

## Parents Are Hard To Raise S02 E70.mp3

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**Announcer:** [00:00:37] Of all the financial issues that impact our aging parents planning for Medicare and Medicaid are among the most important and the most confusing this week on Parents are hard to raise, Diane's special guest expert Geraldine Callahan demystifies the process.

**Diane:** [00:01:09] Welcome to parents are hard to raise. Helping families grow older together without losing their minds. I'm Elder care expert Diane Berardi.

**Diane:** [00:01:18] My very special guest expert this week has a deep passion for educating seniors and their families about strategies designed to pay for long term care, while protecting their assets. She knows the ins and outs of Medicare and Medicaid has been recognized by the media as a leader in her field. She is president of Callahan Financial Services Group, a firm specializing in health care financial planning for seniors and the elderly. Geraldine Callahan welcome to parents are hard to raise.

**Geraldine Callahan:** [00:01:48] Thank you so much for having me. I'm excited to be here.

**Diane:** [00:01:51] Well we're excited to have you, because I get calls all the time from children of aging parents that their parent gets ill and they need care. And they believe that Medicare will cover everything. And then when I talk to them about their insurance and say you know Medicare won't cover that. They say to me OK, well then we'll just get Mom on Medicaid.

[00:02:16] And so, they get plunged into this confusing world of Medicare and Medicaid and they don't realize the process. So what you do is really important. And I'm going to bombard you with questions that I'm sure our listeners are thinking of them as we go along as well.

[00:02:39] The first question I have for you is probably more for our listeners than their parents, but this is a good question. What if a person is still working? Do they have to enroll in Medicare and pay for Medicare?

**Geraldine Callahan:** [00:02:55] That is a great question and I have to tell you I probably get that one the most when it comes to Medicare. Generally, if you have insurance through your employer or your spouse's employer, as long as there is at least 20 or more employees and that's the key, if there's 20 more employees on a group plan, you do not have to enroll in Medicare. You'll actually be given a special enrollment period which will allow you to enroll when you come off the plan.

**Diane:** [00:03:25] Wow. So it depends on your employer really.

**Geraldine Callahan:** [00:03:30] Yes it does. And I always recommend that people talk to their employers just to make sure they don't require them to go on Medicare A&B. But as long as they haven't required it they haven't told you have to go on Medicare... You don't have to.

[00:03:43] I do want to say that many will also ask about the part A. It is free and you paid for it through your taxes. So there really is no need to delay that. If you want to just get that just to have it to supplement your employer benefit. That's always a good idea.

**Diane:** [00:04:00] So you mentioned part A. I know there's so many alphabet pieces in Medicare. Could you tell us about the different parts.

**Geraldine Callahan:** [00:04:11] Oh absolutely. So let's talk about the main ones I think we don't have enough time to go through everything. The main one is part A, which is some hospital insurance and covers basically doctors visits or any kind of stay in skilled nursing facility. There is Medicare Part B and most people familiar with Part B, it is medical insurance and it normally will cover 80 percent of the cost of your medical. Meaning it covers doctors visits, lab tests, patient procedures, just to name a few.

[00:04:47] And then we have Part C that is quite confusing to people because part C is a what it's called a Medicare Advantage plan. These are plans that are usually offered by private companies and they provide you know the same benefits as Medicare but it's managed by an insurance company that contracted with Medicare. They usually have a HMO or PPO aspect where you have to stay within a network of doctors.

[00:05:17] And then finally there is Part D. So D for drugs. Again it's a prescription drug coverage plan. And there are a number of private companies that you can sign up for for Part D.

**Diane:** [00:05:31] Now, is there an advantage to buying Medicare Advantage plan over the original Medicare?

**Geraldine Callahan:** [00:05:44] Well you know, there's pros and cons to everything. And I really think it depends on the person's situation.

