MARQUIS COMPANIES

SENIOR HEALTH CARE

OPTIONS & COSTS

The United States spends over two-and-a-half times more on health care than most of the world's other developed nations. In fact, nearly 18 percent of our gross domestic product (GDP) each year goes to support the country's health care systems. The percentage of the U.S. economy spent on health care for individuals ages 65 and older exceeds 5 percent — a proportion that is expected to double by 2030 and triple by 2050.

As seniors age, they may struggle to afford soaring health care costs – just as their income is shrinking. According to a recent study by the Employee Benefit Research Institute (ERBI), a U.S. couple retiring in 2012 needed $227,000 in order to have a 75 percent chance of covering their future medical costs. Retired couples who want a 90 percent chance of being able to pay for their out-of-pocket medical costs need to have $283,000. Seniors who don't have enough in savings are forced to deal with medical debt.

The overwhelming majority of senior health care, however, is not paid for by seniors but by private insurers and government programs like Medicare, Medicaid and the Veterans Administration. These private and public programs pay for most of the doctors, hospitals, assisted living facilities, nursing homes, prescription drugs and end-of-life care utilized by American's approximately 40.3 million seniors, who make up 13.4 percent of the population.

PRIVATE HEALTH INSURANCE

Private health insurance policies can be purchased by individuals or provided by employers. Most employer-sponsored policies end when a person retires, unless they are part of an employee's pension or union plan, so private health insurance covers a small percentage of seniors.

Also, individual private policies can be very expensive, as carriers evaluate an applicant's health, age and other risk factors before issuing coverage. Seniors with serious medical conditions or predispositions can be denied coverage altogether or can face exorbitant premiums.

Private insurers also sell Medicare Supplemental Insurance – known as Medigap. These policies cover some expenses that Medicare doesn't. They can also be used to pay for Medicare co-pays and deductibles. They also sell long-term care policies that help pay for services not covered by health insurance, Medicare or Medicaid, including home health care, assisted living, hospice care and nursing homes.

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MEDICARE

Medicare is the federal health insurance program for seniors older than 65, who have worked full time for at least 10 years. Medicare is paid for by a combination of a mandatory 2.9 percent payroll tax assessed to all workers and employers, monthly premiums paid by enrollees, and by the government. (As of January 2013, an additional 0.9 percent tax is assessed on individuals whose incomes exceed certain thresholds: $250,000 when married and filing jointly, and $200,000 for single filers.)

MEDICARE HAS FOUR PARTS:

- **Part A,** which is free for most people, helps cover hospitalization, care in a skilled nursing facility, hospice care and some home health care.
- **Part B,** which costs about $100 a month, covers outpatient services such as doctor's visits, lab tests, preventive care, some surgeries, clinical trials, mental health care and durable medical equipment and supplies.
- **Part C,** also known as Medicare Advantage, varies in cost and allows individuals to enroll in Medicare health plans sold by private insurance companies that contract with Medicare.
- **Part D** helps cover prescription drug costs.

THE TOTAL AMOUNT A MEDICARE-COVERED SENIOR MAY END UP PAYING FOR HIS OR HER HEALTH CARE WILL DEPEND ON A VARIETY OF FACTORS, INCLUDING:

- The kind of care and how often it is needed.
- The type of Medicare coverage chosen.
- Whether a doctor agrees to charge the patient the same amount that Medicare will pay for a service.
- Whether there are other insurance policies to fill gaps in coverage.

MEDICAID

Medicaid is a health insurance program run by individual states and partially funded by the federal government. It is the insurance of last resort for low-income individuals, including seniors.

In order to qualify for Medicaid benefits, an eligible senior must have "spent down" most of his or her available assets. Once the financial floor has been reached, Medicaid will pay for most of the costs associated with many types of long-term health care, including nursing home care, skilled care services at home, and hospice care.

