

# LTC America 2008 REPORT

Presented by LTC America, LLC § Specialists in planning and insuring for long term care

## Special Interest:

- *Deficit Reduction Act*
- *Updated 2008 Tax Incentives. Medicare, Social Security figures.*
- *What to look for in a good LTC Insurance Policy.*

## Highlights:

<i>Letter from Jerie Charnow, MSW</i>	1
<i>2008 Social Security and Tax Incentives</i>	2
<i>Medigap or HMO ?</i>	2
<i>Too Young for LTCI?</i>	3
<i>Family Realities</i>	3
<i>2008 Medicare &amp; Part D Drug Plan</i>	4
<i>LTC Insurance Premium Comparisons</i>	5
<i>Medically Underwritten Annuities</i>	5
<i>2008 NY State Tax Incentives</i>	6

## LETTER FROM JERIE CHARNOW, MSW

Welcome to the LTC America ALERT, our annual newsletter that provides key information regarding long-term care issues and planning for you and your family.

Inside this newsletter you will find 2008 Social Security, Medicare and tax info, along with an overview on new LTC insurance product features. Long Term Care Insurance has become more important than ever to the middle class since President Bush signed the Deficit Reduction Act in February 2006.

This new law has essentially ended most Medicaid planning by expanding the Medicaid "look back" period from three years to five years and changing the start date for the penalty period for any transfers, to the day the applicant both applies for Medicaid and is *in* a Nursing Home.

This new law seriously penalizes those who give generous gifts, provide money for grandchildren's education or help family members. The financial record keeping is onerous.

In essence, one would need a crystal ball to predict future care needs to know when the five

year look back period was to start. An alternative, if you are eligible, is to consider Long Term Care Insurance as part of your overall financial plan.

On the positive side, the new law allows for the expansion of Partnership Long Term Care Plans in all states. NY and FL have plans available. Once a policyholder's private benefits are exhausted, she/he would have access to the Medicaid program while part or all of their assets - depending on their product of choice - are protected.

For more info on any issue or topic covered in this newsletter, please visit our website at [www.ltcamerica.com](http://www.ltcamerica.com). Our website features educational information regarding long-term care planning, insurance, legal issues, financial planning, Medicare, Medicaid, Social Security and more.

We hope you enjoy this newsletter and we look forward to continuing our relationship with you.

Best Regards,

*Jerie*

## LTC AMERICA NEW CONTACT INFO

**LTC America, LLC serves South Florida, New York and several other states. Below is our updated contact info:**

<b>Toll Free:</b>	<b>888-380-5443</b>
<b>Jerie Charnow's Mobile:</b>	<b>516-375-1875</b>
<b>Fax:</b>	<b>561-880-6880</b>
<b>Website:</b>	<b><a href="http://www.ltcamerica.com">www.ltcamerica.com</a></b>
<b>Email:</b>	<b><a href="mailto:jcharnow@ltcamerica.com">jcharnow@ltcamerica.com</a></b>

## 2008 SOCIAL SECURITY FIGURES



SOCIAL SECURITY WEBSITE:

[WWW.SSA.GOV](http://WWW.SSA.GOV)

1-800-772-1213

The maximum Social Security benefit rose to \$2,185 per month for workers retiring at full retirement age, up from \$2,116 in 2007.

For those born in 1943 the *full retirement age* is now 66. Full retirement age will gradually increase to age 67 for those born in 1960 and later.

The raise in age for Social Security eligibility began in 2004 for those born in 1938 and later. The age for collecting reduced benefits remains at 62; you can collect 80% of full benefits.

From age 62 through 65 you can earn up to \$13,560 in 2008 and still receive the reduced benefits. This figure

changes each year with cost of living increases. Working individuals who apply at 65 or at full eligibility can collect full Social Security benefits without income limitations.

Request a record of your earnings and future benefits by completing form #7004. Call 800-772-1213 or go to [www.ssa.gov](http://www.ssa.gov).

See back cover for a special note about 2008 STATE Tax Incentives and Deductions.

## 2008 LTCI FEDERAL TAX DEDUCTIONS

Based on the Health Insurance Portability and Accountability Act (HIPAA), individuals who itemize their deductions and whose medical expenses ex-

ceed 7.5% of their AGI floor can take deductions for tax-qualified policies based on age as follows.

The 2008 Per-Diem Tax-Free Limit (indemnity or cash benefit) is \$270 (up from \$260 in 2007). This means the first \$270 per day is tax-free. Amounts above this are tax deductible if spent on qualified long-term care expenses.

For examples of how this deduction works please refer to the *Tax Incentives* section in the LTC Insurance section of our website.

