Insurance

Today's health care system is very complex and often hard to understand by even the most sophisticated consumer. Keeping current on coverage limits and deductibles can be bewildering, the paperwork overwhelming, and finding answers on Web sites or by phone can be vexing. This section will help find your way through the maze of the insurance system.

Understanding Health Care Insurance

These three organizations can help you locate the benefits that apply to the elder in your care. They will help you save valuable time in learning the health care insurance system.

1. **Medicare Rights Center** at www.medicarerights.org/ is an independent source of state-specific information on Medicare and other health care coverage issues. Its Web site offers an interactive search called "MI Counselor" that walks you through the qualification process. You can also call the consumer hotline at 800-333-4114 toll free. A Medicare counselor can answer your questions about health insurance choices, Medicare rights and protections, dealing with payment denials or appeals, complaints about care or treatment, and Medicare bills.

2. **The National Council on Aging** provides a "Benefits Checkup" at www.benefitscheckup.org/ on its Web site. It's a fast, free, and confidential screening tool to determine eligibility for nearly 1,000 unique state and federal programs, as well as detailed instruction on how to apply for these programs.

3. The **State Health Insurance Assistance Program** (SHIP) at www.medicare.gov/contacts/static/allStateContacts.asp is a national program that offers one-on-one counseling and assistance. Every state provides free counseling and assistance by telephone or in person on a wide range of Medicare and Medicaid matters, including health plan options, long-term care insurance, claims and billing problem resolution, and information and referral on public benefit programs for those with limited income and assets. To locate the program in your state, go to the SHIP Web site or call 800-MEDICARE (800-633-4227) toll free and ask for health insurance counseling for your area.

Medicare

Medicare is a federal health insurance program for people age 65 or over and is the major insurer of health care for elders and certain disabled people. It includes various programs with different requirements for different purposes and different groups of people.

Despite what many people believe, Medicare does *not* pay for long-term care in a nursing home or home care services. An elder is required to pay out-of-pocket for care until he or she has "spent down" to Medicaid eligibility.

For complete information about Medicare, go to the Web site at **www.medicare.gov/** or call 800-633-4227 toll free and request a copy of the publication, "Medicare and You" for your state. Here is a brief overview of Medicare's major components.

Original Medicare Plan

The Original Medicare Plan is a fee-for-service plan managed by the federal government that is used by the majority of elders. An individual is enrolled in the Original Plan by the Social Security Administration at the age of 65 unless he or she elects to enroll in another type of plan (see Part C). There are deductibles, co-payments, and health services, such as hearing aids and eyeglasses, that are not covered by the Original Medicare Plan, but supplemental insurance can provide coverage for these services.

PART A: Hospital Insurance helps pay for hospital care, some home health services, certain short-term stays in a skilled nursing facility (nursing home), and hospice care. There is no monthly premium charge for Part A coverage if the elder or spouse paid Medicare taxes while working. As of 2008, there was a $1,000 deductible for hospital stays, co-pays for stays beyond 60 days in hospitals and 20 days in skilled nursing facilities, and limits on the number of days covered.

PART B: Medical Insurance helps pay for doctors, outpatient services, and supplies. Consumers pay a monthly premium for Part B (premiums vary by income, but an individual in 2008 would typically pay between $97 and $238 per month), plus a $135 annual deductible. Some co-pay charges apply for equipment, therapies, and preventative services.

Home health services included in parts A and B are most frequently used to provide short-term follow-up care after discharge from a hospital or skilled nursing facility. Medicare covers expenses if four conditions are met:

1. The individual is confined to home
2. The individual needs intermittent skilled nursing care, physical, occupational or speech therapies

3 The individual is under the care of a physician who determines the need and establishes a home health care plan

4 The home health agency providing services is Medicare-certified

PART C: Medicare Advantage Programs are managed health care plans approved by Medicare and run by private companies to provide all of the medically necessary services provided in Parts A and B. Providers can charge different co-payments and deductibles and may require the use of providers in the plan. They can also offer additional services, such as prescription drug, vision, hearing, and dental coverage. There are five different types of Medicare Advantage Programs, and many different plans and providers. You can switch or join plans during defined periods of the year. Note that if an elder drops employer or union coverage or Medigap insurance by joining a Medicare Advantage Plan, he or she may not be able to get it back. The Medicare Web site at **www.medicare.gov** provides a comparison of the plans, or you can call Medicare's consumer hotline at 800-633-4227 toll free.

