

Parents Are Hard To Raise® S03 Episode 99 Transcript

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[00:00:37] This week on Parents Are Hard To Raise® elder financial expert Geraldine Callahan is back to discuss the four critical changes in Medicare that are headed our way and how they will impact your aging parents.

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Diane Berardi: [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.

[00:01:19] Longtime listeners will recognize my special guest expert this week as our "go to" person on all elder care financial planning matters. She has a true passion for educating seniors and their families about strategies designed to pay for long term care while protecting their assets. She is president of Callahan Financial Services Group, a firm specializing in health care financial planning for seniors. Geri Callahan. Welcome back to Parents Are Hard To Raise®.

Geraldine Callahan: [00:01:50] Oh I'm so glad I could be here. Thank you for having me back, Diane.

Diane Berardi: [00:01:53] Well thank you. And you have some Medicare changes to talk to us about.

Geraldine Callahan: [00:01:59] Yes absolutely. So whenever whichever one you'd like me to address I'd be happy to start with the Medicare supplement if that's OK.

Diane Berardi: [00:02:08] That's perfect. That's perfect.

Geraldine Callahan: [00:02:11] Okay wonderful. So far for Medicare supplement is going to be some major changes. Congress has passed a law that is going to eliminate Plan F and Plan C. These plans were typically the most comprehensive plans under Medicare. When I say comprehensive they covered 100 percent of what Medicare did not pay. But unfortunately, Congress is going to be eliminating these plans because they'd like to see people pay more in the costs of their care.

Diane Berardi: [00:02:46] One of the plans was like the Cadillac plan, right, of Insurance?

Geraldine Callahan: [00:02:51] Yeah. Yeah it's the plan f and you get it again it was covering 100 percent of all approved Medicare amounts and unfortunately Congress sees that it's it's done quite costly and people are seeing their doctors more often when they don't have to pay out of pocket costs or they don't have any deductible up front. So in order to try to reduce the cost the government is paying out they are eliminating plan F also plan C.

Diane Berardi: [00:03:22] And... So F is kind of the most popular, I guess the best plan. What's Plan C?

Geraldine Callahan: [00:03:30] OK. Well Medicare does not really want us to say that one plan is

the "best" over another, but Plan F certainly did provide a lot of coverage and a lot of people really liked that plan.

[00:03:44] Plan C is very similar to plan F. They normally were sold to people that were under age 65 that were on disability. This was typically the only plan that they can get that would cover almost give them 100 percent coverage. And at this point they're going to be able to choose other plans that this is not going to be available any longer. As of by 2020.

Diane Berardi: [00:04:07] Oh OK. Now do current enrollees have to switch their plans?

Geraldine Callahan: [00:04:14] That's a great question. So those that are already on Medicare Plan F and Plan C they can keep their plans they're going to be grandfathered into those plans.

Diane Berardi: [00:04:25] OK. And is there anything that will replace those plans or something similar to F and C?

Geraldine Callahan: [00:04:35] Well there are other plans. One of those plans that's very popular is the plan G. Beneficiary pays a small out-of-pocket deductible. And then after that deductible it pays 100 percent of what Medicare doesn't pay. So there are going to be other plans out there. You know obviously there's pros and cons to everything.

Diane Berardi: [00:04:58] Right.

Geraldine Callahan: [00:05:00] And less plans... I guess some people can say it's a positive because it'll be less confusing for some people in terms of Medicare supplements have plan A all the way to plan N.

Diane Berardi: [00:05:16] Wow. [laughing] yeah that can be...

Geraldine Callahan: [00:05:20] It sure is. And each one of them has their own specific nuances and different details about them so it can be very confusing. But on a negative side you know, a lot of people are probably going to postpone going to the doctor, which could result in development of other illnesses that may have been preventable.

[00:05:41] And a lot of people aren't going to be happy with this with this decision.

[00:05:49] People love their plan F. Unfortunately we can't really control what's going to happen at this point.

Diane Berardi: [00:05:57] So presently no one really can now come into plan F?

Geraldine Callahan: [00:06:03] Yeah as of January 1st 2020 you will no longer be able to buy a plan F plan.

[00:06:10] OK. You know but you have now.

Diane Berardi: [00:06:13] You can do it now.

[00:06:13] You can do it now if that's something you want to get in to. But it's also important to remember that as people... The way insurance works, it's a pool.

[00:06:25] You know you want to have a pool of healthy people coming in and you have people

that may be sicker and what may potentially happen in the long run is that you're going to have older people within the plan and they're going to age and you know possibly the cost of insurance may get more expensive over time because you're not getting healthy and younger people coming into the plan. So that's a potential negative as well.

Diane Berardi: [00:06:50] And in these plans, can the insurance companies screen for any illnesses?

Geraldine Callahan: [00:06:58] Very good question.