Age at End of Tax Year	Maximum Premium Deduction	
	2007	2008
40 or less	\$ 290	\$ 310
More than 40, not more than 50	\$ 550	\$ 580
More than 50, not more than 60	\$ 1,110	\$ 1,150
More than 60, not more than 70	\$ 2,950	\$ 3,080
More than 70	\$ 3,680	\$ 3,850

Only a Medigap policy offers you full freedom of choice to select your physician and have diagnostic and lab tests performed without economic constraints.



Visit our website to download Medigap publications.

## IS A MEDIGAP POLICY RIGHT FOR ME?

If you are questioning whether to purchase a Medicare Supplement (or Medigap) policy, the answer is YES!

Unfortunately, there are problems and limitations with Medicare Advantage plans such as HMOs and PPOs that may affect the quality of your diagnosis and treatment. While they may offer extra benefits and lower costs they have stronger "gatekeepers".

Only a Medigap policy allows you freedom of choice to select your physician and have diagnostic and lab tests performed without economic constraints.

Your doctor can order tests that he/she feels are medically necessary without having to gain approval of non-medical administrators. While these policies may be more costly as com-

pared to Medicare Advantage plans, the benefits may be priceless.

Medigap policies are available in standard plans; each includes basic benefits that compliment Medicare and cover co-insurance. High deductible plans are now available.

Additional benefits may include coverage for deductibles, foreign travel, at home recovery and skilled nursing coinsurance.

While the individual plans are identical regardless of carrier, the true value is in the responsiveness of the company and personal advocacy by the agent.

Florida plans are age rated which means the premiums will automatically increase

as you get older. New York plans are NOT age rated.

Rights vary by state. In NY, unlike FL, under most circumstances, eligibility is guaranteed without health qualifiers or waiting periods for pre-existing conditions.

Publications are available to download from our website, or you can visit Medicare online at [www.medicare.gov](http://www.medicare.gov).

*Buy value, not price.*

Have you looked at your LTC Insurance policy lately?

Fax us your current policy 561-880-6880 and we will provide a NO COST evaluation to ensure it continues to meet your needs.

## WHAT TO LOOK FOR IN A GOOD LTC INSURANCE POLICY

The Long Term Care Insurance market has changed significantly in recent years. Buyers are getting younger. Insurance carriers are introducing new benefits and policy features to meet the different needs of today's buyers. Some of these new policy features include:

### Alternate Plan of Care:

A mechanism to pay for future services not listed in the policy. Called by various names depending on carrier. Benefit may be for the lifetime maximum or as little as 30 days. Be sure to read policy.

### Calendar vs. Service Day:

Each day you incur qualified expenses is counted as a service day. A calendar day is counted beginning with the day of eligibility; services need not be incurred. Variations exist.

### Care Coordination Benefit:

Assistance of an independent care manager to assist in dealing with LTC issues. Services

include counseling, education and private oversight of the quality of care

### Claims Offset:

Inflation protection options affect both the daily/monthly benefit and the 'pot of money'. With some carriers, the pot of money is reduced by claims paid. This is called claims offset and results in less money to pay out for future claims. Policies with no claim offset actually provide a greater benefit.

### Daily vs. Monthly Benefits:

Benefits can be paid on either a daily or monthly basis. Monthly benefits offer greater flexibility.

### GPO:

**Guaranteed Purchase Option.** The ability to purchase limited future coverage without medical underwriting. Different from inflation increases.

### Home Health Aides

### Independent vs. Certified:

Carriers may offer coverage for independent 'aides' that are not

through a licensed agency. Some carriers however, require that the aide be state 'certified'

### Indemnity vs. reimbursement:

A reimbursement type policy pays for incurred qualified LTC expenses up to the selected benefit level. Indemnity based benefits, sometimes offered as a cash benefit or a disability rider, pays for the full daily/monthly benefit, once eligibility criteria are met, most are without regard to actual expenses incurred.

### Inflation Protection:

LTC expenses are expected to triple over the next 20 years, therefore inflation protection is essential. Most companies offer 5% simple and 5% compound inflation protection. Newer policies offer inflation protection at 3% or based on the Consumer Price Index.

### Informal vs. Formal Caregiver:

Some policies will pay for home care benefits if a friend, or family member provide services.

### Partnership Plans:

Available in select states. Plans offer eligibility for Medicaid benefits and protection of assets when policy benefits are exhausted. Home Care coverage available at either 50% or 100%. Policy holder can elect plan to cover either a set dollar amount or Total Asset Protection. Home equity *may* be an issue outside of NY.

### Restoration of Benefits:

If long-term care services are not used and Activities of Daily Living (ADL) deficiencies cease for six months, full benefits are restored.

### Return of Premium:

Offers policy holder or their beneficiaries the opportunity to recover unused premiums. Excellent option for business or trust funds.

### Shared Care Plans:

Spouses can share the plan benefits. Plans vary widely.

### Home Care Elimination Period:

## HOW YOUNG IS TOO YOUNG TO PURCHASE LTCI?

Clients often ask "when is a good time to buy LTC Insurance?". Our response....the sooner the better!