[00:05:51] Some Medicare Advantage may have additional benefits that original Medicare-- when say original Medicare I mean original meaning Medicare Part A and B-- there some benefits they may not cover that are found in Part C. But you know with a Medicare Advantage they usually you know based on the state and the county that you reside in there's a lot of restrictions. There's a network where I've seen with original Medicare and having a supplement plan, you can pretty much go anywhere that they accept Medicare. There's less restrictions.

[00:06:22] Okay. Now is there a certain time? What if I know... Like I was talking to my mom and dad and they don't have Part D and I'm thinking geez what if we wanted to add Part D. Is there a certain time that you can make a change to their plans?

**Geraldine Callahan:** [00:06:42] Yes. Generally, if they're... Obviously if they're turning 65 that they have an open enrollment to do that. If they're coming off a group plan they can have a special election to sign up for Medicare Part D. But also every year, it's called October 15th or December 7th, it's the annual election period in which you can make changes to your Medicare Advantage plan as well as your Medicare Part D prescription plan.

**Diane:** [00:07:11] Ah. Okay. Now does the husband and wife have to be on the same plan?

**Geraldine Callahan:** [00:07:17] No. Medicare is individualized. So you cannot be on the same plan with your husband or your wife.

**Diane:** [00:07:25] Okay. So I was just I was thinking about that. You know that's.

**Geraldine Callahan:** [00:07:29] That's a common question.

**Diane:** [00:07:34] Yeah. Because it is individual, but you would think they would have to be on the

same plan, but they don't. So that's good to know.

[00:07:40] Now does Medicare cover. I think you probably mentioned this, but it does not cover long term care. Is that right?

**Geraldine Callahan:** [00:07:50] Yeah that's an interesting question.

[00:07:54] It does not cover long term care. And I can go into details about that. But it also doesn't cover dental, eye exam, glasses, hearing aids. Alternative medicine is not covered under Medicare. As far as long term care goes, it will cover the first 100 days any skilled nursing facility. But you had to have stayed in the hospital at least three consecutive days. And beyond 100 days, and I think there's a lot of confusion... People assume that it's going to pay for long term care and it doesn't. You're basically on your own after the 100 days and you do have the heavy copays that comes with 100 days as well.

**Diane:** [00:08:35] Yeah. That's what really, people struggle with. Because they think it, Medicare will just continue to pay. And then they're thinking oh my gosh what do we do? You know...

**Geraldine Callahan:** [00:08:48] Yeah yeah. It's very disappointing for people. When you're in that situation and you know often very confusing and you think you've been paying for your Medicare supplement and it's going to cover that care but it really does not. Only the first 100 days.

**Diane:** [00:09:05] Now, what about nursing home care? Does Medicare cover that?

**Geraldine Callahan:** [00:09:10] No it doesn't. Medicare is not designed to cover long term care facility long term. No it's not designed for that.

**Diane:** [00:09:21] Now does Medicare cover any preventative care?

**Geraldine Callahan:** [00:09:27] Yes. Yes. What I mean by that, so your annual check ups and visits, mammograms, all those annual required visits are covered.

**Diane:** [00:09:37] Okay. So those are covered. And I hear people talking always about a doughnut hole. Could you explain that?

**Geraldine Callahan:** [00:09:51] Yeah. Oh boy it's going to take...

**Diane:** [00:09:57] It's probably going to take four hours... Right?

**Geraldine Callahan:** [00:09:58] Yeah. It would take some time to kind of explain that. There is going to be some changes that's anticipated with the whole doughnut hole possibly closing it out by 2020.

[00:10:09] But basically, it has to do with the prescription drug plan. And after you spend a specified amount between yourself and what the company has paid out in benefits, you then move into a donut hole where you're paying a higher percentage cost of your prescriptions basically.

[00:10:27] So often it catches seniors off guard, because they're on a fixed budget. And when that doughnut hole they have to pay, in some cases their prescriptions will double.

**Diane:** [00:10:38] Oh my gosh.

**Geraldine Callahan:** [00:10:39] Yeah they're usually worried.

**Diane:** [00:10:46] Yeah. I wonder if people know that, when they sign up for Part D or anything? I guess, is that all explained?