[00:07:00] Well when you're first turning... There are certain instances like when you're first turning 65 or when you're coming off a group plan. They can't ask you any medical questions. They do have to accept you. But so, let's say somebody is on a plan F and they decide you know what, this is probably going to get too expensive over time or it's getting too expensive over time I'd like to switch to go to another plan. They will have to answer medical questions and they will have to go through underwriting and the insurance companies reserve the right to accept them or deny them.

Diane Berardi: [00:07:38] Do most states allow that?

Geraldine Callahan: [00:07:39] Yes. Yeah, all states they do allow for the insurance companies to be able to underwrite you know people that are coming in. So unless you are turning 65 or you have a special enrollment period for a specific reason you have to go through that underwriting process, to qualify.

Diane Berardi: [00:08:01] Hmm. To qualify. Yeah.

Geraldine Callahan: [00:08:03] However there are Medicare Advantage plans, other types of plans that are not Medicare supplement.

[00:08:09] And let me just define Medicare Supplement, because I didn't get to do that in the very beginning. So Medicare Supplement plans or private insurance policies that help Medicare beneficiaries to pay for gaps in Medicare. They're also known as Medigap policies and they help with the out-of-pocket expenses like copayments, coinsurance and co-deductibles. So while those you know for someone who is unable to get on a Plan F or plan C for any reason the Medicare Advantage plans are also available for them. And you know that the next topic we're gonna be talking about is Medicare Advantage. I can explain what they are.

Diane Berardi: [00:08:53] Perfect yes. Can you tell us you know what is a Medicare Advantage plan?

Geraldine Callahan: [00:08:58] Sure. So the Medicare Advantage. So if someone for example goes for underwriting for a Medicare supplement and they didn't qualify because of their health they always have the option of a Medicare Advantage plan unless they have end stage renal disease. There are some exceptions to that but Medicare Advantage is usually open to everyone.

Diane Berardi: [00:09:17] OK.

Geraldine Callahan: [00:09:19] They kind of work like HMO plans. They are an all in one alternative to Medicare. They are also through private insurance companies. They bundle hospital insurance, medical insurance, prescription under one plan and a lot of times don't give you benefits such as dental and vision. So the key with those plans that it's a network of plan it's a network of doctors that are within those plans that you have to stay within.

Diane Berardi: [00:09:50] OK. So like an HMO kind of.

Geraldine Callahan: [00:09:53] Like an HMO or a PPO type plan.

Diane Berardi: [00:09:55] OK. So what would you see as some benefits for new enrollees for like a Medicare Advantage plan?

Geraldine Callahan: [00:10:03] Well there's a lot of upcoming changes to the Medicare Advantage plans and for one thing there's potential lifestyle support changes, where the plans have the right to offer meals that are delivered to the home...

Diane Berardi: [00:10:21] Wow.

Geraldine Callahan: [00:10:21] ..to the patients and these are things that weren't necessarily available and they haven't been implemented yet. But these are changes down the line that the plans could potentially offer. Transportation to doctors offices. Safety features in the home such as maybe like a grab bar or wheelchair ramp.

Diane Berardi: [00:10:41] Okay.

Geraldine Callahan: [00:10:43] You know, home safety improvements that can be provided. But in order to get those the person would have to be chronically ill and certified by a doctor. And again these haven't been introduced yet but they're in the plans to come. There's also potentially in-home health.

[00:11:00] Perfect. Wow.

[00:11:01] Yeah. [laughing] Yeah, which is something that could help a lot of Medicare beneficiaries with activities of daily living for example, helping them maybe dressing, eating. To the extent or how long they would provide this service for it's unknown yet but, and as I said that they're potentially going to be available in the future.

Diane Berardi: [00:11:23] So we're going to continue talking with Geraldine Callahan of Callahan Financial Service Group. But first, I want to tell you something. If you you're a woman or there's a woman in your life there's something you absolutely need to know.

[00:11:38] 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.

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.

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Announcer: [00:14:12] It's as simple as that.

Diane Berardi: [00:14:14] You're right Dolly. There are so many really cool new ways to listen to our show. It's hard to keep track. You can join the 180 million listeners on Spotify. You can listen in your car at the gym or pretty much anywhere on your smartphone with Apple podcasts and Google podcasts. You can get us on Apple TV, Direct TV, Roku and like Dolly said, you can even ask Alexa to play the show for you. It's great because you don't have to be tied to a radio anymore. You can listen when you want, where you want. For as long as you want. And if you're listening to the show one of these new ways please do me a big favor. Share this new technology. Help someone else learn about the show and show them a new way to listen.

[00:14:58] So Geri, we were talking about that Medicare Advantage is expanding its scope of coverage.

[00:15:05] And we were talking about seniors who I guess if they enroll in the plan and need help with maybe activities of daily living you know meal preparation and maybe some bathing, dressing that the Medicare Advantage plan may cover the cost of home health coverage?

