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Newsletter 2024

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Newsletter for Individuals

IN THIS ISSUE:

Health Insurance and Your Taxes

If you had Marketplace coverage at any point in 2023 and got the premium tax credit, here's what you need to know about filing your federal taxes.

Keep your Form 1095-A in a safe place

This form has important information about the Marketplace plans your household had in 2023.

- You should have gotten Form 1095-A in the mail, or you can check your www.healthcare.gov account.
- If you didn't get this form, contact the Marketplace Call Center by calling 1-800-318-2596.

Check that your Form 1095-A is correct

- Make sure your household and coverage information, the "second lowest cost Silver Plan" amount, and the monthly premium are correct.
- If you find a mistake, contact the Marketplace Call Center.

"Reconcile" with your Form 1095-A

If you qualified for or used the premium tax credit to lower your Marketplace plan premium:

- Use the information from your Form 1095-A to complete Part II of Form 8962
- If there's a difference between the amount of the premium tax credit you used during the year and the amount you actually qualify for, it will impact your refund or the

Mike's Blog

Auto insurance premiums are skyrocketing. What's to blame?

Surging auto insurance premiums are fanning the flames of high inflation and keeping the financial pressure on millions of U.S. households nationwide.

Consumer prices rose 0.4% in March from the previous month and climbed 3.5% from the same time last year, the Labor Department reported Wednesday. Both of those figures came in higher than the 0.3% monthly increase and 3.2% headline gain forecast by LSEG economists.

Many of the usual culprits — including rent and groceries — contributed to the surprisingly hot reading. But few categories jumped as substantially as auto insurance. The cost of auto insurance rose 2.6% in March, bringing the total annual gain to 22.2% — the fastest yearly rate on record. When compared with the beginning of 2021, before the inflation crisis began, motor vehicle insurance is more than 50% more expensive.

Experts say the problem could soon get worse before it begins to improve. In 2023, the average U.S. rate for full auto insurance surged to $2,019, a 24% increase from $1,633 in 2022 and a nearly 29% jump from $1,567 the previous year, according to Insurify, an insurance comparison shopping site. That amounts to roughly 3.4% of the median household income. Even a bare-bones policy required by states climbed to $1,154 per year in 2023.

The national average cost of car insurance hit $2,314 per year for full coverage as of April, according to a separate Bankrate database. That amounts to about $193 a month for full coverage.

Several factors have caused the spike in car insurance rates. The price of both new and used cars rose sharply after the COVID-19 pandemic, the result of both supply chain disruptions and unseasonably high demand. As a result, vehicles are more expensive and costlier to replace, which has driven up the price of repairs.

On top of that, the country is grappling with a shortage of mechanics, which is driving auto repair costs even higher. One source, the TechForce Foundation, estimates the number of graduates completing post-secondary programs in the automotive sector has plummeted by 20% since 2020. The number of automotive technicians is projected to continue decreasing in the coming years.

Car insurance companies are also trying to make up for steep losses incurred in 2021, which saw a sharp rise in fatal car accidents.

Given the astronomic rise in premiums, Martin said buyers should run the numbers on car insurance rates before they purchase a car in order to avoid any surprises.

Inflation has created severe financial pressures for most U.S. households, which are forced to pay more for everyday necessities like food and rent. The burden is disproportionately borne by low-income Americans, whose already-stretched paychecks are heavily impacted by price fluctuations.

The typical U.S. household needed to pay $227 more a month in March to purchase the same goods and services it did one year ago because of chronic inflation.

amount of taxes you owe.

- You'll include Form 8962 with your federal tax return.

How to reconcile your premium tax credit If you had a Marketplace plan and used the premium tax credit to lower your monthly payment, you'll have to "reconcile" when you file your federal taxes. This means you'll compare:

- The amount of the premium tax credit you used during the year. (This was paid directly to your health plan so your monthly payment was lower.)
- The premium tax credit you actually qualify for based on your final income for the year.

Any difference between the two figures will affect your refund or tax owed.

What happens if you don't reconcile your taxes

If you had a 2023 Marketplace plan but didn't file and reconcile your 2022 taxes, you may lose any savings you're getting for your 2024 plan.

- You'll get a letter from the Marketplace with details about what you need to do.
- You may also get "Letter 12C" from the IRS.

