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Pre-licensing and Ethics Classes and CE Self-Study

THERE ARE NO CHANGES TO THE LIFE,
PROPERTY OR CASUALTY COURSES FOR 2020.
UPDATES 2020 TAX INFORMATION RELEVANT
TO THE ACCIDENT AND HEALTH COURSE ARE
AS FOLLOWS:

PAGE 13 6) Flexible Spending Account (FSA)

The limit on **health care** FSA contributions per individual is **\$2,750 per year** (2020). Some businesses offer dependent care FSAs for **dependent expenses**, which has an IRS **2020 per household limit of \$5,500** per year.

PAGE 14 7) High-Deductible Health Plan (HDHP) and Related Health Savings Accounts (HSAs)

Currently (2020), the plans are all similar in the fact that HDHPs **have deductibles that range from \$1,400 and \$6,900** for singles, and from **\$2,800 and \$13,800** for families. Once an HDHP insurance policy has become effective, the funding of the HSA may commence. Annual contribution levels for 2020 HSAs are as follows:

- **Maximum annual HSA contribution for an eligible individual with self-only coverage is \$3,550.**
- **For family coverage, the maximum HSA contribution is \$7,100.** These limit ranges and contribution levels can change from year to year, so consult your carrier or account for specific details for any given tax year.
- In addition, there is a **catch-up** contribution provision for HSA account holders **aged 55 and older of \$1,000 per year (added to single or family limits, above).**

PAGE 31 **A) Medicare Parts A, B, C, D**

Enrollees age 65 and over who have **fewer than 40 quarters of coverage** and certain persons with disabilities **pay a monthly premium** in order to receive coverage under Part A. Individuals with 30–39 quarters of coverage may buy into Part A at a reduced monthly premium rate, which is \$252.00 while those with fewer than 30 quarters of coverage pay the **full premium of \$458.00 a month**.

PAGE 32 **The Coverages of Part A include:**

- **Hospital care** – All covered services for 60 days **except in-hospital deductible charge (\$1,408) due for each benefit period**. After 60 and up to 90 days, the **daily deductible** amount is \$352, and for the 91st day and thereafter, \$704 is charged daily to the insured (up to coverage day 150, when all Medicare Part A lifetime days are exhausted and a supplement covers hospital charges after this limit is reached).

Inpatient skilled nursing facility care as medically necessary – **All covered expenses first 20 days**, then next 80 days with a \$176 daily deductible.

PAGE 32 ■ **Medicare Part B – Medical Insurance**

The insured under Part A must opt for Part B, which requires the insured to pay a monthly premium, to be eligible to purchase a Medicare supplement policy. In 2020, this monthly amount equals \$144.60 for the lowest income tier (at or below \$87,000 for singles and at or below \$174,000 for married filing jointly).

There are five tiers of premium cost based on the insured's income level. The **lowest tier is for less than \$87,000 income** (the cost cited in the previous paragraph) while the highest tier level is \$500,000, at which level the monthly cost of Part B is \$491.60. For married filing jointly taxpayers, double the income (up to a limit of greater than or equal to \$750,000) levels shown above.

PAGE 34 ■ **Medicare Part D**

Once the insured spends \$6,320 out of pocket in 2020, he or she is out of the coverage gap of Medicare prescription drug coverage. Once out of the coverage gap, the **insured automatically gets catastrophic coverage**, which assures the insured is **required to pay only a small coinsurance amount or copayment for covered drugs for the rest of the year**.