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Health Insurance Options in Senior Years

Abstract

Agriculture producers over age 55 need to begin planning for retirement. Health insurance options change after the age of 65. During this transition, individuals and caregivers need to understand Medicare, supplemental insurance options and the costs associated with them. Educators utilized the Health Insurance in Your Senior Years module to teach about planning for later life health insurance. Participants completed pre and post assessments, which indicate increased confidence, knowledge and likelihood to take action with respect to Medicare health insurance. Extension educators can help agriculture producers sort through the confusing advertising by offering unbiased community based programming to this audience.

Introduction

Extension educators can play an important role in assisting clients with understanding health insurance in their senior years and estimating health care costs. The average age of all agriculture producers is 57.5 years (USDA, 2017), nearing eligibility for Medicare at age 65. This age is up 1.2 years from the 2012 survey. Over 34% of all farmers are over age 65. Almost 90% of adults report difficulty using health information to make an informed health decision (America's Health Insurance Plans, 2013). As

agriculture producers move into their senior years, they need to make important decisions about health insurance. One such decision is which insurance to choose, traditional Medicare or a Medicare Advantage plan. According to a study by the Kaiser Family Foundation (2019), 66% of individuals enroll in traditional Medicare and 34% select a Medicare Advantage HMO or PPO. Enrollment decisions can be difficult. In fact, only about 50% of Medicare Advantage plan members understand how their plan works (J.D. Power, 2017). A study by the Kaiser Family Foundation (2008) analyzed the content of health insurance advertising. It showed that ads for Medicare plans tended to include minimal descriptive information to help inform health insurance choices. Additionally, the ads often left out important plan features, which might affect beneficiaries' access to medical providers and their out-of-pocket spending.

Fidelity.com (2018) estimates that health care in retirement from age 65 and older for a couple will cost \$280,000 through their remaining lifetime. This includes Medicare premiums and other out-of-pocket costs. Agriculture producers can best plan for their retirement health needs and subsequent costs when they understand how Medicare works, what it covers, and what other options are available. Therefore, it is important for educators to understand Medicare and health insurance options in senior years.

A multi-state Extension team developed a module to reduce confusion around this difficult decision. The team grounded the module in health insurance literacy, social cognitive theory, and adult learning theories. Geared toward audiences aged 55 and older, *The Health Insurance in Your Senior Years – Medicare and Other Options* educational module seeks to increase their understanding and confidence regarding Medicare and other health insurance options. The module provides an overview of Medicare Parts A, B, C, and D, includes a case study to estimate healthcare costs in retirement, and explains long-term care options. The content is relevant for individuals planning for their retirement, consumers 65 and older, and the educators and caregivers who assist them in making health insurance decisions.

Objective

The health insurance literacy team designed the module to inform health insurance decision making for those in or entering their senior years. The purpose of this study was to determine whether the program met two specific objectives: (1) that participants gain knowledge of and where to go for information about Medicare and supplemental health insurance options, and (2) that participants gain confidence to use strategies and tools to help estimate health care costs. During the module, facilitators review important words to know and a case study provides hands-on learning for estimating costs.

Method

Researchers designed the study to test the extent to which the module increased confidence and likelihood to take action among consumers who completed the module. Five Extension educators from two states, Delaware and Maryland, taught the program in person and via webinar between 2019 and 2020. Educators were required to complete the Health Insurance in Your Senior Years train-the-trainer workshop, which includes sessions on adult learning and theory, evaluation and module content.

Extension educators recruited participants through a variety of forums. In collaboration with Extension agriculture educators, facilitators offered the module as one session in a series of educational sessions on succession planning for farm audiences. The educators offered webinars throughout 2020 with participants recruited through listservs and social media.

Facilitators administered a pre/post survey to measure confidence and behavior change. The questions were adapted from a bank of questions developed and tested by the American Institutes for Research (AIR) on a representative sample of 45,000 adults. Researchers used a paired samples t-test to determine statistical significance. University of Maryland, College Park's IRB Office approved the study.

Results

There were 124 participants in the study. Demographic measures included age, sex, race, and income. The majority of participants were female (73.2%), with a mean age of 54. The most commonly reported racial group was white/non-Hispanic (87.6%), followed by Black/African American (10.5%). Over 81% reported an income of over \$50,000.

Table 1 shows the summary of participant demographics.

Table 1. Participant Demographics (N=124)

Demographics	n	%
Sex		
Male	32	26.0
Female	90	73.2
Other	1	0.8
Ethnicity		
Hispanic	2	2.6
Non-Hispanic	73	97.4
Race		
Black/African American	11	10.5
White	92	87.6
Two or More Races	2	1.9

Researchers asked the type of insurance plan participants selected for the current year. The majority of participants indicated an employer based health insurance plan. Over

half of the participants currently had a vision plan and a dental plan. See Table 2 for a summary of the insurance plans of the participants.