**Geraldine Callahan:** [00:10:51] Yeah, a lot of people don't really understand that aspect of it. And at some point it does go on to what they call catastrophic coverage where it does go back down significantly. But then you know once the year starts off again you start back with a whole initial coverage period, then you move into the doughnut hole. And so it's a cycle that happens every single year to seniors. And usually if you're taking a lot of medication, you'll end up in that situation.

**Diane:** [00:11:24] So we'll be back to talk more with Geraldine. But I just wanted to talk to you about something. If you're a woman or you have a woman in your life. You really need to hear this...

[00:11:41] I Want to tell you about my friend Katie. Katie is a nurse and she was attacked on her way home from work. She was totally taken by surprise. And although Katie is only 5 feet tall and 106 pounds she was easily able to drop her 6 foot 4, 250 pound attacker to his knees and get away unharmed.

Katie wasn't just lucky that day. She was prepared.

In her pocketbook, a harmless looking lipstick, which really contained a powerful man stopping aerosol propellant.

It's not like it was in our grandmother's day. Today just going to and from work or to the mall can have tragic consequences. The FBI says a violent crime is committed every 15 seconds in the United States. And a forcible rape happens every five minutes. And chances are when something happens, no one will be around to help.

It looks just like a lipstick. So no one will suspect a thing. Which is important since experts say, getting the jump on your attacker is all about the element of surprise.

Inside this innocent looking lipstick is the same powerful stuff used by police and the military to disarm even the most powerful armed aggressor. In fact, National Park rangers used the very same formula that's inside this little lipstick to stop two-thousand pound vicious grizzly bears dead in their tracks. It's like carrying a personal bodyguard with you in your purse or your pocket.

Darkness brings danger. Murderers and rapists use darkness to their advantage. We all know what it's like to be walking at night and hear footsteps coming at us from behind. Who's there? If it's somebody bad, will you be protected? Your life may depend on it.

[00:13:25] My friend Katie's close call needs to be a wake up call for all of us. Myself included. Pick up a lipstick bodyguard and keep it with you always.

**Announcer:** [00:13:39] You're listening to Parents Are Hard to Raise. Now, thanks to you... The number one elder care talk show on planet earth. Listen to this and other episodes on iTunes, Google Play and on demand using the iHeart radio app.

**Diane:** [00:14:08] I want to welcome our new international listeners. Please forgive my pronunciation... In Japan from Kyoto and Coleby and Sapporo. Gosh probably murdered those but...

[00:14:23] And in Spain... Cevil, Málaga and Bilbio. Welcome.

[00:14:28] So now, we're here with Geraldine Callahan president of Callahan Financial Services Group. And she specializes in health care financial planning for seniors and the elderly.

[00:14:39] So we were talking about Medicare. Now we're going to talk about the second "M" Medicaid.

[00:14:47] Geraldine can you tell us the difference between Medicare Medicaid?

[00:14:51] Oh yes. So Medicare is basically health insurance and it's health insurance for those that are 65 years old or older. Or someone that has been on disability for at least 24 months.

[00:15:05] Medicaid. However it is a means tested federal program that basically will pay for long term care services for the aged, blind, and disabled.

**Diane:** [00:15:16] Now, why do people apply for Medicaid?

**Geraldine Callahan:** [00:15:21] Great question. You know most people don't intend on apply for Medicaid. You know they don't work hard all their lives, save their assets and having to go on government... Receiving government benefits or government help.

[00:15:37] But the reality is, is that as we have an aging baby boomer population, many maybe did not save enough for long term care, or they start out privately paying these personal facilities and... I don't know by where you are Diane but our... In New Jersey, the cost is about twelve thousand dollars for some of these nursing homes, a month.

[00:16:01] So they quickly run out of funds. And they need to rely on government benefits.

[00:16:08] We also have people who start out with paying with long term care insurance. Pretty soon those benefits are drained out. And the only way they can get the care they need is to apply for government help. And we know that half of the people that are in nursing homes today in the U.S. are covered by Medicaid.

