



## FACILITATOR GUIDE

**Informed Retirement Decisions: How to Pay for Health Care Costs****WORKSHOP OVERVIEW**

Audience profile: This workshop primarily is intended for adults in their 50s and early 60s who typically will have an increased need for medical and long-term care services. Workshop participants may be uncertain about planning for medical expenses during retirement and how they will cover health care costs using existing income sources, especially if they retire early and/or don't have access to an insurance plan through an employer. They are beginning to consider how their insurance decisions will affect their retirement paycheck.

Health care expenses in retirement often are a large part of a retiree's budget that tend to increase more rapidly than other spending categories. It is important to determine how a retiree can leverage Medicare and other insurances to minimize the impact on his or her retirement paycheck. By sharing tools and resources during this workshop, you will show participants how to make better and more confident decisions about how they will cover health care expenses — including long-term care — in retirement.

This workshop walks participants through the basics of determining how best to cover health care costs during retirement. The information presented guides participants to reflect on how health care needs impact their financial circumstances and to consider ways to cover the expenses with available sources of retirement income. The workshop also directs participants to free, credible resources for questions they may have about insurance options available during their retirement years and provides participants with the tools to outline their own action plan to cover health care costs.

***Length of workshop:***

90 to 120 minutes

***Description of content:***

Topics addressed in the *Informed Retirement Decisions: How to Pay for Health Care Costs* workshop include:

- Medical costs and long-term care costs during retirement
- Insurance options during retirement
- Strategies to minimize out-of-pocket financial obligations to cover health care costs

*Target Learning Outcomes:*

Participants will use what they learn in this workshop to outline a strategy to cover health care costs during retirement in a way that minimizes out-of-pocket financial obligations.

*Participants will address the following learning objectives as they master the competency:*

- a. Estimate medical costs and long-term care costs during retirement.
- b. Clarify insurance options that are available during retirement to cover financial costs of medical care and long-term care.
- c. Discuss strategies to minimize out-of-pocket financial obligations that are not covered by Medicare and long-term care insurance.

*Participants will know that they have achieved the learning outcomes when they have done the following:*

- a. Estimated the cost of medical care throughout retirement.
- b. Estimated the cost of long-term care throughout retirement.
- c. Calculated the value of known income stream sources (pensions, required minimum distributions from defined contribution plans, annuities, personal savings), as well as benefits payable from Medicare and other health insurance plans, to estimate funding gaps during retirement.
- d. Outlined an intentional preretirement action plan to prepare for health care cost challenges based on predetermined financial goals.
- e. Determined an optimal long-term strategy to prioritize and match steady income stream sources with particular types of medical and long-term care expenses.
- f. Determined viable options to bridge any funding gaps for health-related expenses throughout retirement.
- g. Outlined fallback plans in the event health care costs exceed expectations or insurance coverage is reduced.

**FACILITATOR PREPARATION**


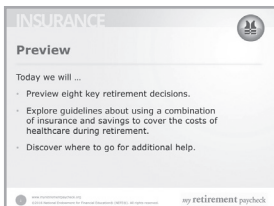
- View NEFE's video resources to maximize your workshop facilitation and integrate best practices for engaging adult learners. ([www.financialworkshopkits.org/getting-started.aspx](http://www.financialworkshopkits.org/getting-started.aspx))
  - About Financial Workshop Kits (length: 4:20)
  - How to Use Financial Workshop Kits (length: 1:33)
  - Plan Prior to Teaching (length: 3:53)
  - Better Engage Your Audience (length: 3:32)
- Promote workshop.
- If possible, gather demographic information about your audience to make the workshop relevant to their financial circumstances, skills and knowledge.
- Preview this guide so you are prepared for questions that may arise.



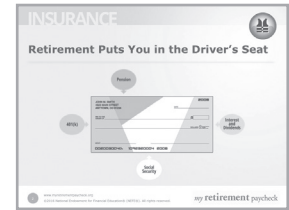
- ❑ Tour the following websites to become familiar with health insurance and long-term care issues:
  - My Retirement Paycheck on insurance: [www.myretirementpaycheck.org/insurance](http://www.myretirementpaycheck.org/insurance)
  - Health and Human Services on health insurance: [www.hhs.gov/programs/health-insurance](http://www.hhs.gov/programs/health-insurance)
  - [Longtermcare.gov](http://Longtermcare.gov)
  - Insurance Information Institute: [www.iii.org](http://www.iii.org)
- ❑ Make note of the suggested length for each topic in this workshop. This workshop is designed to run approximately 90-120 minutes from Introduction and Preview to Wrap Up, depending on the amount of class discussion.
- ❑ Reflect on your own insurance situation:
  - How do you (or did you) plan to cover health care expenses in retirement?
  - Have you made a plan to enroll in Medicare?
  - What priorities do you (or did you) consider when planning and making decisions about long-term care options?
- ❑ Reflect on your own views about insurance during retirement:
  - What types of insurance will you (or have you) purchased? Why?
  - How will you (or did you) determine the costs and benefits of long-term care insurance, annuities and life insurance?
- ❑ Throughout the workshop, keep these two points in mind:
  - When it comes to talking about money, sharing your own successes and challenges will make the workshop much more engaging — and valuable — for participants. It makes the points you're discussing come alive, reassures them that they are not alone in having questions and concerns, and encourages them to share their own experiences, which can be equally valuable to other participants.
  - Participants may feel self-conscious about their financial situation or some of the choices they've made. So include a statement in your opening that this workshop is a judgment-free zone and that there is no single right or wrong answer — it depends on the person's situation and values. The aim of this workshop is to empower individuals to make decisions that work for them and align with their values and needs, which might not look like everyone else's.