Here's why:

1. The cost of LTCI coverage is based on your age when you purchase.
2. A change in your health could cause you to be

'rated' which may increase premiums substantially or may prevent you from qualifying at all.

3. If you wait you will need to purchase a larger daily or monthly benefit period to match increasing long-term care costs.

For example, If a client, age 45, were to purchase a 3 year

policy with a \$250 daily benefit and 5% compound inflation, the estimated annual premium would be \$2,042\*.

If the client waited ten years to purchase, the daily benefit would need to increase to \$390 for the same amount of coverage due to inflation. The premium would be \$4,860\*.

If the client purchased at 55 and needed care at age 80, he/she would have paid \$84,541 in higher premiums.

If purchased at age 45, the cost of paying the premium for the first 10 years would have been only \$20,420. Therefore, buying at age 45 would save this client \$64,121.

## FAMILY REALITIES

Who will take care of your parents if you have to work or live far away? Should you consider purchasing insurance or sharing the costs with your parents? What about your retirement plans? What about your children's college education? What if your parents need full-time care? What personal lifestyle changes are necessary for you to be available?

*A personal note from Jerie....I often hear that parents want to be cared for at home by their children; my experience, however, shows me that while children share the same desire, geographical distance, necessity to work, their own health issues and family lifestyle may interfere. Long Term Care insurance provides a way for children to oversee your care, act as your advocate retain their own lives and be available to you. It's a win-win situation.*

## 2008 MEDICARE BENEFITS & DRUG PLAN



More info on Medicare eligibility and benefits is available on our website:

[www.ltcamerica.com](http://www.ltcamerica.com)

<b>PART A:</b>	<b>2008</b>
Inpatient hospital deductible	<b>\$1024</b>
Days 61-90 in hospital	<b>\$256</b>
Days 91-150 in hospital (Lifetime Reserve Days)	<b>\$512</b>
Days 21-100 in a Skilled Nursing Facility	<b>\$128</b>

<b>PART B*:</b>	<b>2008</b>
Annual Deductible	<b>\$135</b>
Monthly Premium	<b>\$96.40</b>

**PART B COVERS:**

Yearly Flu Shot	Pneumonia Vaccination	Cardiovascular Screening
Yearly Mammogram	Prostate Cancer Screening (PSA)	Pap Test & Pelvic Exam
Bone Density Test	Colon Cancer/Colorectal Screening	
Diabetes Screening	Diabetes Supplies and Self-Management Training	

Visit [www.medicare.gov](http://www.medicare.gov) or call 1-800-MEDICARE for a complete outline of coverage.

(\*) Starting 2007, Part B premium is now income related. See chart below.

### MEDICARE PART B: 2008 Income Limits & Monthly Premiums

If Your Yearly Income is:		You Pay
Single	Married Couple	2008
\$82,000 or less	\$164,000 or less	\$96.40
\$82,001-\$102,000	\$164,001-\$204,000	\$122.20
\$102,001-\$153,000	\$204,001-\$306,000	\$160.90
\$153,001-\$205,000	\$306,001-\$410,000	\$199.70
Above \$205,000	Above \$410,000	\$238.40

*If you are married, but file a separate Tax Return from your spouse and your yearly income is:*

Income	You Pay:
Under \$82,000 or less	\$96.40
\$82,001-\$123,000	\$199.70
Above \$123,000	\$238.40

#### MEDICARE DRUG PLAN

- Plans may change every year, so be sure to review your Part D plan.
- Key Dates: 11/15-12/31/08. During this time you can make changes and select another plan.
- Visit our website for key points to consider when choosing a plan.

Medicare prescription drug coverage is insurance that covers generic and/or brand-name prescription drugs at participating pharmacies in your area. Everyone with Medicare is eligible for this coverage, regardless of income and resources, health status, or current prescription expenses.

There is a monthly premium, which varies by plan, and a yearly deductible. You will also pay coinsurance and possibly a coverage gap, based on out-of-pocket expenses.

Plan costs vary depending on which drug plan you choose. Some plans may offer more coverage and additional drugs for a

higher monthly premium. Drug co-insurance also differs from plan to plan.

When choosing a plan, be sure to look at all costs, coverage and convenience. Not all plans offer coverage in all states. So, if you have a vacation home/location make sure to check this out.,

Enrollment can be completed online at [www.medicare.gov](http://www.medicare.gov). Help is also available at 1-800-MEDICARE.

***You should be aware, may middle income people pay far more for their drugs under Part D then before. Perhaps you should talk to your legislator or congressional representative.***

## COMPARATIVE LTC PREMIUMS

Premiums below for NY residents reflect both marital and preferred health discounts and are based on the following: \$250 Daily Benefit, 90 Day Elimination and 100% home care. Rates as of Jan. 08.

