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## **Baby boomers might retire earlier under new Obamacare rules**

The *Kansas City Star* on September 15 ([www.kansascity.com](http://www.kansascity.com)) reports that insurance providers and financial planners expect workplace departures of the 50 to 65 year old age group to accelerate as a result of the Affordable Health Care Act (ACA). This group is not yet eligible for Medicare, and may have put off retiring in order to maintain health insurance that they could not afford, or perhaps not even qualify for, on their own. David Power, a broker with PowerGroup in Overland Park was quoted in the article as saying "The healthcare shackles are off."

Potential retirees, and those who have been retired due to circumstances beyond their control, are anxious to shop in the public health insurance exchanges starting October 1. An employee's cost of coverage in an employee-sponsored health plan may still be the most cost effective. But for those who want to retire, must retire due to health reasons, or must leave a job due to downsizing, the ACA offers an attractive option to COBRA. Fewer and fewer companies are offering retiree insurance, and many of those who did, are eliminating the option for new retirees. Baby boomers may find that now insurance is more affordable, and more importantly, there is no more underwriting related to age and health status. Although there are many good aspects for many under the ACA, this age demographic will be clear "winners" in this market.

The ACA requires that insurance companies price policies in only three bands instead of the seven or more bands that were traditionally offered. The traditional method resulted in higher premiums for older persons, who generally have more health issues. At least at first, the rates for older persons may go down. Furthermore, people who retire could see their income drop to a level that results in government subsidies to help pay for coverage. The trend will continue if enough younger people buy insurance. The costs will also depend upon where people live. However, it at least offers an option to those below 65 years that did not exist before. Theoretically, it can help those who must apply for Social Security Disability and must wait two years to qualify for Medicare.

Current Medicare beneficiaries are worried that their benefits will be cut to satisfy the costs of the ACA. AARP support the Act, and is trying to educate people that Medicare coverage is stable, and Medicare beneficiaries are already benefiting from the ACA.

The Kaiser Family Foundation (<http://kff.org>), a leading research organization on healthcare reform, has an online calculator that can help people learn about income-based subsidies in the health marketplace. It is important that retirees and would-be retirees take time to look at all options, and make good decisions based on fact. There will be multiple plan options, and premiums will vary according to geography and the needs of the person applying. For instance, a plan with large out-of-pocket costs might not suit the needs of an older person with a newly limited income.

This is an area where research and careful thought will pay off, as the concept of a public health insurance marketplace is new, and many aspects of it are changing rapidly. Be sure to look before you leap.