## MATERIALS NEEDED

- ❑ PowerPoint presentation, LCD projector, screen, laptop computer
- ❑ Flip chart and easel or whiteboard, markers
- ❑ Pens/pencils for participants
- ❑ Copies of Workshop Packet, one per learner
- ❑ Name tags or name tents
- ❑ Optional: Internet access for live tour of the NEFE website and resources
- ❑ Optional: Pre-workshop and post-workshop evaluation forms, one per learner

Presenter Notes	Materials
<p>Introduction and Preview <i>10 minutes</i></p> <ul style="list-style-type: none"> <li>❑ Display this slide as you greet people when they arrive and help them get settled.</li> <li>❑ Ensure that everyone displays a name tag or name tent.</li> <li>❑ Welcome participants and introduce yourself.</li> <li>❑ Facilitate an introductory activity to engage participants as they share names and get to know one another. Provide a prompt to gain insight into your audience by asking a nonthreatening question relating to health care in retirement.                             <ul style="list-style-type: none"> <li>— <i>What do you hope to gain by attending this workshop?</i></li> <li>— <i>What is one question you have regarding paying for health care and long-term care costs during retirement?</i></li> </ul> </li> </ul> <p>List the questions on the flip chart or whiteboard. At the end of the workshop, review the list to evaluate whether or not issues have been addressed, or point out where to get more information.</p>	 <p>Slide 1 - Workshop Title</p> <p>Name tags or Name tents</p> <p>Flip chart and Marker</p>
<ul style="list-style-type: none"> <li>❑ Lead into the workshop introduction as the Preview slide is displayed to provide an overview of the workshop content and outcomes.</li> <li>❑ Share that by the end of this workshop, participants will be better equipped with the tools to outline a strategy to cover health care costs during retirement in a way that minimizes out-of-pocket financial obligations.</li> <li>❑ Explain that during this workshop they will do the following:                             <ul style="list-style-type: none"> <li>— Preview eight key retirement decisions.</li> <li>— Explore guidelines about using a combination of insurance and savings to cover the costs of health care and long-term care during retirement.</li> <li>— Discover where to go for additional help.</li> </ul> </li> </ul>	 <p>Slide 2 - Preview</p>

- ❑ Ask participants to give examples of ways people receive regular income. (Examples might include paycheck from a job, disability benefits, and alimony and palimony payments.)
- ❑ Note that individuals receiving these types of income probably had only partial control of these checks. Even if they negotiated the salary, their employer decided terms such as whether they'd be paid weekly or biweekly, when and how much their raises would be, or whether they were eligible for any bonuses — and how much and when those would be. For alimony and child support, the lawyers or court decided what they would receive and when. And for any kind of benefits check, the insurer or government determined how much they would receive and when.
- ❑ Point out that in these instances, the income earners simply focused on managing the money they received. But stress that this changes in retirement. Explain that once in retirement, they will be in the driver's seat because THEY will have to decide how much and how often they'll be paid.



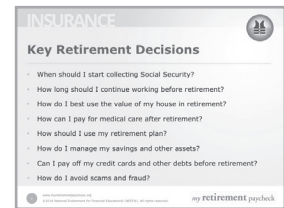
Slide 3 - Retirement Puts You in the Driver's Seat

- ❑ Explain that a retirement paycheck is how people pay themselves throughout their retirement years. When a person takes an action within a decision area, it either produces or reduces retirement income. A “retirement paycheck” describes how each decision area and all income streams work together to create a paycheck.
- ❑ Point out that academic research and evidence suggests that retirement is a holistic process, with each decision area affecting other areas of consideration. For example, all of the questions shown in the illustration on the screen are connected to one larger question: *How much of a regular retirement paycheck can I expect to pay myself?* The answer to this question depends on decisions made about factors such as work, benefits and housing. By piecing together many different streams of income, taking responsibility for making informed decisions, and appropriately growing and protecting assets, individuals can make a small nest egg last longer during retirement.



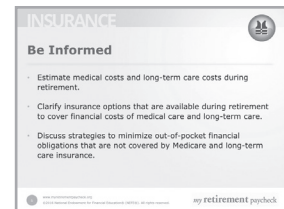
Slide 4 - A Holistic Approach

- ❑ Explain that just as retirement planning encompasses savings, work, pensions and Social Security, decisions about drawing down assets are interrelated as well.
- ❑ Note that there are eight decision areas: Insurance, Retirement Plans, Savings and Investments, Debt, Fraud, Social Security, Work, and Home and Mortgage. While most of these decision areas are income producers — meaning they contribute income to one’s retirement years — areas such as Debt and Fraud are examples of income reducers.
- ❑ Explain that decisions that are made in each of these areas have a real impact on what a person can pay themselves as part of their retirement paycheck.



Slide 5 - Key Retirement Decisions

- ❑ Preview that this workshop specifically will help participants be informed about factors that impact their decisions about how to cover medical costs and long-term care costs while minimizing out-of-pocket financial obligations during retirement.
- ❑ Distribute the Workshop Packet and point out the Action Plan. Preview the directions and explain that today participants will address the following topics to help them devise a strategy for using insurance plans and personal assets as income to cover health care costs during retirement:
  - Estimate medical costs and long-term care costs during retirement.
  - Clarify insurance options that are available during retirement to cover financial costs of medical care and long-term care.
  - Discuss strategies to minimize out-of-pocket financial obligations that are not covered by Medicare and long-term care insurance.