AGE:	50	55	60	65	70	50	55	60	65	70
	<b>3 YEAR PLANS</b>					<b>5 YEAR PLANS</b>				
Genworth <i>Privileged Choice</i>	1901	2096	2583	3461	5168	2389	2583	3364	4583	6825
John Hancock <i>Customer Care II</i>	2072	2245	2806	3246	5190	2763	2993	3635	4543	6842
John Hancock <i>Leading Edge</i>	1623	1871	2387	3132	4431	2062	2292	2884	3896	5863
Med America <i>Simplicity II</i>	3202	3736	4487	5590	6998	4214	4908	5883	7343	9200
Met Life <i>Premier II</i>	2826	3054	3781	5057	7544	3728	4035	5053	6709	9846
	<b>4 YR NY STATE PARTNERSHIP PLANS</b>					<p>These prices are to give you an idea of price range. Benefits may differ as carriers offer different options and riders.</p> <p><b>Buy VALUE, not PRICE!</b></p>				
Genworth <i>NY Partnership Plus Total Asset</i>	2029	2184	2660	3507	5511					
John Hancock <i>NY Partnership Total Assets II</i>	1723	1999	2324	3185	4908					
Met Life <i>NY Partnership Total Assets</i>	1891	2044	2565	3461	5232					

### GROUP VS. PRIVATE LTCI

Many corporations and associations offer discounted group LTC insurance plans.

Before you sign on the dotted line, be sure to read the policy outline thoroughly to determine the following:

1. Which carrier is providing the policy?
2. Is the policy convertible...can you take it with you should you leave the company or association? Will the premium remain the same?
3. Can you modify the daily benefit, elimination period and terms to meet your individual needs...or the needs of your family members?
4. Are benefits comparable to policies available outside the group? What benefits were given up to make policy affordable for the majority? Does the group policy offer all discounts?

Depending on the structure of the group and the specific policy, it may or may not meet your needs.

We recommend you solicit your own individual quote (LTC America, LLC can provide you with a free quote and analysis) to help you select the best plan for you.

### WHAT IF I CAN'T GET LTC?

For those individuals who cannot qualify for LTC Insurance or may be considering self-insuring, there may be other options available in today's marketplace.

For instance, you can check our website for:

- Life Insurance with Long Term Care Insurance rider.
- Annuities with Long Term Care benefits.

### MEDICALLY UNDERWRITTEN ANNUITIES

Have some medical issues you wish you didn't? Learn how you can use this to your financial advantage. Single Premium Immediate Annuities are now available for people with medical problems. You may be entitled to a lower premium or higher payout, based on your medical situation. Be ready to answer the following questions:

1. Your age and date of birth
2. Your medical conditions - how long have you had them? Treatment?
3. Your medications, the dosage & frequency

Call our office for more info.





8110 Cavalli Way  
Lake Worth, FL 33467

South Florida • New York  
Toll Free: 888-380-5443  
Email: [jcharnow@ltcamerica.com](mailto:jcharnow@ltcamerica.com)  
[www.ltcamerica.com](http://www.ltcamerica.com)

Read more about  
growing trends in  
Long Term Care at  
[www.ltcamerica.com](http://www.ltcamerica.com)

**From Jerie Charnow, MSW**  
formerly of  
**Charnow Associates &  
The Long Term View, Inc.**

## NY STATE TAX INCENTIVES

New York State taxpayers who pay premiums for qualified long-term care insurance may claim a 20% credit against their personal income tax.

This credit, in addition to the Federal Deduction, is equal to 20% of premiums paid for the purchase of or for continuing coverage under a qualifying long-term care insurance policy. Other states are soon to follow. Florida does not offer this incentive, since the state does not have an income tax.

For a complete list of states or to download IRS forms, visit [www.ltcamerica.com](http://www.ltcamerica.com), or talk to your tax advisor.

## ATTN: INVESTORS

LTC America, LLC over the years has established strong relationships with clients and colleagues. We are often privy to investment opportunities that may be of interest to you. Please call our office to explore further.

## SENIOR SETTLEMENTS

Do you have life insurance you no longer need or is no longer affordable? Before you terminate the contract, call us to see if it can be sold for a discounted value. Another win-win situation.

## LTC AMERICA, LLC

*Founded by Jerie Charnow, MSW. Formerly of Charnow Associates and Long Term View, Inc.*

- **LTC Insurance**
- **Annuities for Medicaid Eligibility**
- **Senior Settlements**
- **Medicare Supplements**
- **Medically Underwritten Annuities**
- **Educational Seminars and Group Workshop**
- **Eldercare Referrals**
- **FREE Life Insurance and LTC Insurance Policy Evaluations**

*We specialize in planning and insuring for long-term care. All consultations are private and confidential.  
We work with individuals, their advisors, guardians and trustees, employers and associations.*