**Diane:** [00:16:31] And that's true. And you know we're running into so many different issues today... our Parents are living longer. People are living longer, so we're running into all these situations where we didn't have them before.

[00:16:46] Now, Medicaid. That is different in every state. Why is that?

**Geraldine Callahan:** [00:16:53] It is different. You know it is a joint federal and state program. The federal government generally will pay 50 percent and the states will basically cover the remainder balance. But they are given broad discretion as to who are they going to cover and what benefits they're going to provide. So each of them are going to have different rules different set of rules and even some states there's different rules at the county level. So it is very difficult to kind of understand how Medicaid works.

**Diane:** [00:17:25] It really is. You definitely... People definitely need a person like yourself, your group, to help. Because it is a maze and there's so many rules and regulations and stipulations. So my hat's off to you for understanding this and taking this undertaking.

[00:17:50] With Medicaid... Is There a limit to the amount of income you can have?

**Geraldine Callahan:** [00:17:58] Yeah, there's a limit to the amount of income you can have. And again, in most cases, most states, your income cannot exceed the cost of the nursing home. However there are certain states that will actually have an income cap. They'll say for example, you can't make more than 2000 dollars or 2250 in order to qualify for Medicaid. And the numbers can vary.

[00:18:23] So there's this specific rules and specific tests you must pass when it comes to income. Whether you're single or whether you're married. There's different rules.

[00:18:30] Okay. And now, does Medicaid. It looks at the assets... That's what I was curious about and I'm sure everyone. Because if you have mom and dad, does Medicaid look at the assets of the individual or the couple? How does that work? Because if one person needs to apply for Medicaid for care...

**Geraldine Callahan:** [00:18:59] Yeah. Medicaid is going to look at the assets. If you're a single person they'll look at your assets, and generally you can't have more than about 2000 dollars in assets. Which is not very much at all. And if you have any assets, you have to basically spend that down on your care before you can qualify.

[00:19:19] There is also when you are married. The asset limit is much higher. If there's a healthy community spouse... that's what they call it... A community spouse, is the one living in a community that was doing well. But they're still going to look at the assets of both.

[00:19:33] And you know, I think that's very difficult for people. Because you have the healthy spouse who needs the money to be able to maintain their lifestyle and much of it does have to be spent down as well. In order to pay for their care in order to qualify.

**Diane:** [00:19:51] Yeah. It's a tough situation. Is is life insurance considered an asset?

**Geraldine Callahan:** [00:20:02] It is cconsidered an asset. Yes.

[00:20:05] And as a financial adviser, in the past, I've help people get into life insurance, because there's many benefits to having it, especially whole life. But when you're you know applying for Medicaid it becomes a problem, because if you have more than at least you our area here in the States United States you can't have more than fifteen hundred dollars in assets, in terms of long life insurance. So the Cash value cannot exceed fifteen hundred dollars.

**Diane:** [00:20:34] So what happens? What do people do?

**Geraldine Callahan:** [00:20:40] Yeah. What do people do. You know, some of them well obviously you have to close out that life insurance policy and take the funds and spend it down. Others will transfer it. We always try to help them in terms of a funeral trust. We advise them on the funeral trust, because you can convert some of that cash and protected it if you put it into a funeral trust account. So there's a couple of things that you can do with it. But you know something as basic as life insurance can become a problem for some people.

**Diane:** [00:21:12] So the funeral trust... Could you explain that a little more? Is that a way to protect maybe certain assets?

**Geraldine Callahan:** [00:21:20] Yeah. It is a life insurance policy, essentially, that it's held in a trust that is irrevocable. You know , where you can't have access to that money. And because it's

protected and it's irrevocable and you can't use it, Medicaid will usually allow us to use that product.

**Diane:** [00:21:39] Okay.

**Geraldine Callahan:** [00:21:39] So for example, you know, I have had... let's say someone have fifteen thousand dollars in cash in a life insurance policy we can convert it make it irrevocable, put it into the trust and now it immediately becomes protected, and they can immediately qualify for Medicaid.