Geraldine Callahan: [00:15:26] Yeah, that is what we're talking about and it's hard to believe, as I said, this hasn't been done yet. But there is a proposal to allow these plans to offer that options if they choose. So I do believe that we might see some of this in the near future. I don't think it's going to replace long term care insurance and give that level of coverage, but it's something that's going to be able to help especially those that are the poor or more chronically ill in our society.

Diane Berardi: [00:15:56] This is great. The only thing I worry about is today we have a caregiver shortage so we have all these people needing help and we don't have the people to help them, the professionals to help them.

Geraldine Callahan: [00:16:11] Absolutely.

Diane Berardi: [00:16:12] I know it's an ongoing dilemma. But this is great. So when...

[00:16:17] I guess when, this proposal, when do you think they may decide on these?

Geraldine Callahan: [00:16:23] I we should come only if any of these companies are going to implement them, we'll start seeing them probably after 2020.

Diane Berardi: [00:16:30] OK.

Geraldine Callahan: [00:16:31] Because all the new plans are offered 2019 and at least most of the benefit plans in my area haven't begun to offer these as of yet. So I don't anticipate there is going to be any changes until next year.

Diane Berardi: [00:16:45] I was reading somewhere that you may have the option to try out an advantage plan for three months, and if you aren't happy you can switch to another or go back to original Medicare?

[00:16:58] Well that's that's for the Medicare Advantage which isn't original Medicare. It's strictly for the Medicare Advantage. There's going to be sort of like a new open enrollment. I don't know what it is how to frame it but it's a new period in which someone can test drive a plan. They can try the Medicare Advantage plans for about three months and if they're not satisfied they will have the option to change.

Diane Berardi: [00:17:22] We've never had that before, a test drive a plan. Have we?

Geraldine Callahan: [00:17:25] No no. We haven't had. We've had the annual election period which is October 15 through December 7, where you can make changes to your Medicare plan, Advantage plan. And we've also had the Medicare Advantage the disenrollment period where you can go out of it. And that's from January 1st to February 14. But now it's been expanded it is a period where you can try it out and if you don't like it you go back to original Medicare. You can pick up a Medicare supplement plan and then pick up a prescription plan to go along with that. So it's a great opportunity for people who thought, well maybe you know maybe I want to try this but I don't want to get stuck or locked into it.

Diane Berardi: [00:18:09] Right. Exactly.

Geraldine Callahan: [00:18:11] It gives them a way out.

Diane Berardi: [00:18:11] You know expanding the scope of coverage the support services that may be included are exactly what people need help with. You know our parents need help with. The meal delivery. The transportation is such a big problem to and from doctors appointments. Safety fixtures like I guess the handrails or ramps equipment like that. So the government is thinking a little and these private insurance companies let's just hope it...

Geraldine Callahan: [00:18:43] Yeah. Let's Hope they take option and actually implement it. Now I will say although it does sound great. We've got to remember that Medicare Advantage have its

pros and cons, and it's not necessarily better than a Medicare supplement plan.

[00:18:56] You know there's a lot more freedom that comes with a Medicare supplement and generally more coverage, less out-of-pocket costs. So you know when you're deciding on a plan that's for you, on a health plan you want to weigh all your options and the pros and the cons as well.

Diane Berardi: [00:19:14] And what do you mean by like a more freedom?

Geraldine Callahan: [00:19:19] So Medicare Supplement when I say freedom, specifically I'm talking about there's no network, you're not restricted within a doctors network.

Diane Berardi: [00:19:26] OK.

Geraldine Callahan: [00:19:27] You can go anywhere in a country where they accept Medicare whereas Medicare Advantage tend to be more localized within the county you reside in. And each plan may be completely different from state to state, county to county, so there's more restrictions. They also change every year. Whereas the Medicare Supplement tends to be standardized and they tend to remain the same.

[00:19:51] So a lot of pros and cons. I do recommend you know if you're going to compare these plans you talk to a local agent of course if you can you also can go on Medicare.gov. They have a great tool that allows you to putting all your prescriptions and where you live and they can summarize which plan you know based on your personalized information would be best for you.

Diane Berardi: [00:20:17] Yeah I definitely think you do have to talk to an agent because there's just it's so... There's just so much to absorb and try to compare.

Geraldine Callahan: [00:20:27] Absolutely.

[00:20:27] So Even when you go on Medicare.gov I mean it's still very confusing.

[00:20:32] People sometimes can understand or you know the input that that the website prints. So it's important to get someone who is familiar with this who can help.

Diane Berardi: [00:20:43] Yeah this is like a whole four years of college on Medicare. [laughing].

Geraldine Callahan: [00:20:47] Yeah, yeah...