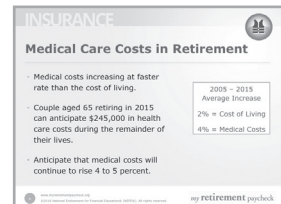
Slide 6 - Be Informed

Workshop Packet

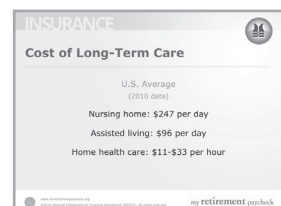
Action Plan: Cover My Health Care Costs

Topic A: Estimate medical costs and long-term care costs during retirement.  
 20 minutes  
 Important

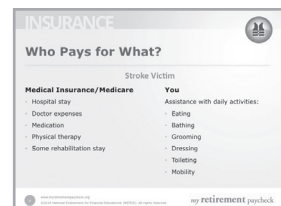
- Share the realities of medical and long-term care costs in retirement.
  - Note that the costs related to medical treatment and long-term care will make up a significant portion of a retiree’s budget and that health care costs are anticipated to rise faster than other retirement spending categories. Point out that from 2005 to 2015, the cost of living adjustment (COLA) increased on average less than 2 percent per year, while health care costs averaged over 4 percent per year.
  - A December 2015 report<sup>1</sup> indicated that for a couple, both aged 65 and retiring in 2015 and receiving Medicare benefits, the anticipated out-of-pocket health care costs would total \$245,000 (on average) during their retirement years. This figure assumes a 4 to 5 percent inflation rate.
  - This estimate does not include long-term care expenses, which cover a range of services and support for individuals needing assistance with the basic personal tasks of everyday life called activities of daily living. As an example, point out who typically covers health care costs for a stroke patient as shown on slide 9.



Slide 7 - Medical Care Costs in Retirement



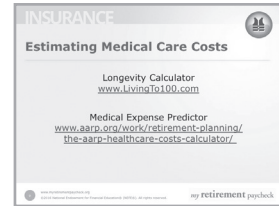
Slide 8: Cost of Long-Term Care



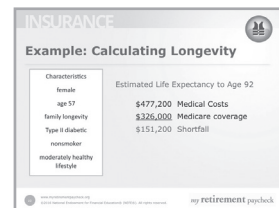
Slide 9 - Who Pays for What

<sup>1</sup> Fidelity's Retirement Health Care Cost Estimate <https://www.fidelity.com/about-fidelity/employer-services/health-care-costs-for-couples-retirement-rise>

- ❑ Note that the first step in laying out a health care strategy is to estimate medical costs and long-term care costs during retirement. Discuss how life expectancy and quality of life impact total costs during retirement.
- ❑ Share tools to help determine life expectancy and medical expenses:
  - Social Security Administration’s Life Expectancy Calculator (<https://www.socialsecurity.gov/OACT/population/longevity.html>): shows the average number of additional years a person can expect to live based only on the gender and date of birth entered.
  - Living to 100 Calculator ([www.livingto100.com](http://www.livingto100.com)): uses answers to questions about lifestyle and health history to provide an estimate of life expectancy based on current circumstances. [Note that this tool requires a user to enter their email address.]
  - AARP Health Care Costs Calculator ([www.aarp.org/work/retirement-planning/the-aarp-healthcare-costs-calculator](http://www.aarp.org/work/retirement-planning/the-aarp-healthcare-costs-calculator)): estimates future health care costs — as well as how much may be covered by Medicare — based on answers to a series of questions.
- ❑ If secure Internet access is available, demonstrate how the calculators work using example information provided on the slide.



Slide 10 - Estimating Medical Care Costs



Slide 11 - Example: Calculating Longevity

(optional) Internet Access

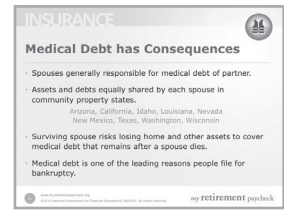


**ACTIVITY: As time allows, encourage participants to use the calculators to estimate their own life expectancy and future health care costs. Prompt participants to add to their Action Plans (Tasks #2 and #3) the data that they can estimate at this time. Encourage them to set aside more time after the workshop to gather additional information.**

Action Plan: Cover My Health Care Costs (#2-#3)

□ Note that there are consequences for retirees if health care costs exceed the ability to pay. Married couples especially need to be aware of the fact that each is responsible for medical costs of the other. This is particularly important for couples who live in community property states such as Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin, where all assets and debt are owned equally by each of the spouses.

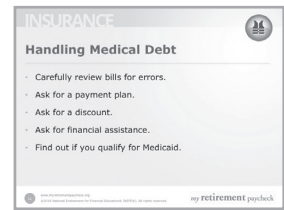
- For instance, Jim becomes ill and hospitalized and can't perform some activities of daily living on his own, so Mary needs to hire help for him. She is responsible for all of the expenses and/or debt that occurs during Jim's lifetime. After Jim dies, his estate must pay any remaining medical debt. If the debt is greater than the remaining cash, assets will be sold to pay the debt. Nonpayment can affect credit and future borrowing. The surviving spouse also may be sued for payment.



Slide 12 - Medical Debt has Consequences

□ Ask participants what they would do if they found themselves with medical debt in retirement. Conversation may flow into the following strategies for dealing with medical costs:

- Review bills for potential errors.
- Identify who to talk with at a medical facility and see if a discount can be negotiated.
- Ask for a payment plan. In the meantime, ensure at least some payment is made.
- Ask for assistance. Some hospitals may have government funds or donations to cover the bills of patients who are unable to pay themselves.
- Determine personal qualifications for Medicaid.




