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Medicare, Medicaid, and the Gap in Between

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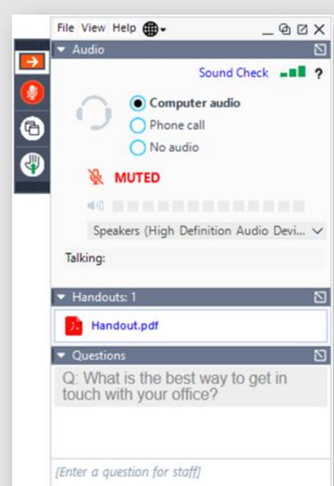
Questions & Handouts

- Download **today's handouts** from the GoToWebinar toolbar.
- Don't forget to **complete the survey** at the end of the presentation!



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About Us

Krause Agency is a national wholesaler of insurance products tailored to the senior market. With a focus on asset preservation solutions, we provide products, training, and support to agents and advisors helping clients plan for retirement and long-term care.

30+ Years of Experience

400+ Clients Helped Monthly

1,300+ Active Agents

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Today's Goals

1.	Discuss when Medicare covers extended care along with the potential costs.
2.	Evaluate specific scenarios when Medicare may not cover long-term care costs.
3.	Explore what Medicaid covers and when coverage begins.
4.	Examine solutions available to help cover gaps in extended care coverage and other medical costs.

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What Original Medicare Covers

Part A or Hospital Insurance

- Deductible is **$1,676 per benefit period** (days 1-60)
- Skilled Nursing Facility: **Rehabilitation only**
  - *With a 3-day qualifying hospital stay – up to 100 days*
  - *Full coverage with a $0 copay for days 1-20*
  - *A daily copayment for days 21-100 of $209.50*

What Original Medicare Covers

Part B or Doctor/Clinic Insurance

- Deductible of **$257** and then **20%** coinsurance
- Home Health Care (sometimes under Part A): **Rehabilitation and prescribed by a doctor only**
  - *Skilled nursing care*
  - *Physical therapy*
  - *Occupational therapy*

****limited to 8 hours a day, for a maximum of 28 hours per week*

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What Original Medicare *Does Not* Cover

- Assisted living or nursing home care
- Skilled nursing facility that is not for rehabilitation
- Personal care (will not cover 24-hour care or give help with ADLs)

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How to Cover Gaps in Care

Medicare Advantage

- Some plans have additional benefits beyond Original Medicare.
- In-home services such as meal delivery
- Transportation to doctor appointments
- Adult day care
- Limited housekeeping

Medicare Supplements (Medigap)

- Cover copayments for days 21-100 (or up to 120 days in some states)
- No additional benefits beyond Original Medicare unless it becomes subject to a 20% coinsurance under Part B

How to Cover Gaps in Care

Long-Term Care Insurance

- Covers care once a person will be unable to perform 2 or more ADLs for 90 days or longer
- Most policies will cover care at home, assisted living, or nursing care facility.
- Even a small policy will provide benefits to help pay for costs.
- Can have an elimination period

Short-Term Care Insurance

- Covers up to 12 months of skilled nursing care in facility and/or home
- Pays for custodial or personal home care for assistance with ADLs up to the allotted amount and benefit period
- Covers assisted living under a SNF benefit
- Additional benefits: prescription drug benefit; additional riders sometimes available for cancer, ambulance, hospital, and more

How to Cover Gaps in Care

Hospital Indemnity Plan, Critical Illness, Accident Plans

- Covers hospital costs based on daily costs, lump sum per admittance, or type of condition or accident
- Some plans have additional options to cover critical illnesses, such as cancer, heart attack, stroke, or accidents.
- Some have additional riders for skilled nursing facility, ambulance, and coverage for pet care when there's a claim.

Other Considerations

- Health Savings Account
- Reverse Mortgage
- Life Settlements
- VA Benefits
- Fixed Indexed Annuity
- Medicaid Planning

When Will ***Medicaid*** Cover These Costs?

- The applicant (and their spouse) must **spend down assets** to the required amount determined by their state.
- The institutionalized individual must be in a **Medicaid-approved facility** that has a Medicaid bed available.
- In most states, Medicaid **will not pay for home health care nor assisted living facilities**, though some states engage in waiver programs to cover these services.
- Once qualified, Medicaid covers **long-term care, room and board, pharmacy, and incidentals**.

Case Studies

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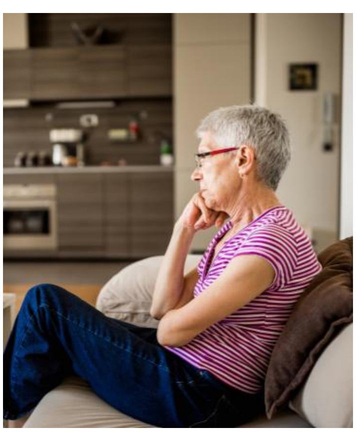
Meet Sally



- Sally, age 68, needs a hip replacement.
- She has a Medicare Advantage Plan with the following benefits:
  - *$100 per day hospital co-pay (1-5 days)*
  - *$0 (1-20 days) and $209.50 per day skilled nursing facility co-pay (21-100 days)*
  - *14 meals delivered to her home after a hospital stay*
- Sally does not have anyone at home to assist her during her recovery, so she elects to go to an SNF.

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The Case for Short-Term Care Insurance

- While Sally's Medicare plan will pay for the first 20 days, she will encounter a **large co-pay** for her recovery on day 21.
- With an STC policy, she can elect to **cover over $200 per day** for her care and elect to have coverage for her hospital stay.
- Even if Sally has an LTCI policy, having an STC policy will help her greatly for a short-term care event since she would likely not be able to go on claim with her LTCI policy.

The Case for Short-Term Care Insurance

- In the event Sally returns home and needs some additional short-term care, she will be able to access her benefits.

$212.93 per month for 0-day elimination

- *$250 per day facility care (360 days)*
- *$300 per day home care (360 days)*
- *$100 per day hospital stay for 6 days*
- *Restoration of benefits rider added*
- *$300 per year prescription drug benefit*

Meet Henry

- Henry, age 70, slips on the ice and breaks his leg and wrist.
- His wife passed away and he lives alone but has a pet dog.
- His daughter flies across the country to be with him and help take care of details.
- Henry has Original Medicare and a Medicare Supplement.

The Case for Hospital Indemnity

- Although Henry's hospital stay is covered by his Medicare Supplement, he needs to board his dog due to being away from home for his surgery and recovery.
- After being released from his hospital stay, Henry cannot dress or use the toilet on his own due to his injuries and also needs rehab and medical care. He is transferred to a skilled nursing facility for temporary care. Because he is recovering and needing additional Medical attention, Medicare will cover his stay.

Fortunately, Henry has a **Hospital Indemnity plan** with the following benefits:

- Monthly premium approx $100
- Lump sum benefit of $2,000
- Skilled nursing facility rider of $200 per day
- Pet care benefit of $75

Therefore, he can assist his daughter with her costs, care of his dog and any other costs.

Additional Resources

New Federal Program: GUIDE for Dementia Support and Services	Federal Program: Home and Community Based Services (includes Waiver programs)
https://www.cms.gov/priorities/innovation/innovation-models/guide	https://www.cms.gov/training-education/partner-outreach-resources/american-indian-alaska-native/ltss-ta-center/information/ltss-models/home-and-community-based-services

In some states and areas, there are resources to either help pay for care or services or provide assistance.

Questions

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