

CARDINAL | POINT

CROSS-BORDER WEALTH MANAGEMENT



# Health Insurance Options for **Seniors Moving to the U.S.**



## Navigating Healthcare Options for Canadian Retirees Moving to the U.S.

So, you want to retire to the U.S. and enjoy the warmer climate in your golden years? Or maybe you just want to stop having to count the days before you overstay your visitor's visa and become an illegal alien? Regardless of the reason, if you want to become a legal resident of the US and cease residency in Canada, you need to figure out how you are going to make sure you don't go broke if you get sick. What if you are already sick? Can you get health insurance in the U.S. if you don't qualify for Medicare? Healthcare is relatively expensive in the U.S. and we do not recommend anyone go without health insurance, particularly as they near their retirement years.

## Understanding the Limits of Travel Insurance for Canadians in the U.S.

Travel insurance is popular with Canadians visiting the U.S., but it should not be relied upon as primary insurance. Travel insurance will cover emergencies while you are away from your home province, including emergency travel expenses to get you back home for treatment, but they will not provide sustained care outside of Canada once you are able to travel back home. Essentially, they will ensure emergency treatment while you are on vacation, but they will transport you back to a hospital in your home province as soon as you are able to travel. At that time, your provincial coverage will kick in.

# Deciphering Medicare: Understanding Eligibility and Coverage Parts

Everyone has heard of Medicare, and that will be an option for you at some point, but there are limitations regarding who is eligible for coverage. Medicare has three Parts, A, B and D. Part A is for hospital coverage. Part B is for other healthcare related costs not covered by Part A, such as doctor's visits, preventative care and necessary medical equipment. Part D is for prescription drugs. U.S. citizens are eligible for Medicare once they reach the age of 65. They can sign up during the annual enrollment period regardless if they have qualified work credits or not. No underwriting is required to sign up for Medicare so everyone who is eligible will be accepted.

You can also improve the quality of your coverage through a Medicare supplement. Supplement plans do not require underwriting if you sign up within the first six months of your Medicare eligibility date. We highly recommend getting coverage in that window because you can be denied if you apply later.

Without getting into the details of pricing, these are the basic coverages Medicare provides. Medicare is generally considered to provide good, affordable coverage for seniors, even though it will be more expensive for some than others.

## Navigating Medicare Eligibility Through Marriage and Permanent Residency in the U.S.

If you are moving to the U.S. because you are marrying a U.S. citizen or permanent resident who qualifies for Medicare, you will also qualify after one year of marriage due to your spouse's work credits. This is not the case if your spouse is a widow(er) and does not qualify for their own work credits. Whether you live in the U.S. or abroad during your first year of marriage is irrelevant. You can enroll for Medicare after one year even if it is not during the open enrollment period because marriage qualifies you for a special enrollment. Your U.S. spouse will also have to receive Medicare benefits to qualify. If you are not marrying a U.S. citizen or permanent resident, and do not qualify for Medicare by any other means, you can qualify for Medicare on your own once you have lived in the U.S. as a permanent resident for five years. Of course, you will have to pay full price for Medicare coverage once you qualify, unless you are earning credits by working in the meantime.



# Health Care Options

## Exploring Healthcare Options Before Medicare: Navigating the Affordable Care Act

So, what can you do for health insurance while you are waiting to qualify for Medicare? While it has pros and cons, the Affordable Care Act (ACA) allows any legal resident of any age to get health insurance through the federal exchange (or state exchange if your state has one). There is no underwriting for these policies, and you cannot be denied coverage for pre-existing conditions. Unfortunately, Obamacare (ACA) and Medicare are the only health insurance options you have if you have a pre-existing condition.