PART D: Prescription Drug Coverage has been available since 2006. People in either the Original Medicare Plan or Medicare Advantage Programs can add drug coverage through Part D. Part D insurance plans, which include co-payments and deductibles, are run by private companies approved by Medicare. A number of plans are available, but they need to be assessed carefully. For help with this complex decision, call the Medicare hotline, the Medicare Rights Center, or your state's SHIP counselors.

Other Medicare Health Plans

There are some types of Medicare Health Plans that aren't part of Medicare Advantage. When you are researching Medicare coverage in your area, ask the counselor for details on Medicare Cost Plans and Demonstration or Pilot Programs.

Other Government Insurance Plans

Many people think that Medicare is the only government-funded program that provides health care insurance for people over 65. However, certain groups of elders have access to other government-funded insurance programs. The following information can help you decide if the elder in your care is eligible for one of these programs.

Government Employee Health Plans

Retired federal, state, or local government employees (and their families) may have health care coverage that replaces Medicare or insurance that complements Medicare. Contact the employer's personnel or human resources department for details regarding the elder's health care benefits.

Indian Health Plans

Native American elders who receive health care from the Indian Health Service, a Tribal Health Program, or Urban Indian Health Program should contact their provider to understand how Medicare benefits work with their coverage.

Military Service Benefits

Some elders (and family members) may be eligible for health care coverage through the Veterans Administration (VA) or the Department of Defense (DoD) if they have served in the military or, in some cases, have been on active duty while in the National Guard. Coverage in either program may also require participation in Medicare Part A and Part B. There are two major programs:

TRICARE: The DoD provides coverage through TRICARE (formerly known as CHAMPUS) to active-duty and retired military persons and their dependents. Detailed information about eligibility and coverage is available on the Web site at **www.tricare.mil/** or by calling 877-TRICARE (877-874-2273). Not all VA Medical Centers participate in the TRICARE network. VA Medical Centers that participate in TRICARE will provide treatment for a non-service-related disability if space is available.

CHAMPVA: This VA health care coverage is provided to veterans and their dependents who meet one of the eight categories of eligibility. Detailed information is provided on the U.S. Department of Veterans Affairs Web site at **www1.va.gov/health/index.asp** or by calling 877-222-8387 toll free. In many cases, home care services to manage daily living tasks are covered by the CHAMPVA.

Some veterans are eligible for health care coverage through either program. Choosing which program is best for the elder requires some research. Be warned that making a decision to change benefit coverage between these two programs within a specific episode of care may result in denial of payment from either program. For more information about how this works, contact the person who serves as the TRICARE "Beneficiary Point-of Contact" at your regional VA facility.

Private Insurance Plans

While Medicare benefits provide an important component of health insurance for people 65 and over, it only provides the foundation of a comprehensive insurance coverage plan. It is advisable to investigate other kinds of private insurance plans that can provide coverage for services, medications, and equipment that are not provided by Medicare.

Employer or Union Health Coverage

Elders (or family members) may have health coverage based on current or past employment that will help pay deductibles and other expenses not covered by Medicare. It is important to contact the benefits administrator of the union or employer to understand what the coverage includes and what it costs. The employer or union generally has the right to change benefits and premiums or stop offering coverage, so it is important to watch for notices regarding coverage and keep them on file. Prescription drug coverage, in particular, may change annually.

Medigap

When an elder is not covered by an employer or union health care plan, it is possible to buy a supplemental policy to help bridge the gaps in the Original Medicare Plan. These policies are called Medigap insurance.

