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Newsletter

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Medi-Cal and the Recovery Process

by Deborah Short, founder, Planning for Seniors, LLC



Until recently, the Medi-Cal recovery Department was very obscure. However, with all the budget cuts, they have surfaced with a vengeance and will collect money from the Medi-Cal recipients assets, no matter how much or little is available. Therefore, I have changed my protocol completely on how much money to keep in the personal checking account at all times.

Medi-Cal is entitled to all monies in the name of the Medi-Cal recipient at the date of death. With careful and strategic planning, we have transferred all assets, usually including the family home, into Irrevocable Trusts. So those assets are safe from Med-Cal recovery. If this has not been done, then please call our office immediately.

However, the monies in the checking account seems to be "up for grabs" by Medi-Cal after the death of your loved one. Unless there is proof to show that the remaining money in the checking account went to pay for funeral or burial expenses, Medi-Cal will expect to receive this money, even if there is only \$10 left in the account at the time of death.

Since we can't plan the passing of our loved ones, I would suggest that you call our office as soon as possible to review a strategy that fits your particular situation and avoid "paying back" any money to Medi-Cal if at all possible.

Remember, Medi-Cal is funded by your tax dollars and your parents tax dollars since 1965. Very few people who have actually contributed to this "pot" of government money has been able to benefit from it. So, if your loved one can't re-pay the money they used from their own Medicaid fund, then so be it!

So remember, whatever money is left in your loved ones account upon death is fair game for Medi-Cal to recover. And since we must send in a bank statement covering the "date of death", there is no way around this disclosure.

Health Care Reform Confusing for Many Seniors

By Liz Hayes, VALLEY NEWS DISPATCH, Thursday, April 29, 2010

Ray Landis, an official with the AARP, on Wednesday tried to clear the air about the federal health-care reform act. "I think everyone's confused about how it will affect them personally, how it will affect the entire health-care system and how it will affect Medicare," said Landis, director of advocacy for the Pennsylvania branch of the association that looks out for the interests of older people.

Landis outlined some of the changes in the bill and answered questions for about 20 senior citizens from the Allegheny Township area. He was joined by staff members from the office of U.S. Rep. Jason Altmire, D-McCandless, who voted against the reform law.

Landis said AARP overall supported the legislation, even though some of the law's effects remain unknown and not all of the association's wishes were granted. Landis said one of the biggest advances in the law is the narrowing of the so-called "doughnut hole" in Medicare prescription-drug coverage.

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Currently, once participants meet their deductible, Medicare covers 75 percent of the drugs' costs until the bills reach about \$2,800. Then participants must cover the entire costs until they reach about \$6,400. After that, Medicare picks up 95 percent of the rest.

Landis said Medicare slowly will increase its coverage of generic drug costs to 75 percent in 2020. For more expensive brand-name drugs, Landis said pharmaceutical companies agreed to kick in money to cover 50 percent of the drugs' cost and Medicare eventually will pick up another 25 percent. That leaves the elderly patient to cover a quarter of the cost.

"It's pretty complicated, frankly," Landis said. "I won't live that long," one audience member mumbled. Another questioned why pharmaceutical companies would be willing to provide a 50-percent discount. Landis said the companies likely theorize more people will buy their brand of drugs, making up the money lost through the discounts.

He said Congress also likely compromised with the drug companies by not allowing the federal government to negotiate drug prices, or allow drugs to be bought in Canada.

How the law will affect people receiving Medicare Advantage benefits remains unknown, Landis said. Although a relatively small number of people nationwide participate in the program that allows private insurers to administer Medicare, Landis said a much larger percentage of people in Western Pennsylvania participate in Medicare Advantage.

The bill will start eliminating subsidies to the private companies administering Medicare next year. That's because studies have shown the benefits cost 14 percent more than traditional Medicare. Landis said it's not clear how private companies will respond to the reduction in subsidies — they could stop offering the programs or raise premiums. "But we didn't think Medicare was going to be able to sustain these benefits anyway," he said.

The cuts are expected to help stabilize the overall Medicare program, which was predicted to start running at a deficit in 2017. Michelle Dorothy, an Altmire staffer, said the issue with Medicare Advantage was one of the reasons that Altmire did not support the reform law. She said other reasons included the negative response from constituents, a large number of whom are insured and didn't think the bill would benefit them. She added members of labor unions were opposed because of the tax proposed for so-called "Cadillac" plans that offer the most benefits.

One other area that Landis thinks will particularly help older people is the stipulation that even people with pre-existing conditions must be offered reasonably priced insurance. He said that provision, expected to go into effect in 2014 with a temporary fix in the meantime, will especially benefit people who don't yet qualify for Medicare but may not get coverage through an employer. Another benefit is the expansion of long-term care insurance, which should not only improve access to nursing homes but also in-home care.



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