Pricing for these policies varies widely depending on age, sex, geographic location, and smoking habits. The most common complaint about these policies is how expensive they are. Those in their 50's or above could face premiums of \$1,000 per month or more, with deductibles usually around \$7,000 per person (\$14,000 per family) and the out-of-pocket maximum usually double the deductible. This means a couple moving from Canada to the U.S. could end up paying anywhere from US\$24,000 to \$40,000 per year for healthcare-related expenses if they have any significant health issues. That is expensive, particularly for those on a fixed income, and can be painful when you leave behind "free" healthcare in Canada. Those prices are also for what is considered a "Bronze" policy; "Silver" and "Gold" policies can be much more expensive. The one positive is that policy premiums no longer increase after age 65. Like Medicare, one can only enroll through the healthcare exchange during the open enrollment period, or for a limited time after you qualify for a special enrollment. If you miss your enrollment period, you will have to wait until the next enrollment period to get coverage.



## Exploring Short-Term Health Insurance: Options and Considerations for the Healthy

Fortunately, you have more options if you are healthy. Short-term health insurance policies are offered by private insurers. These policies have been changing a lot over the past several years, but currently they must be renewed every six months and cannot be renewed forever. Some states require a one-month gap in coverage for it to be considered short-term so you would have a one-month gap in coverage every six months. These policies are generally much cheaper than ACA compliant policies, but do require underwriting, do not cover pre-existing conditions and are not ideal due to the required gaps in coverage. There are also few, if any, plans available for those 65 or older. Plus, what is being offered is constantly changing so your plan may not be offered in the future.

## **Understanding Indemnity Health Plans: Coverage, Flexibility, and Considerations**

Indemnity plans are also offered by private insurers. These plans are not short-term and do not require any gaps in coverage. They do require underwriting, and you can be dropped at any time with a thirty-day cancellation notice. Some insurers will maintain the policy until open enrollment of Obamacare. Others are guaranteed renewable once you are medically approved. Indemnity plans are similar to short-term plans except that they provide coverage for specific medical events and pay a fixed amount per event, rather than a percentage of the overall cost. In many cases, the “policy” you buy is really a package of insurance plans providing coverage for different medical events. They are designed to create the desired overall coverage level. Often, these are used in conjunction with other types of catastrophic insurance plans. Many companies also do not offer these policies after the age of 65. Pricing for these packages will be higher than short-term policies but cheaper than ACA policies.

## **Exploring Faith-Based Health Plans: Coverage, Reimbursement, and Considerations**

There are also faith-based plans available which will issue coverage at any age. These policies are all different but generally you pay a monthly premium just like regular insurance. If you require medical treatment, you pay your providers out-of-pocket based on pre-negotiated rates and then the plan reimburses you a percentage of said cost. The main drawbacks of these plans are the potential for significant out-of-pocket expense before you are reimbursed, timing of reimbursement, and lack of regulation.

## **Securing Health Insurance for Moving to the U.S.: Exploring International Plans and Considerations**

The best course of action may be to try to secure health insurance before you move to the U.S. International health insurance plans are available for those who qualify, though they require underwriting and will not cover pre-existing conditions. One difference from some of the previously mentioned policies is that an international policy will sometimes be issued excluding a specific pre-existing condition rather than just denying coverage. You must live outside of the U.S. when you apply for coverage, and rates may change once you move.

These plans vary widely as does the quality of the insurer backing them. As with other options, these plans should be viewed as a bridge to Medicare.

Some international health insurance providers have good reviews but there are horror stories about others, including denied claims. No matter what kind of policy you are considering, we recommend using a reputable broker who knows the industry and knows what options are available in your area. This is especially true for international plans because they can be quite complex and are issued by international companies not subject to the same regulations as U.S. policies.

## Bringing it all together

Like most countries, the U.S. healthcare system is not perfect. And, it is in a period of transition as politicians continue to try and figure out how to improve it. The marketplace is very complex and constantly changing, so having a good health insurance agent who focuses on servicing those individuals moving to the U.S. is critical. Equally important is the requirement to partner with a cross-border advisor who can help plan your financial transition to the U.S. and ensure the insurance coverage you are being offered does not compromise your long-term financial well-being.

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