Medigap policies must follow federal and state laws and have certain standardized benefits so you can compare them. Costs do vary, and cost should be the only difference between standard Medigap policies. Standard policies cover co-payments for outpatient visits, deductibles for hospitalization, skilled nursing facilities, mental health benefits, and other specialized services. Medigap policies may also offer additional services for extra cost that may be helpful for the elder in your care, such as vision care.

Medicare does not pay for any of the costs of a Medigap policy. To buy a Medigap policy, you must be enrolled in Medicare Part A and Medicare Part B.

Medicaid

Medicaid is a joint federal and state program that provides health insurance and long-term care to low-income children, parents, elders, and people with disabilities. While Congress and the Centers for Medicare and Medicaid Services (CMS) set out the main rules that govern Medicaid, each state runs its own program. As a result, the eligibility rules differ significantly from state to state, although all states must follow the same basic framework.

Elders with extremely limited income and assets often qualify for both Medicare and Medicaid, and they are referred to as “dual eligible.” Most of their health care and long-term care costs are covered.

Medicaid eligibility is extremely complicated. The types of programs, income limits, and definitions vary by state, and they are adjusted annually. State programs are also called by different names, such as “Medical Assistance,” “Medi-Cal,” or “MassHealth.” It is important to understand the impact of the Medicaid rules in your state on your personal situation.

Many states offer Medicaid managed care programs. Under managed care, Medicaid recipients are enrolled in a private health plan based on a fixed monthly premium paid by the state. Today, all but a few states use managed care to provide coverage for a significant proportion of poor children and parents, while the aged and disabled eligibility groups more often remain in traditional "fee for service" Medicaid. PACE (Program of All-inclusive Care for the Elderly) is a managed care model program that enables frail elders to remain independent in the community and in their own homes. It may be available in your area.

To learn more about an elder's eligibility for Medicaid, visit the Web site of the **National Association of State Medicaid Directors** at www.nasmd.org/links/state_medicaid_links.asp which offers links to each state agency or call 800-Medicare (800-633-4227) toll free and ask for Medicaid counseling for your area. The **Eldercare Locator** at www.eldercare.gov/eldercare/Public/Home.asp can also connect you with Medicaid counseling. Visit the Web site or call 800-677-1116 toll free.

Long-term Care Insurance

Medicare and other health care policies do *not* cover long-term care. According to the American Health Care Association, costs of services provided by a nursing facility can exceed $50,000 a year. Financial planners advise retirees and other individuals who may face high costs for nursing home or in-home long-term care to adopt strategies that will protect their financial assets. Long-term care insurance is becoming increasingly popular as the baby boomer population ages and elders realize the potentially devastating effect of long-term care expenses. (To estimate an individual's long-term care costs, see the Planning Tool offered on the Medicare Web site at www.medicare.gov/LTCPlanning/Home.asp.)

Long-term care policies can vary greatly from one insurer to the next. Policies may include benefits for care in a nursing home, in an assisted living facility, in your home, or in an adult day care center. Some policies may pay for family benefits, such as caregiver training, but do not pay for services provided by family members.

It is important to determine what types of care are covered by a long-term care policy. Policies that limit coverage to care provided in a nursing home will not generally pay for services you receive at home. More flexible policies are available which allow you to use benefits to cover any necessary long-term care in any setting, but these policies usually are more expensive. If you are thinking of buying a policy, ask an experienced eldercare lawyer or financial planner to review the policy with you before you sign. (See the Finances section for information on finding a financial planner and the Legal Issues section for information on locating a lawyer.)

To evaluate the pros and cons of long-term care insurance, visit these Web sites:

- **AARP** at**www.aarp.org/families/caregiving/guide_to_longterm_care.html** provides resources on long-term care and planning
- **The Department of Health and Human Services Medicare** Web site at **medicare.gov/LongTermCare/Static/StepsOverview.asp** offers useful information on planning for long-term care, including links to information on long-term care insurance
- **The National Clearinghouse for Long-Term Care Information** at **www.longtermcare.gov/LTC/Main_Site/index.aspx** is managed by the Administration on Aging (AoA) to provide information on services and financing options that can be helpful to all individuals planning for long-term care

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