The Aging Workforce Isn't a Side Issue — It's a Treasury Imperative

Every day, more than 10,000 Americans become eligible for Medicare. If you're a CFO, treasury professional, or finance leader, this isn't just a statistic — it's a fundamental shift in how you manage workforce costs, compliance risk, and long-term financial planning.

A Demographic Shift You Can't Ignore

The workforce is aging faster than most organizations anticipated. Employees aged 75 and older are the fastest-growing segment of the labor force, having more than quadrupled since 1964.

96.5%

Projected Growth

Workers aged 75+ projected to grow by 2030, per the Bureau of Labor Statistics

54%

Medicare Advantage

Share of all Medicare beneficiaries now enrolled in Medicare Advantage plans

33M+

Americans Enrolled

Medicare Advantage enrollees as of 2024, making it the dominant coverage choice

This convergence marks a critical inflection point: **Medicare is no longer just a retiree concern.** It's now a core component of workforce strategy, benefits design, and financial risk management for employers of all sizes.

Why Medicare Matters to Your Treasury Team

For finance leaders, Medicare adds layers of complexity that directly affect your bottom line. The **Medicare Secondary Payer (MSP) rules**, for instance, impose strict obligations based on employer size. If your organization employs 20 or more people, your group health plan generally pays first for Medicare-eligible workers and their covered spouses, making Medicare the secondary payer.

Compliance Tracking

Your treasury and HR teams must closely track employee counts, Medicare eligibility dates, and coordination of benefits. Getting the payer order wrong can trigger compliance violations and unexpected costs.

Intensified Enforcement

The federal government uses multiple data sources to identify MSP violations, and enforcement has intensified in recent years.

Financial Opportunity

Employers with large workforces account for more than **$800 billion** in annual healthcare spending. By understanding Medicare enrollment patterns and coordination rules, you can forecast premium changes, plan coverage transitions, and make smarter decisions about benefit offerings and budget allocation.

Medicare Advantage: The New Landscape

Medicare Advantage's rapid growth has reshaped how employer plans coordinate coverage. These private plans bundle hospital and medical coverage — often with prescription drug benefits and extras such as dental or vision care — into a single package. Many Medicare Advantage plans also set annual out-of-pocket limits, which traditional Medicare does not.

The Cost Dynamic

According to recent data from the Center on Budget and Policy Priorities, citing MedPAC findings, Medicare pays approximately **22% more** for enrollees in Medicare Advantage than it would if those same enrollees were in traditional Medicare.

This cost dynamic influences overall healthcare spending trends and can signal broader pressures on commercial insurance rates.

What This Means for Treasury

For treasury professionals, this means staying informed about how Medicare Advantage plans interact with employer-sponsored coverage.

Hospitals, for example, have changed how they handle Medicare Advantage contracts — some have exited agreements because of financial losses. These shifts affect **network access** and can alter cost projections for your workforce.

The 20-Employee Threshold and MSP Compliance

The Medicare Secondary Payer rules hinge on a critical threshold: **20 employees.**

20+ Employees	Fewer Than 20 Employees
The group health plan **must pay first** for active employees aged 65 and older and their covered spouses. Medicare is secondary. Strict nondiscrimination requirements apply.	Medicare typically **pays first**, and the group health plan is secondary. This gives smaller organizations more flexibility in structuring benefits for Medicare-eligible individuals.

You **cannot** offer different benefits or require Medicare enrollment as a condition of coverage for active employees at companies with 20 or more workers.

These rules limit your ability to create separate benefit tiers based on Medicare eligibility and require rigorous tracking. Your finance team must monitor employee headcounts, Medicare status, and benefit coordination to avoid costly missteps. Noncompliance can result in **penalties, retroactive claim adjustments, and reputational risk.**

Financial Strategies for an Aging Workforce

Proactive financial planning is essential. Start by building **three-year expense forecasts** that account for Medicare eligibility transitions. Use demographic data to project when employees will become Medicare-eligible, and model how those transitions will affect group health plan costs.

Key expense categories to monitor include:

- Premium cost differences between active and Medicare-eligible employees
- Prescription drug coverage coordination
- Secondary insurance claim processing costs
- Administrative expenses for benefits counseling and education

Funding Options: HRAs and VEBA Trusts

Consider funding options that support employees before they reach full Medicare eligibility.

Health Reimbursement Arrangements (HRAs)

HRAs let you reimburse premiums for individual Medicare policies on a **tax-advantaged basis**, helping control costs while offering employees flexibility.