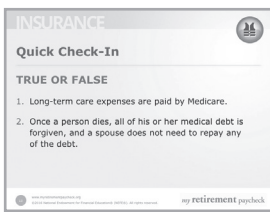
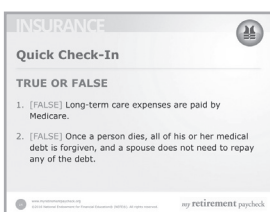

Slide 13 - Handling Medical Debt

□ Post the following question on a flip chart and prompt responses from participants:

- *How do your values and priorities impact the decisions you will make regarding medical and long-term health care expenses?*

Encourage participants to identify and consider influencing factors such as: quality of life, surviving spouse financial obligations, and desire to rely (or not rely) on family members for help in caring for you. Ask for input and capture responses on the flip chart.

Flip chart and marker

<p> <b>ACTIVITY: Direct participants to the Action Plan (Task #4) and have them identify criteria that may affect them personally as they consider medical and long-term care expenses during retirement.</b></p>	<p>Action Plan: Cover My Health Care Costs (#4)</p>
<p><input type="checkbox"/> <b>CHECK-IN QUIZ ACTIVITY: Display two questions and ask individuals to silently reflect on whether the answers are “True” or “False.” Click to the answer key slide to review responses and answer any questions at this point.</b></p>	<div data-bbox="1218 472 1485 682">  </div> <p>Slide 14 - Quick Check-In</p> <div data-bbox="1218 787 1485 997">  </div> <p>Slide 15 - Quick Check-In (answers) True/False</p>
<p>Topic B: Clarify insurance options that are available during retirement to cover financial costs of medical care and long-term care. 25 minutes Essential</p>	
<p><input type="checkbox"/> Point out that insurance options are available during retirement to help cover the financial costs of medical and long-term care. Insurance is a strategy to share the burden of financial loss due to illness and accidents. When an individual purchases an insurance policy, he or she is pooling money with others to share that risk. While insurance is not an income stream per se, it allows an individual to mitigate incident costs, thereby preserving other sources of retirement income.</p> <p><input type="checkbox"/> Inform participants that four types of insurance will be addressed in the workshop: Medicare, Medigap supplemental insurance, long-term care insurance and Medicaid. Share that an individual who qualifies for Social Security retirement or disability benefits also will qualify for Medicare benefits, typically no earlier than age 65.</p>	<div data-bbox="1218 1396 1485 1606">  </div> <p>Slide 16 - Value of Insurance</p>

- Note the four basic types of Medicare coverage:
  - **Part A (Hospital Insurance)** covers your inpatient care in hospitals and skilled nursing facilities, hospice and home health care.
  - **Part B (Medical Insurance)** covers your doctors’ services, hospital outpatient care, home health care and some preventive services.
  - **Part C (Medicare Advantage Plan)** works like a health maintenance organization (HMO) or a preferred provider organization (PPO). Part C includes Part A and Part B coverage, and often Part D, through private insurance companies approved by Medicare.
  - **Part D (Medicare Prescription Drug Coverage)** is a prescription drug program administered by Medicare-approved private insurance companies. Part D is designed to help cover the cost of your prescription drugs.

□ Present three common myths about Medicare and their realities:

- Myth 1: Medicare is free.

The reality is that Medicare is not free. Medicare premiums, deductibles, coinsurance and copayments for typical medical services must be paid by the policyholder and should be taken into consideration when estimating medical expenses in retirement. Reference the Medical Costs Covered by Medicare information in the Medicare Scenario activity to point out minimum costs in 2016 for Parts A, B, C and D. Note that these costs can change over time.

**Part A (Hospital Insurance):** Typically, there is no premium charge for Part A. The annual deductible is \$1,288. For those who do purchase Part A, the monthly premium can be as high as \$411. In addition to the annual deductible, Part A charges for hospital inpatient care are as follows:

Days 1-60: \$0 coinsurance per day of each benefit period

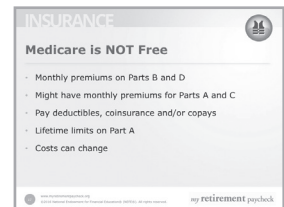
Days 61-90: \$322 coinsurance per day of each benefit period

Days 91 and beyond: \$644 coinsurance per each “lifetime reserve day” after day 90 for each benefit period. An individual’s “lifetime reserve” is 60 days (i.e., days 91-150) and the lifetime reserve is nonrenewable.

Beyond lifetime reserve days: all costs



Slide 17 - Four Parts of Medicare



Slide 18 - Medicare is NOT Free

Info Sheet: Medical Costs Covered by Medicare

**Part B (Medical Insurance):** The premium varies by income, and can range from \$105 to \$390 per month (2016 figures). The annual deductible is \$166, and typically there is a 20 percent copay.

**Part C (Medicare Advantage Plan):** These plans charge additional premiums, and copays vary.

**Part D (Medicare Prescription Drug Coverage):** These plans charge additional premiums based on your income and choice of plan. The deductible can be up to \$360 (in 2016) and copays vary.

— Myth 2: Medicare will cover all medical costs.

The reality is that Medicare does not pay for everything. It does not cover long-term care, routine dental care, dentures, cosmetic surgery, acupuncture, hearing aids or exams to fit hearing aids.

— Myth 3: One can enroll in Medicare at any time.

