

Money matters

Insurance and other financial problems of the elderly

By Donna Burrill

The over-65 population is growing rapidly and putting a stress on financial systems and families. Certain insurance programs can enhance the elderly's physical, emotional and financial wellbeing.

Medicare and Medicare supplement (Medi-Gap) policies

Medicare is for those aged 65 and older and for younger totally disabled people. It pays for medically necessary care, which enables the person to get well. It doesn't cover custodial care, dental care, vision correction, hearing aids, prescriptions, care outside the United States and some preventative care. Under Medicare a person will pay for some of his bills.

A supplemental policy covers the difference between what Medicare pays and the charges Medicare allows for medical services. If Medicare does not cover the service the supplement will not. Some supplements do pay for prescriptions and non-United States-care while traveling. If a person's supplement stops operation, he has a limited time frame to be guaranteed enrollment in another.

One alternative to traditional Medicare is a Medicare Health Maintenance Organization, which is available in northern Colorado. A Medicare HMO replaces coverage provided by both Medicare and supplemental insurance, and it often covers some prescriptions. If a person's HMO stops operation, he must remember to promptly enroll in the traditional Medicare system. If he retires to another state, he should call its insurance regulatory agency to see what his plan options are.

Long-term Care Insurance (LTCI)

An illness or injury can result in the need for chronic care, primarily to help the patient with performing the activities of daily living, such as dressing, getting in and out of bed, bath and eating. Because the care is long-term, it is expensive. Medicare doesn't pay for long-term care because it is designed to help a person maintain a state of health and live her remaining years safely. Many people buy LTCI in their 40s and 50s in preparation for retirement.

LTCI gives control over what care can be accessed and where, preserves

assets and eliminates dependence on family to provide care. Loss of time from work by family caregivers is a growing source of emotional and financial stress. LTCI is not affordable for most people over age 75. Insurers will not issue it to those already experiencing limitations. Also, a policy is not recommended for those with spendable assets of less than \$50,000-\$100,000. These people should plan on relying on Medicaid, a government program for people who have spent all of the assets necessary to qualify.

Life Insurance

Life insurance is bought to replace income, pay debts, pay for final expenses and guarantee an inheritance. There are two types of life insurance policies. One is a cash value policy, which you pay into over time and it pays out upon death. The other type functions like a savings account, where the insured can borrow from it and receive a lower payout. Elderly people usually have a policy from their younger years, and it is probably a cash value policy, which can remain in force without premium payments. If an elderly person has a policy for reasons other than to replace income, keeping the policy could be very desirable. Buying a policy at older ages is only advisable where significant estate planning for wealth transfer is applicable.

Before canceling a policy, consult a qualified insurance advisor. If the original agent is not available, the insurer can assign someone to help you. Also, you can obtain an independent opinion from accredited financial professionals. When reviewing your parents situation, try to remember that they made decisions based on meeting certain goals financial and emotional. Your parents' health and finances might limit their options. The younger you are, the more proactive you can be in creating your financial plan of self-determination.

Persons most qualified to assist you in these insurance matters have the following professional designations: Certified Financial Planner (CFP), Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), Life Underwriter Training Council Fellow (LUTCF).

Public information resources

Medicare: 800-633-4227, www.medicare.gov

Medicaid: 498-6800

National Insurance Consumer Hotline: 800-942-4242
Health Insurance Association of America: 202-824-1600, www.hiaa.org
Colorado Division of Insurance: 800-930-3745
National Association of Insurance & Financial Advisors (NAIFA):
www.naifa.org
Society of Financial Service Professionals: 888-243-2258,
www.financialpro.org
Financial Planning Association: 800-282-7526
Certified Financial Planner Board of Standards: 303-830-7500.
American Association for Long-term Care Insurance: 818-597-3227,
www.AALTCI.org

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