Diane Berardi: [00:20:51] And all the plans and everything, so...

Geraldine Callahan: [00:20:53] All the plans and all the companies and it can be a lot and overwhelming, for sure.

Diane Berardi: [00:20:57] Yeah. Now I understand also the donut hole will be going away. Is that also in 2020?

Geraldine Callahan: [00:21:04] Well there's two aspects of it. So under the Affordable Care Act it was scheduled. Donut Hole was scheduled to close in 2020. But Congress did pass a bill in March that closed part of it. They closed the donut hole for any brand name drug for 2019 and the gap close for offered generic drugs in 2020.

[00:21:27] But I think we should define what the Donut Hole is.

[00:21:29] Yes. Can you tell us about that?

Geraldine Callahan: [00:21:32] Yes. So the doughnut hole is basically when a Medicare beneficiary is enrolled in a plan and they end up spending very high prescription costs, the costs for their prescriptions become very high. And what happens is, after a certain amount of money that they spend they reach a certain level throughout a year where their medications become quite expensive. They can go from paying 25 percent of the cost of the medication to you know as high as maybe 75 percent.

Diane Berardi: [00:22:08] Wow, yeah.

Geraldine Callahan: [00:22:09] To someone on a fixed budget you know as you can imagine that's quite difficult. So by closing the donut hole you know you're going to have a lot of people that are going to be able to afford the medications. You're going to have those people who have been putting their medications aside because they couldn't afford it or weren't taking it when they were in the donut hole. That will be eliminated. Again as I said, for them for the brand name prescription... That's been closed out as of 2019 and for any generic drug that is scheduled to be closed out by 2020.

Diane Berardi: [00:22:46] I guess the purpose of the doughnut hole was to encourage people maybe to use less expensive generic drugs?

Geraldine Callahan: [00:22:56] Initially. Initially that was the goal. You know. And also that they also wanted people to pay more for the cost of their prescription.

Diane Berardi: [00:23:05] Right.

Geraldine Callahan: [00:23:06] Instead of, you know, the Government putting up the money. And also we know that some of these companies especially the brand name companies they're also having to pick up more of the cost with these changes. So they're going to be contributing more to the cost of the prescriptions as opposed to it coming out of the Medicare beneficiaries pocket.

Diane Berardi: [00:23:28] Ahh. OK.

Geraldine Callahan: [00:23:29] Does that make sense? When I say Medicare beneficiaries, it's the person that's receiving the Medicare.

Diane Berardi: [00:23:34] Yeah. No that makes perfect sense.

[00:23:38] And finally, another change you had said is Medicare is going to allow the use of telemedicine?

Geraldine Callahan: [00:23:47] Yeah. Telemedicine you know that's steadily on the rise. And some of the health programs allow people to call in via the phone or through their computer they can talk to doctors and other professionals from anywhere in the country and they're able to you know provide solutions, maybe treat them in certain cases, simply by a phone call. So that's amazing for someone who is homebound and can't get out or don't have the transportation. So having these available I think ultimately it's going to be a great benefit to the people.

Diane Berardi: [00:24:26] Will they limit it to certain diagnoses or no?

Geraldine Callahan: [00:24:31] I believe that that has been said, that they're going to reduce the service to certain class of illnesses. So I'm not clear on that. There's still more to come on that. Yeah yeah. So more to come. And as we hear more, we'll be able to provide that to the listeners.

Diane Berardi: [00:24:53] Well that's perfectly because we'd love to have you back. And Geraldine please tell our listeners how they can contact you.

Geraldine Callahan: [00:25:00] Oh yeah. So again my name is Geraldine Callahan and my company is Callahan Financial Services Group. You can contact me by visiting our Web site CallahanFinancialServices.com. You can give our office a call at 9 7 3- 3 2 5- 7 5 0 0. I look forward to hearing from you.

Diane Berardi: [00:25:24] Thank you so much for being here, Geraldine. And we will certainly have you back to tell us all about the next set of changes.

Geraldine Callahan: [00:25:30] Thank you so much for having me, Diane.

Diane Berardi: [00:25:32] You're welcome. Everyone, I hope you got something out of this show. I know I did. Parents Are Hard To Raise® longtime listeners I love getting your e-mails and questions so please keep sending them. You can reach me at Diane at [Parents Are Hard To Raise®.org](http://ParentsAreHardToRaise.org) Or just click the green button on our home page. Parents Are Hard To Raise® is a CounterThink Media production. The music used in this broadcast was managed by Cosmo Music, New York, New York.

[00:25:57] Our New York producer is Joshua Green. Our broadcast engineer is Well Gambino. And from our London studios, the melodic voice of our announcer, Miss Dolly D.

[00:26:08] Thank you so much for listening. Till next time... May you forget everything you don't want to remember, and remember everything you don't want to forget.

[00:26:15] See you again next week.