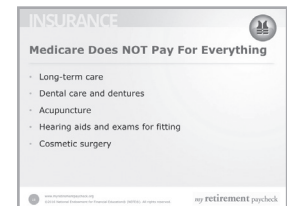
The reality is that there are specific rules and penalties that apply to Medicare enrollment, and enrollment is not automatic.

Generally there is a seven-month window around a person’s 65th birthday when he or she should enroll. One must sign up for Medicare Part A and/or Part B at this time to avoid penalties.

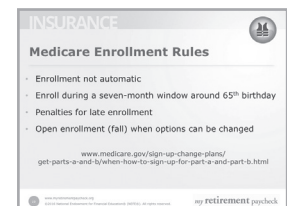
Additionally, there is an open enrollment period every year in the fall. Individuals can re-evaluate personal circumstances and make changes to their coverage for the following year.

Note that individuals can apply for Medicare in three ways: online at Social Security (<https://www.ssa.gov/medicare/apply>); in person at a local Social Security office; or by calling the Social Security Administration (1-800-772-1213).

- Recommend that all participants download and read *Medicare & You* for the current year. This resource can help participants determine available options and how to utilize Medicare insurance. (<https://www.medicare.gov/pubs/pdf/10050.pdf>)

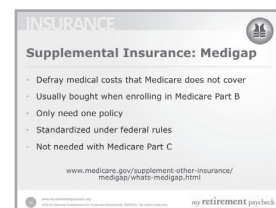


Slide 19 - Medicare Does NOT Pay for Everything

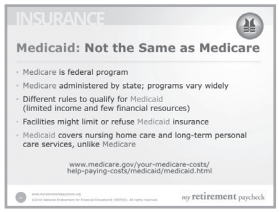



Slide 20 - Medicare Enrollment Rules

- ❑ Share that Medigap insurance, which is formally known as “Medicare Supplement Insurance,” covers coinsurance amounts, copayments and/or deductibles for the costs of Medicare-provided services (such as Parts A and B).
- ❑ Inform participants that when purchasing a Medigap supplement, it’s recommended to do the following:
  - Buy a policy at the time of enrollment in Medicare Part B. If a person waits until a later date to purchase a Medigap policy, he or she may be denied a policy due to medical underwriting (poor health conditions). Coverage cannot be denied during the initial six-month open enrollment period — after that, insurers are no longer required to provide guaranteed coverage. Buying a policy when enrolling in Part B also avoids any late enrollment penalty. Only one Medigap policy is needed; there is no reason to buy multiple plans.
  - Consider health history and prescription drug use.
  - Review the comparison benefits of each standardized policy at [www.medicare.gov](http://www.medicare.gov).
  - Compare the desired Medigap supplement policy with Medicare Advantage plans in price and benefits.
  - Review their needs annually during open enrollment and make changes as needed.
- ❑ Direct participants to learn more about Medigap supplemental insurance at <https://www.medicare.gov/supplement-other-insurance/medigap/whats-medigap.html>.
- ❑ Also inform participants about the State Health Insurance Assistance Program (SHIP), which provides free one-on-one insurance counseling and assistance to people with Medicare and their families. Find contact information for SHIP at <https://www.shiptacenter.org/>

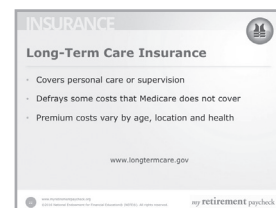


Slide 21 -  
Supplemental  
Insurance: Medigap

<ul style="list-style-type: none"> <li>❑ Briefly share that Medicaid is a joint federal and state program that helps with medical costs for some people with limited income and resources. Medicaid also offers benefits not normally covered by Medicare, such as nursing home care and personal care services.</li> <li>❑ Each state has different rules about eligibility and applying for Medicaid. Encourage participants to contact the state Medicaid program to see if they qualify and to learn how to apply. Visit this site for more information: <a href="https://www.medicare.gov/your-medicare-costs/help-paying-costs/medicaid/medicaid.html">https://www.medicare.gov/your-medicare-costs/help-paying-costs/medicaid/medicaid.html</a>. Note: If Internet access is available, display the site and highlight the main topics.</li> </ul>	 <p>Slide 22: Medicaid Not the Same as Medicare</p> <p>(optional) Internet Access</p>
<p> <b>ACTIVITY: Guide participants to complete the Medicare Scenarios Activity to see how Medicare does not cover all costs. Reinforce that Medicare premiums are only part of the cost of medical care in retirement — retirees need to consider the full cost of health care.</b></p>	<p>Activity: Medicare Scenarios</p>
<ul style="list-style-type: none"> <li>❑ Facilitate a discussion by asking how many people in the workshop currently have long-term care insurance. Ask if they would like to briefly share why they do or do not have long-term care insurance. Capture the reasons they give on a flip chart. If no one has purchased long-term care insurance, doesn't share individual purchase reasons, or doesn't cover the specific reasons below, proceed with the following reasons that a person might purchase long-term care insurance:             <ul style="list-style-type: none"> <li>— To avoid depleting assets on possible long-term care expenses</li> <li>— To avoid dependence upon family and others for activities of daily living</li> <li>— To ensure there is a financial legacy for spouse or others</li> <li>— To have access to better quality long-term care than what otherwise might be available without insurance benefits</li> </ul> </li> </ul>	<p>Flip chart page titled: Why I Chose Long-Term Care Insurance</p>

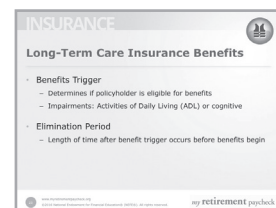


- Share that long-term care generally is not covered by Medicare beyond whatever limited coverage that Medicare may provide, although in some specific instances Medicare does cover some long-term care costs for limited time frames. Long-term care provides a range of services and support to meet personal care needs. Most long-term care is not medical care; instead, it is assistance with the basic personal tasks of everyday life, sometimes called activities of daily living (ADLs). There are six basic ADLs: eating, bathing, dressing, toileting, mobility and grooming. An individual's ability to perform ADLs is important for determining what type of long-term care (e.g., nursing home care or home care) and coverage the individual needs.
  