If you haven't filed your 2023 tax return — or filed a return but didn't reconcile the premium tax credit for all household members — you must do so immediately. If you confirm that you filed your 2022 tax return, you won't need to do anything else. Work with your agent to make sure you get the most credit available in the market. If you need further help with Health Insurance call Crystal at 800-362-2809 or visit www.getagreatquote.com

Why Insurance is (still) keeping your Mortgage Rate High

by Ryan Smith

Rising insurance rates are pushing up overall inflation, according to the head of the Federal Reserve. And that, in turn, could keep the Fed from cutting rates for even longer.

Inflation rose to 3.2% last month, frustrating the expectations of economists who had expected it to remain unchanged from January's rate of 3.1%.

The unexpected rise has spurred worries that the Fed may have to wait even longer before cutting interest rates from their current 23-year high, according to a Financial Times report. And rising insurance costs are a significant driver in keeping inflation high, Fed chairman Jerome Powell said during congressional testimony last week.

"Insurance of various different kinds – housing insurance but also automobile insurance and things like that – that's been a significant source of inflation over the last few years," Powell said. "And it's to do with a million different factors."

Auto insurance a key driver

Auto insurance rates have been rising, and are expected to surge by an average of 12.6% this year. The increase in rates has been partly driven by the rising cost of vehicle repairs. That cost is now bleeding through to insurance premiums, Omair Sharif said.

The impact of car insurance on inflation could lessen over time as the delayed effects of higher vehicle costs are incorporated into insurance premiums. However, it's not clear how long that will take.

Climate issues driving up P&C costs

Medical insurance is also higher, helping to drive inflation. And tenant and homeowners insurance costs have skyrocketed, driven by climate-related issues like natural disasters and rising sea levels. Even with rising rates,

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climate-related issues helped drive a $38 billion net underwriting loss for the P&C sector in 2023 – the highest loss in a decade.

"In the longer term, companies are withdrawing from writing insurance in some coastal areas," Powell said in his testimony. "It's a significant issue."

Well, we are here to help you. ABM Insurance & Benefit Services will help you shop around and get the best price for you and will continue to watch for savings. Give us a call at 281-448-3040 or stop by www.getagreatquote.com.

When Medicaid Comes After the Family Home; Federal law requires states to seek reimbursement from the assets, usually homes, of people who died after receiving benefits for long-term care.

Medicaid estate recovery means surviving family members may have to sell the home of a loved one to repay Medicaid, or the state may seize the property. The letter came from the state department of human services and It expressed condolences for the loss of the recipient's mother, who had died a few weeks earlier at 88.

Then it explained that the deceased had incurred a Medicaid debt of more than $77,000 and provided instructions on how to repay the money. "I was stunned," said the woman's 62-year-old daughter.

At first, she thought the letter might be some sort of scam. It wasn't. She asked not to be identified, because the case is unresolved and she doesn't want to jeopardize her chances of getting the bill reduced. The daughter moved into the family's Midwestern home years earlier, when her widowed mother, who had vascular dementia, began to need assistance. Her mother was well insured, with Medicare, a private supplemental "Medigap" policy and long-term care insurance. The only reason she enrolled in Medicaid was that she had signed up for a state program that allowed her daughter to receive modest payments for caregiving. But that triggered additional monthly charges through a Medicaid managed care organization, and now the state wants that money back.

The practice dates to 1993, when Congress mandated that when Medicaid beneficiaries over age 55 have used long-term services, such as nursing homes or home care, states must try to recover those expenses from the beneficiaries' estates after their deaths. "Medicaid requires beneficiaries to spend down almost all their assets" to qualify for benefits, explained Eric Carlson, a directing attorney at Justice in Aging. Most states allow those eligible for Medicaid to retain assets worth only $2,000. But if a beneficiary owns a home, it can be exempt.
Still, if Medicaid has paid for long-term care and there's money to be had after death, state agencies will come for the assets.

"If there's going to be tens of thousands of dollars available for recovery, in most cases, it's the house," Mr. Carlson said. Surviving family members may have to sell the house to repay Medicaid, as the Midwestern daughter may be forced to do, or the state may seize the property.