Some seniors who qualify for Medicaid are referred to as "dual eligible" because they may also be covered by Medicare. Medicaid rules vary from state to state and can often be complex, so it is important for low-income seniors to investigate how their state's program works and how to qualify for benefits.

HEALTH CARE OPTIONS FOR SENIOR VETERANS, MILITARY RETIREES AND THEIR SPOUSES

A senior veteran of any branch of the armed forces who was honorably discharged may qualify for health benefits sponsored by the Veterans Administration (VA). The VA's health care system covers all veterans, regardless of age, who have served at least two years of continuous active duty, have a service-related disability or have served in various theaters of war.

In addition, under the CHAMPVA program (Civilian Health and Medical Program of the Department of Veterans Affairs), eligible beneficiaries, including senior spouses or widows of certain disabled or deceased veterans, may also receive government-sponsored health insurance.

Currently, there are more than 9.5 million veterans older than 65 who are eligible for both Medicare and VA-sponsored health care. These veterans and their qualified dependents can use their VA benefits to complement coverage under their Medicare policies.

The Department of Defense's (DoD) Military Health System provides health care under its TRICARE program for active duty service members and their families, as well as military retirees of all uniformed branches who have completed at least 20 years of service.

Eligible, retired military personnel who are enrolled in Medicare Parts A and B can apply for the DoD's Tricare for Life (TFL) program, which, like private Medigap insurance, pays for certain out-of-pocket medical costs not covered by Medicare Part B.

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ASSISTED LIVING

Assisted living is a long-term health care option designed for individuals who need assistance with everyday activities, such as meals, bathing and dressing, medication management, etc. Currently, there are more than 6,300 professionally managed assisted living communities in the United States, housing more than 900,000 people.

Assisted living costs can vary widely depending upon many factors including the size of the apartment and the types of services offered. In 2012, the median monthly rate nationwide at an assisted living facility was $3,326.

More than 86 percent of assisted living residents pay for their rent and services through private, long-term care insurance or from their own savings, as assisted living is not a service generally covered under Medicare. However, 41 states have waiver programs for low-income seniors to help them afford this option.

NURSING HOMES

Nursing homes provide convalescent and/or rehabilitative care for individuals with chronic health conditions or after a hospital stay. The level of care can range from basic to skilled to sub-acute. Unlike assisted living, a physician's order is required for admission to a nursing home.

Nursing homes are licensed and regulated at the state level. Care must be provided by registered nurses (RNs) or licensed practical nurses (LPNs). Intermediate care facilities (ICFs) provide eight or more hours of nursing supervision a day, and skilled nursing facilities (SNFs) offer medical services 24 hours a day.

In 2010, the median monthly cost of a nursing home stay in the United States was $7,001. Fees can be paid for out of private funds, long-term care insurance policies, and/or Medicare and Medicaid.

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HOSPICE AND END-OF-LIFE CARE

Over the past several decades, more and more end-of-life care options have been offered by hospice agencies and programs.

Hospice care is for anyone diagnosed with a terminal illness who has exhausted all curative medical care and has six months or less to live. It may be provided at an individual's home, a hospital, a hospice facility or a nursing home. In addition to palliative care, hospice includes emotional and spiritual support for patients and their families.

Medicare is the primary payer for more than 80 percent of hospice patients in the country. Medicare covers 100 percent of medications and necessary medical supplies used during hospice care. Hospice can also be covered under private insurance, employer-sponsored policies and via programs of the Veterans Administration and the Department of Defense.

ADDITIONAL SENIOR HEALTH CARE OPTIONS

The Partnership for Long-Term Care is a program available in 29 states that combines private long-term care insurance and Medicaid long-term care coverage. The partnership helps potential users of Medicaid retain more of their assets while still being eligible for coverage.

The Program of All-Inclusive Care for the Elderly (PACE) provides integrated Medicare and Medicaid benefits for seniors who wish to continue receiving medical, social and long-term care in their own homes rather than in a nursing home. It is available in 28 states.

SOURCE: https://www.debt.org/medical/senior-options-costs/