- Share that long-term care insurance helps mitigate costs beyond what Medicare may cover. While insurance policies vary widely and offer different benefits, most long-term care policies sold today are comprehensive and allow the use of a daily benefit in various settings, including the following:
  - Your home
  - Adult day service centers (professionally staffed nonresidential facilities that support the health and daily living needs of older adults)
  - Hospice care (care designed to support people in the final phase of a terminal illness)
  - Respite care (temporary care of elderly or ill individuals to provide relief for their usual caregivers)
  - Assisted living facilities, also called residential care facilities or alternate care facilities (housing for older adults that provides housekeeping services, meals and nursing care)
  - Alzheimer's special care facilities (special care provided for individuals with Alzheimer's, dementia and memory impairments)
  - Nursing homes (professionally staffed residential facilities that support the health and daily living needs of people who are unable to care for themselves)
  - Continuing care retirement communities (retirement communities that provide a continuum of care from independent living to nursing home care)



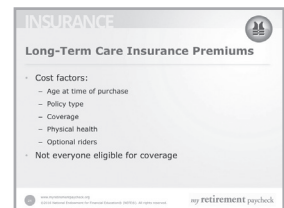
Slide 23: Long-Term Care Insurance

- Share that in the home setting, comprehensive policies generally cover these services:
  - Skilled nursing care
  - Occupational, speech, physical and rehabilitation therapy
  - Help with personal care, such as ADLs
- Convey that in order to obtain a long-term care insurance policy, a buyer pays a pre-set premium. The policy pays for services when needed (up to its coverage limits). On occasion, if the assumptions used to price the policy prove wrong, the insurance company can increase premiums beyond the preset amount. Premiums generally have been increasing during the past decade or so. Typically, a policyholder is not expected to pay premiums while receiving long-term care.
- Point out that to receive benefits from a long-term care insurance policy, two criteria must be met: the benefit trigger and the elimination period.
  - Benefit triggers are the criteria that an insurance company uses to determine if a policyholder is eligible for benefits. Most companies use a specific assessment form that will be filled out by a nurse/ social worker team. These usually are defined in terms of ADLs or cognitive impairments.
  - The elimination period is the amount of time (e.g., 30 days, 90 days) that must pass after a benefit trigger occurs but before a policyholder starts receiving payment for services. An elimination period is like a deductible on medical insurance, except it is measured in time, not dollars. For example, after a covered condition is identified, the policyholder must wait 60 days — paying out of pocket during this period — before the insurance company will pay.



Slide 24 - Long-Term Care Insurance Benefits


- Share that the actual cost of a long-term care policy is determined by the following factors:
  - Age at the time of purchase
  - The policy type
  - The coverage selected
  - Your physical health
  - Options such as an inflation rider, which is an optional benefit (for an additional cost) that protects the value of a long-term care benefit against rising costs and inflation over time
  
- Share that the following may preclude a person from purchasing long-term care insurance:
  - You currently use long-term care services.
  - You already need help with Activities of Daily Living (ADLs).
  - You have AIDS or AIDS-Related Complex (ARC).
  - You have Alzheimer’s disease or any form of dementia or cognitive dysfunction.
  - You have a progressive neurological condition such as multiple sclerosis or Parkinson’s disease.
  - You have had a stroke within the past two years or a history of strokes.
  - You have metastatic cancer (cancer that has spread beyond its original site).

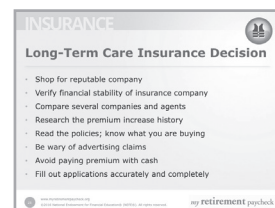


Slide 25 - Long-Term Care Insurance Premiums



- Present several decision guidelines regarding the purchase of long-term care (LTC) insurance:
  - Shop for a reputable company. Use this LTC comparison worksheet: [www.tdi.texas.gov/consumer/documents/LTCcomparewsht.pdf](http://www.tdi.texas.gov/consumer/documents/LTCcomparewsht.pdf).
  - Check the financial stability of an insurance company using a rating service such as A.M. Best and Fitch (See [www.iii.org/article/how-to-assess-the-financial-strength-of-an-insurance-company](http://www.iii.org/article/how-to-assess-the-financial-strength-of-an-insurance-company)).
  - Comparison shop several companies/agents.
  - Check the premium increase history.
  - Understand the policies.
  - Don't be misled by advertising.
  - Never pay premiums in cash.
  - Make sure you complete your application correctly and fully.
  - Don't buy anything that you don't understand.
- Note that most policies that are affordable may not cover the full daily cost of long-term care insurance. Part of budgeting is estimating the difference between the actual cost and what the policy will pay, and planning how to cover that from other income, savings or a second policy.
- Encourage participants to visit [longtermcare.gov](http://longtermcare.gov) to learn more about long-term care insurance and determine whether it is something they would like to include as part of their retirement planning. Also note that state health insurance assistance programs (SHIP) can be a valuable resource for counseling on long-term care insurance.