Medicaid "is the only public benefit program from the United States of America that requires states to seek to get money back," said Representative Jan Schakowsky, Democrat of Illinois. This month she reintroduced a bill, the Stop Unfair Medicaid Recoveries Act, to end the practice. Her staff has calculated that 17,000 families in Illinois alone have lost homes to Medicaid recovery since 2021. Comparable national figures aren't available, but an independent agency that advises the federal government and states on Medicaid issues reported in 2021 that states collected $733 million through estate recovery in the fiscal year of 2019.

"This is a really harmful and cruel program," said Representative Jan Schakowsky, Democrat of Illinois, who has reintroduced a bill to Congress to end Medicaid estate recovery. That amounts to only about one half of a percent

Meet Our Representative

Stevan DeLosSantos

Name – Stevan DeLosSantos
Title – Senior Benefits Consultant & Licensed Health & Life Agent
Email – sdelossantos@cobensrv.com
How long have you worked at ABM – 10 Years

What do you do at ABM – Educate Medicare beneficiaries on their options, assist under 65 Individuals with their health insurance

What do you love about your job – I love educating consumers and finding solutions for their health insurance needs

Why do you think ABM is a great company – I love that ABM offers a personalized touch to their clients and treats them like part of the family.

Fun Fact about yourself – I traveled cross country and trained and showed horses when I was younger

Continued from Page 4- When Medicaid Comes After the Family Home Federal law requires...

of Medicaid's long-term-care expenditures, according to the agency, MACPAC, the Medicaid and CHIP Payment and Access Commission. Only eight states collected more than 1 percent of expenditures.

"This is a really harmful and cruel program," Ms. Schakowsky said. "And it's not working. The cost of actually trying to get the money could exceed any money that would be returned."

When Congress established the mandate, proponents argued that estate recovery would save money and promote fairness, since some higher-income seniors hired lawyers to help shield their assets so that Medicaid would pay their nursing home bills. But for the most part, the states pursue claims against low-income families, many of them Black and Hispanic. Critics argue that the policy perpetuates poverty. The average wealth of deceased Medicaid recipients over age 65 is less than $45,000, the MACPAC report noted, and the average home equity is $27,364.

"For a lot of these people, the home is a product of a lifetime's worth of working and scrimping," Mr. Carlson said. "It could be a foundation for their children and grandchildren. That's pulled away from the family under these claims. It imposes recovery against the families and communities least able to pay it." (A surviving spouse or minor or disabled child can continue to live in the house after a Medicaid beneficiary dies, but after the survivors die, or after a child turns 21, estate recovery can proceed.).

Every state offers hardship waivers that reduce claims, but "the process tends to be difficult or futile," Mr. Carlson said. "Depending on the state, the request is almost always unsuccessful." "I don't think estate recovery was a policy created primarily to impact low income families, but that's the impact it's having," said Natalie Kean, another directing attorney at Justice in Aging. Estate recovery can also affect middle-class families, however. Many turn to Medicaid because, given the cost of nursing homes (the median price last year was $8,669 a month), "your savings can disappear in a hurry," Mr. Carlson said.

Brian Snell, an elder law attorney in Marblehead, Mass., represents a family whose 93-year-old mother, who had dementia, died in 2022 at her condo in North Andover. Her daughter had cut back on her hours as a beautician to care for her at home, wanting to keep her out of a nursing home because "that was her mother's wish," Mr. Snell said.

When the mother qualified for MassHealth, the state Medicaid program, it enrolled her in a state home care program that provided home health aides (though only sporadically, because the pandemic made workers and agencies hesitant to enter homes). Call our Medicare Specialists at 800-362-2809.

The New Help for Medicare Beneficiaries with High Drug Costs That Few Seem to Know About

By Juliette Cubanski and Tricia Neuman

The Inflation Reduction Act of 2022 includes several provisions to lower out-of-pocket drug costs for people with Medicare. Some provisions of the law have already taken effect, including a $35 cap on monthly cost sharing for insulin and free vaccines under Part D, Medicare's outpatient drug benefit. Medicare's new drug price negotiation program is also getting underway, with negotiated prices first taking effect in 2026. And a new cap on Part D out-of-pocket prescription drug costs for people with Medicare takes effect in January 2024 – a change that will save thousands of dollars for people who take high-cost drugs.

Beginning in 2024, people enrolled in Part D plans will no longer be required to pay 5% coinsurance after they reach the catastrophic threshold. Eliminating this 5% coinsurance requirement means that in 2024, Part D enrollees will pay no more than about $3,300 for all brand-name drugs they take – a change KFF estimates will help well over 1 million Medicare beneficiaries. And starting in 2025, out-of-pocket drug spending will be capped at a lower amount, $2,000 (indexed annually for growth in Part D costs.)