VEBA Trusts

Voluntary Employees' Beneficiary Association (VEBA) trusts are another option for **pre-funding retiree medical benefits**. VEBAs offer tax advantages and are particularly effective for organizations with stable cash flow and long-term obligations.

Review your funding approach annually. Changes in Medicare Advantage, Part D, and supplemental insurance options can shift the cost-benefit calculus, making it important to reassess your strategy regularly.

Operational Relief Through Expert Guidance

Managing Medicare transitions doesn't require building in-house expertise from scratch. Partnering with an **Employer Medicare & Retiree Benefits Advisor** can reduce administrative burden, lower compliance risk, and deliver measurable cost savings — often at no direct employer fees.

Employee Education

Workshops, webinars, and one-on-one consultations to guide employees through Medicare decisions

Expert Guidance

Guidance on Original Medicare, Medicare Advantage, and supplemental coverage options

Compliance Support

Help navigating MSP rules and benefit coordination to avoid costly violations

Cost Savings

Optimizing coverage transitions and reducing healthcare spend per Medicare-eligible employee

Typically, advisors are compensated by insurance carriers upon employee enrollment, not through employer fees. This structure lets you offer meaningful support to aging workers while keeping costs predictable.

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A Win for HR, Treasury, and Employees

Your HR and treasury teams gain access to specialized expertise without hiring additional staff or diverting resources from core responsibilities. Employees receive the support they need to make informed decisions, and your organization reduces the risk of costly compliance missteps.

HR & Treasury Teams

Access to specialized expertise without additional headcount or diverted resources from core responsibilities

Employees

Receive the support they need to make informed decisions during a confusing life transition

The Organization

Reduced risk of costly compliance missteps, predictable costs, and measurable savings

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Preparing for the Future

The aging workforce trend will accelerate over the next decade. **By 2030, approximately one-fifth of the U.S. population will be over age 65.** This demographic shift will drive more employees to transition from employer-sponsored coverage to Medicare, reshaping workforce planning and benefits strategy.

Finance leaders who prepare now will be better positioned to manage costs, mitigate risk, and support employees through this transition. That preparation begins with:

01

Understand Medicare Eligibility Rules

Build foundational knowledge of MSP thresholds, payer order, and nondiscrimination requirements

02

Track Enrollment Patterns

Monitor employee demographics and Medicare eligibility dates with precision

03

Build Financial Models

Develop forecasts that reflect the realities of an aging workforce and coverage transitions

04

Drive Cross-Functional Collaboration

Medicare is a strategic priority demanding collaboration among treasury, HR, legal, and compliance teams

Medicare is no longer a side issue handled solely by HR. It's a strategic priority that demands cross-functional collaboration among treasury, HR, legal, and compliance teams. Your organization's ability to navigate this complexity will directly affect your financial performance, risk profile, and employer reputation.

Take Action Now

The intersection of an aging workforce and Medicare complexity presents both **risk and opportunity**. Finance leaders who invest time in understanding these dynamics today will avoid costly mistakes tomorrow.

- **Review MSP Compliance Processes**

  Audit your current Medicare Secondary Payer compliance processes to identify gaps and exposure

- **Forecast Medicare Transitions**

  Use demographic data to model when employees will become Medicare-eligible and how that affects plan costs

- **Assess Expert Advisor Support**

  Evaluate how an Employer Medicare & Retiree Benefits Advisor can support your team at zero direct cost

Your employees rely on you to provide clear guidance during a confusing life transition. Your board expects you to manage costs and mitigate risk. By making Medicare a strategic priority, you can meet both expectations — and position your organization for long-term success in a rapidly changing landscape.

The question isn't whether Medicare will affect your business — it's whether you're ready to manage it effectively.

Partner With an Expert — At Zero Cost to Your Organization

Ready to reduce healthcare spend and minimize compliance risk?

Partner with an **Employer Medicare & Retiree Benefits Advisor** to streamline Medicare transitions, educate employees, and free up your team's time and resources.

Save Costs

Optimize coverage transitions and reduce healthcare spend per Medicare-eligible employee

Reduce Risks

Navigate MSP compliance with confidence and avoid penalties or retroactive claim adjustments

Expert Support

Access specialized Medicare expertise at **zero cost** to your organization

> Contact **Rodney Powell** today:
>
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SAVE COSTS. REDUCE RISKS. EXPERT SUPPORT AT ZERO COST TO YOUR ORGANIZATION.