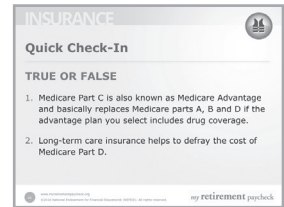
 **ACTIVITY: Have participants work in pairs or small groups to discuss the criteria they created earlier in the workshop in their Insurance Action Plan (#4) and see how their criteria might influence their decision to seek long-term care insurance. Invite discussion and questions after they complete the activity.**



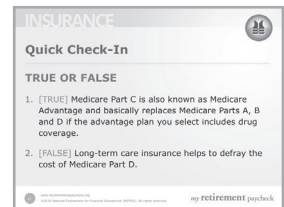
### Slide 26 - Long-Term Care Insurance Decision

Action Plan: Cover My Health Care Costs (#4)

- ❑ **CHECK-IN QUIZ ACTIVITY: Display two questions and ask individuals to silently reflect on whether the answers are True or False. Click to the answer key slide to review responses and answer any questions at this point.**




Slide 27 - Quick Check-In



Slide 28 - Quick Check-In (answers)

Topic C: Discuss strategies to minimize out-of-pocket financial obligations that are not covered by Medicare and long-term care insurance.  
 20 minutes  
 Critical

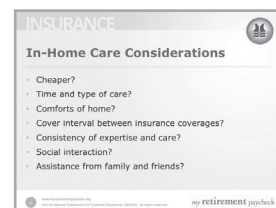
- ❑ Lead a discussion on strategies to minimize and prepare for the costs of medical care in retirement. Ask participants what they are thinking at this point about next steps. Present the following suggestions as a means to prepare for and minimize medical expenses in retirement.
- ❑ Provide information about the rationale, payoffs and trade-offs for utilizing in-home care options, both private and family/friend care, using the information below. Note that some people may not wish to be in a long-term care facility or cared for by people they do not know, preferring to stay in their own home. Encourage participants to discuss these issues and preferences with family and advisors now. It's difficult to predict when an event may occur that limits everyday activities.

 **ACTIVITY: Lead a discussion of the pros and cons of using in-home care (private pay or family/friend care) if the need for long-term care arises. Capture the comments on a flip chart. After the discussion reiterate the considerations below (or other pertinent things that were identified on the flip chart).**

Flip chart page with two columns and column headings: Pros / Cons

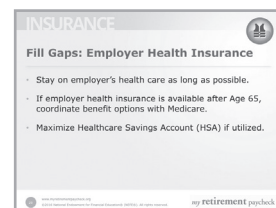


- Share unique properties of in-home care used for long-term needs:
  - In-home care often is cheaper than using assisted living or a nursing home, particularly if family and close friends assist. However, consider the financial implications of family members or friends reducing or leaving employment to care for you, as well as the emotional toll on your caregivers.
  - With in-home care, an individual can determine how many hours per week he or she needs help as well as what type of care is wanted.
  - Individuals may be more comfortable in a home environment. Consider the effects of isolation, if applicable.
  - In-home care may make sense for the type of long-term care insurance purchased, especially if there are rules about when the insurance begins and how long it lasts. In-home care can cover intervals that long-term care insurance doesn't cover (e.g., the elimination period before benefits begin, time after insurance benefits are exhausted). One's current home may not be accessible enough for long-term care needs.
  - Consistent expertise, professionalism and monitoring may be needed for different health conditions.
  - There may be more social interaction outside of the home.
  - Friends and family may be unable or unwilling to provide care; even if willing to help, lost income and benefits for caregivers should be considered. A personal care agreement may be one way to address this concern and outlines how a family member will be compensated. (See [www.caregiver.org/personal-care-agreements](http://www.caregiver.org/personal-care-agreements) for more information.)



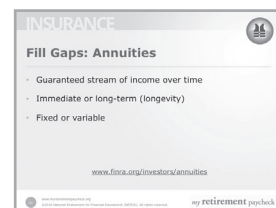
Slide 29 - In-Home Care Considerations

- Reiterate that even when covered by insurance, there will be out-of-pocket expenses for health care and long-term care. Share options for filling these gaps:
  - If you are able, it may be advantageous stay on your employer’s health care plan as long as you can. However, policies at Affordable Care Act (ACA) marketplaces for those under age 65 may be a better overall value. Encourage participants to check with their human resources professional to determine the rules of using their employer’s insurance with Medicare. Most plans coordinate with Medicare Part A (usually taken at 65 with no premiums). Coordination could help avoid having to buy Medicare Parts B, C and/or D for as long as you remain on your employer’s (or spouse’s employer’s) insurance.
  - Check with your employer (or spouse’s employer) to determine the specifics of plan coordination. For example, with many plans, employer health plan coverage remains in force for workers beyond age 65 and Plan B coverage (and payment of premiums) can be postponed. Once a worker’s (or worker’s spouse’s) employment ceases, the worker has eight months to sign up for Part B without a penalty.
- If participants have a health savings account (HSA) as part of an employer plan, encourage them to fund it to its maximum each year. This pretax investment can be used after retirement to fund health-related expenses.



