spouse; only 16 percent of respondents say they are extremely confident that their partner would be able to manage his or her spending from retirement savings if they were to die first.

"Planning for 100 means planning for the unexpected," added Rod Rishel, Chief Executive Officer, Life Insurance, AIG. "For their peace of mind, Americans should be financially prepared to live to 100 while also taking steps to ensure the financial security of their loved ones in the event of an untimely illness, disability or death, especially if you're the breadwinner."