To illustrate the impact of Part D's new out-of-pocket cap, consider three drugs taken to treat various forms of cancer – Lynparza, Ibrance, and Xtandi – each with annual retail prices well over $100,000. In 2023, Medicare Part D enrollees who used any of these drugs for the entire year faced annual out-of-pocket costs around $12,000, but in 2024, out-of-pocket costs will drop to about $3,300 for each of these drugs (Figure 1). This translates to annual savings of $8,100 to $9,200 compared to 2023. Out-of-pocket costs for these drugs will drop even further beginning in 2025 when the $2,000 cap takes effect.

The current 5% coinsurance requirement for catastrophic coverage may seem like a small amount, but with many drugs coming to market priced at $150,000 or more, that 5% translates into thousands of dollars in annual out-of-pocket costs for expensive drugs. Paying this amount can be a particular burden for older adults, many of whom live on fixed incomes and have limited financial resources to tap to pay for high-cost medications.

Although changes to prescription drug costs in the Inflation Reduction Act are underway, recent KFF polling finds low levels of awareness among older adults about key features of the law. Only a quarter of all older adults know about the new cap on out-of-pocket prescription drug costs for people with Medicare that takes effect in January. A larger share, but still less than half, of all older adults knows about the new insulin copay cap for Medicare beneficiaries, and around one-third know about the change that requires the government to negotiate prices for some high-cost drugs in Medicare (Figure 2).

At a time when the affordability of health care is among the key issues that voters want to hear about from presidential candidates, the results of KFF polling suggest that more work could be done to inform people with Medicare about the prescription drug changes in the 2022 law. But regardless of what people do or don't know about these changes, more older adults will begin to see real savings very soon, particularly those who take high-cost drugs.

Part D Plans: Every year, Keep up with your plans at medicare.gov

If you need to enroll in Medicare or Part D call our team at 800-362-2809.

High Net-Worth Homeowners Face Headaches Amid a Lack of Capacity

By Will Jones

A decade of natural disasters, years of inflation and inadequate rates have caused premium increases and restricted capacity across the homeowners market. However, one of the hardest-hit segments is the high net-worth market, where capacity is tighter, rates have escalated and homeowners have been forced to find creative solutions to insuring their homes.

“Rate increases are somewhat democratic in that it has affected the mass affluent market, the high net-worth and the ultra-high net-worth market, including areas that are not classically catastrophe exposed,” explains Katherine Frattarola, executive vice president and head of HUB Private Client, who points out that areas such as the Chicago suburbs and Northeast have experienced losses due to winter weather and high-profile fires.

Affluent homeowners face issues because they typically live “where the wind blows, the ground shakes and the earth burns,” Frattarola says. “They like to live on a mountain surrounded by brush, on a barrier island or right on the beach.”

This winds up with an aggregation of high-value homes in areas that are becoming riskier due to changing weather patterns. When companies assess their risk portfolio, they are more frequently determining that they are not comfortable with the risk in certain areas.

For the high net-worth segment, affordability is often not as large of a concern as it is for the average consumer. Instead, the focus turns to availability. But with admitted carriers retreating, clients are forced to look at the non-admitted market, where there is more flexibility surrounding rates—while others who do not have a mortgage consider self-insurance.

This is a difficult insurance market. Historic inflation combined with increased severity of claims has made insurance companies have the market or limit capacity.

Call us to help with your high value Homeowners Insurance, we can help at 800-362-2809

ABM Bad Joke Of The Month...

What is blue and not very heavy?

Light Blue

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Crystal was very knowledgeable. She was willing and able to help me find insurance coverage that would best suit my needs with the lowest premium. She made it so easy!

- C. Rodriguez

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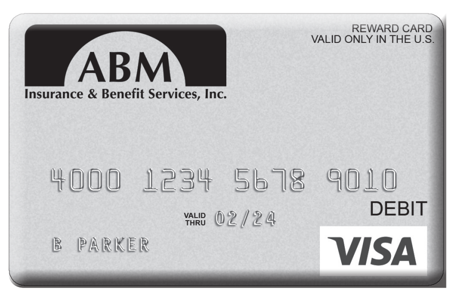

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