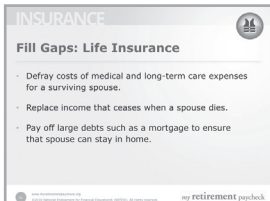

Slide 30 - Fill Gaps:  
Employer Health  
Insurance

- Share that another way to fill gaps is by purchasing annuity insurance. Having an annuity guarantees a certain stream of income and helps to ensure that there is always some money available to either meet ongoing expenses or help supplement income in the event of major medical and/or long-term care expenses. One place to learn more about annuities is: [www.finra.org/investors/annuities](http://www.finra.org/investors/annuities). NOTE: If Internet is available, it may be beneficial to show this site to workshop participants.
  - Annuity insurance, or an annuity, is an insurance product. You pay into the annuity, either all at once or in installments, and then the annuity makes payments to you on a future date or series of dates.
  - An immediate annuity begins paying out soon after you make your initial investment.
  - A deferred annuity accumulates money for a period of time, then pays out in the future (typically in retirement).
  - Annuities can be fixed (payouts are the same amount), variable (payments are tied to a financial benchmark such as the stock market and get larger or smaller depending on the performance of the benchmark), or a combination.
  
- Share that in the case of deferred annuities (also known as longevity annuities or insurance) — a person typically purchases an annuity around age 65 to begin the payout around age 80. The goal of using a longevity annuity is to ensure that income will be sustained for as long as a person lives, particularly in the very latest stages of life. An ideal candidate for longevity insurance is someone with a long life expectancy.



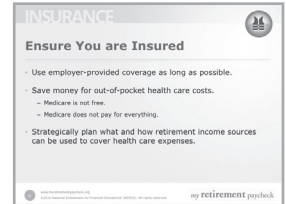
Slide 31 - Fill Gaps: Annuities

(optional) Internet Access

<ul style="list-style-type: none"> <li>□ Point out that in some cases it makes sense to use life insurance to reduce the financial burden of a surviving spouse. For example:             <ul style="list-style-type: none"> <li>— If a couple has large debt, such as a mortgage, life insurance can be a good option to ensure that the home is protected in the event of the death of a spouse.</li> <li>— Remind participants that life insurance pays out a sum of money on the death of the insured person to a named beneficiary, such as a spouse or other dependents. It typically is used to protect against the loss of income that would result if the insured person passed away.</li> <li>— Also mention that health care riders may be available to extract value from a life insurance policy to help pay for health care costs. This rider would reduce the amount payable on death.</li> </ul> </li> <li>□ Note that one more policy participants might consider is a short-term care policy that provides up to 360 days of coverage for care needed to cover an incident.</li> </ul>	 <p>Slide 32 - Fill Gaps: Life Insurance</p> <p>(optional) Internet Access</p>
<p> <b>ACTIVITY: Direct the participants to complete the Options for Bridging the Gaps activity. Share answers and justifications.</b></p> <p><b>As time allows, encourage participants to continue work on their Action Plan (#5-7) to estimate their retirement income streams and strategies to fill any gaps to cover health care costs.</b></p>	<p>Activity: Options for Bridging the Gaps</p> <p>Action Plan: Cover My Health Care Costs (#5-7)</p>
<ul style="list-style-type: none"> <li>□ Begin to wrap up the workshop by asking participants to reflect on what they learned about strategically planning how they will cover health care expenses in retirement. Ask if participants have changed their minds compared to what they were planning prior to this workshop and why. Revisit the questions that participants wanted answered at beginning of workshop.</li> </ul>	<p>Flip chart list from introductory activity</p>

Wrap up: Take Action  
15 minutes

- ❑ Transition into the Wrap Up for this workshop by reviewing what was covered in the workshop. Reinforce that carrying health insurance and predetermining how to cover health care costs during retirement are decisions that every retiree needs to make, but they are not the only decisions. Remind participants of the following points:
  - Individuals won't be eligible for Medicare until age 65; use a spouse's employer-provided health care coverage as long as possible
  - Medicare is not a free pass; in fact, it only may pay about half of your health care expenses. To avoid debt, have a plan to save for out-of-pocket medical expenses and premiums.
  - Consider how retirement income sources such as your home, retirement plans, savings and investments might be used to help cover health care expenses — if needed — in ways that avoid tax consequences and penalties.
  
- ❑ Point out that this is one of eight important retirement decisions (as presented in the slide). Explain that decisions about health care and long-term care costs will impact other retirement decisions such as how long to work, how to mitigate debt, and how to utilize savings and investments. And vice versa: Other retirement decisions impact decisions about paying for health care and long-term care costs.
  
- ❑ Suggest that participants look at [www.MyRetirementPaycheck.org](http://www.MyRetirementPaycheck.org) or other workshops in this series for more information about the other retirement decision areas.



Slide 33 - Ensure You are Insured



Slide 34 - My Retirement Paycheck

- ❑ Provide your contact information (if desired) so participants can follow up later with questions.
- ❑ Point out the list of resources provided in the Workshop Packet. Call attention to the following online resources:
  - My Retirement Paycheck ([www.myretirementpaycheck.org/insurance](http://www.myretirementpaycheck.org/insurance))
  - U.S. Department of Health and Human Services: Health Insurance ([www.hhs.gov/programs/health-insurance](http://www.hhs.gov/programs/health-insurance))
  - LongTermCare.gov ([www.longtermcare.gov](http://www.longtermcare.gov))
  - Insurance Information Institute ([www.iii.org](http://www.iii.org))



Slide 35 - Resources

- ❑ Encourage the participants to use what they have learned to complete the Action Plan. If feasible, arrange for participants to continue to work on their own or with your guidance after the workshop concludes. Provide Internet access in a lab setting so participants can utilize the insurance resource websites.



Slide 36 - Are You Ready?

Action Plan: Cover My Health Care Costs