**Diane:** [00:21:55] Wow. That's something I wasn't familiar with. Are there any other strategies?

**Geraldine Callahan:** [00:22:02] Well there's a lot of strategies. I think ideally you want to talk to an attorney, at least, you know.

**Diane:** [00:22:10] Sure.

**Geraldine Callahan:** [00:22:10] Generally, you want to do the planning five years beforehand, because there's a five year look back. But there are certain things that can be done in terms of... You know, I can only speak from a financial perspective, a financial adviser perspective. I won't go too much into detail. There's things like Medicaid compliant annuities that can be used. They're not your traditional annuity. They're specific to Medicaid and in some cases they can protect assets for the healthy spouse. So there's a few things that you can do. I do recommend that you speak to an expert who understands the process and the rules, to guide you.

**Diane:** [00:22:48] Definitely. I always tell our listeners, seek out the professionals. Because health care today or anything medical or financial, you have to seek out the professionals. There are so many intricacies of everything. So you want to be sure you're making the right decisions and your guided in the right way.

[00:23:17] Can a person transfer their assets to their children to qualify?

**Geraldine Callahan:** [00:23:24] Ugh. I can't tell you how many people try that.

[00:23:27] They'll try to transfer it to their children. But something as simple as... I've had clients that have given gifts to their grandchildren, because they're getting married. Or paid off their college loan. Or just doing nice things for their family. In return, it ended up hurting them.

[00:23:48] What happens is, you end up with a penalty because you transfer the assets over--you gifted. Yeah.

[00:23:56] What we didn't discuss is the five year look back. Medicaid does have a five year look back, where they will go back... Anything that you've given away or transferred five years before the actual Medicaid application will actually, possibly count against you and result in a penalty period and disqualify you sometimes for the benefits.

[00:24:19] So you cannot gift. It is an absolute no-no to give assets away.

[00:24:25] So people don't know that. So yeah, you really do have to seek out professionals.

[00:24:31] And adult children... This is a big question that comes up all the time. Are adult children responsible for the medical bills of their parents?

**Geraldine Callahan:** [00:24:44] You know.... I'd hate to tell you but, a few states have actually enacted some of these rules. It doesn't happen often, but more so now because Medicaid is at risk and there are potential cutbacks that are happening. So more and more states needing more funding and needing more money are considering or have implemented rules whether adult children is responsible to support a poor or needy parent. Specifically any costs that's not covered by Medicaid could potentially be responsible for. Not to scare anybody. It doesn't happen often, but there have been a few cases where they've actually implemented that.

**Diane:** [00:25:31] Geraldine we've run out of time, but please tell our listeners how to reach you. How they can get in touch with you...

[00:25:59] I'd be happy to talk to any of your listeners one on one, if they have questions or need a consultation. 973-325-7500 is my office number.

[00:26:01] Thank you Geraldine.

[00:26:01] I Hope this episode helps you with something you may be dealing with at this moment. Please keep emailing your questions and comments. And share as much detail as you can.

[00:26:09] You can reach me at [Diane@parentsarehardtoraise.org](mailto:Diane@parentsarehardtoraise.org) or just click the green button on our homepage.

[00:26:16] Subscribe to our show on iHeart radio, iTunes your favorite podcast app.

[00:26:21] I would be so grateful if you'd share this episode with your family, co-workers and friends. Episode number 70.

[00:26:27] Parents Are Hard To Raise is a CounterThink Media production. The music used in this broadcast was managed by Cosmos Music, New York, New York.

[00:26:35] Our New York producer is Joshua Green. Our broadcast engineer is Well Gambino. And from our London studios, the melodic voice of our announcer Ms. Dolly D.

[00:26:45] Thank you so much for listening, and I look forward to reading your comments and can't wait till we meet up again on the next episode of Parents Are Hard To Raise. Till then...

[00:26:56] May you forget everything you don't want to remember, and remember everything you don't want to forget. See you again next week!