Table 2. Insurance Plans Currently Enrolled (Check All That Apply Question)

Health Insurance Plan Type	n	cases %
Employer Based	99	86.8
Original Medicare (A&B)	20	17.5
Medigap/Supplemental	5	4.4
Medicare Advantage (C)	3	2.6
Prescription Plan	17	14.9
Vision Plan	69	60.5
Dental Plan	76	66.7

In this study, Cronbach’s coefficient α was used to calculate the internal consistency coefficients of the pre and post survey questions regarding participants’ confidence and likelihood of making health insurance decisions in their senior years. Pre and post survey questions found a strong internal consistency (Taber, 2018). The Cronbach’s alpha coefficient for pre survey questions was 0.913, and for post survey questions was 0.928.

Table 3 shows the results of the paired samples t-test. Researchers used two questions to assess confidence in understanding health insurance options in senior years and estimating total health care costs. Researchers used two additional questions to assess behavior change regarding their likelihood to 1) determine which health insurance option works best for their health and financial plan and 2) determine the amount

needed to cover health care expenses. Researchers used a Likert scale to create the answer options from not at all confident to very confident. The results indicate a statistically significant ($p < 0.001$) increase in all four questions, with a medium to high effect size (Cohen, 1988).

Table 3. Paired T-Test Results for Pre-and Post-Surveys

Question	Pretest		Posttest		df	t	p	Cohen's d
	Mean	SD	Mean	SD				
Q1. How confident are you that you understand health insurance options in your senior years?	2.26	0.98	2.76	.89	104	-6.39	<.001	0.53
Q2. How confident are you that you could estimate your total health care costs?	2.13	1.05	2.80	.94	105	-7.55	<.001	0.68
Q3. How likely are you to determine which health insurance option works best for your health and financial plans?	2.53	1.05	2.96	.92	104	-5.56	<.001	0.44
Q4. How likely are you to determine how much you need to save to cover your health care expenses?	2.40	1.08	2.89	.90	106	-5.88	<.001	0.52

Note. Scale: Q1, Q2 : Not at all confident=1, Slightly confident=2, Moderately confident=3, Very confident=4.
Q3, Q4: Not at all likely=1, Slightly likely=2, Moderately likely=3, Very likely=4

Discussion

Baby Boomers, the group born in the post WWII years of 1946-1964, are the second largest generation with an estimated 73 million people (Census, 2020). With about 10,000 individuals turning 65 each day, by the year 2030 all baby boomers will be age 65 or older. This is also true in agriculture where the average age is currently 57.5 years (USDA, 2017) and increasing. There is a seven-month window (three months before age 65 and three months after) to make initial decisions about Medicare and other health insurance options and every year thereafter. As they age, understanding the health insurance options and their respective financial implications will help ensure improved access to health care and a more secure financial future.

Extension educators are active in working with farmers to help them plan for farm succession, often with workshops covering general retirement planning. However, these educational programs typically do not address the importance of planning for health insurance and its costs. As previously mentioned, these health insurance costs are significant, totaling as much as \$280,000 for a couple retiring at age 65 (Fidelity.com, 2018). Such a significant sum of money has the potential to affect personal finances during retirement and farm succession. Additionally, choosing the most appropriate and cost-effective plan can help maintain good financial and physical health. Therefore, programs like this are an important part of retirement and farm succession planning and extension educators are positioned to deliver programs like this to their existing farm succession planning audiences.

Extension educators can work with this aging population to encourage them to consider health insurance options, and their cost, as part of their retirement planning process. Hachfeld (2015) emphasizes the importance of long-term health care planning as an important aspect of farm transition. Hatchfeld also shares the alarming increase in health care costs and the potential impact on the farm business. By considering these costs in the farm succession planning process, extension educators can help older

adults get the unbiased and understandable information they need to make the best possible decision about health insurance in their senior years.

Results from the Health Insurance in Your Senior Years evaluation indicate that this workshop significantly increases confidence in understanding of health insurance options and costs. The workshop relies on clear and easy to understand information, accessible local and online resources, and hands on practice using a case study. The study also indicates an increase in likelihood to estimate the health insurance plan costs and to choose a plan that suits their health care needs given their financial resources. According to social learning theory, the increased confidence should support self-efficacy and increase the likelihood that participants engage in these specific behaviors. If participants estimate their health insurance costs and identify the best plan to help reduce those costs, it would help improve their financial resiliency as they plan for retirement and farm succession. Extension educators can use this module in their community to meet the needs of the Baby Boomer generation and others as they plan for, and transition into, their senior years.

The Health Insurance Literacy Initiative (HILI) developed the module and is available for others to use. Extension educators access the training materials upon completion of a certified educator workshop. The training materials include a PowerPoint with training notes, a case study with answers, factsheets that reinforce module topics, and reliable resources for further information. The HILI team can provide this workshop and training information with extension educators across the country. Educators who participate in the training will have a greater understanding of importance of these healthcare decisions and how they affect retirement planning. They will also be more prepared to provide this information in their communities and ensure that their audiences have the information they need to make the best decision for them, their health, and their finances at this important life transition stage.

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