

LONGEVITY
ALLIANCE



Uncover a Hidden Cost of Moving: Health Care

**DON'T BE SURPRISED BY DIFFERENCES
IN HEALTH CARE COSTS**

Thinking about relocating when you retire? If so, you are probably calculating the cost of everything from housing and taxes to groceries and gasoline. After all, living on a fixed income means all of these costs matter more than they did when you were working.

So where are health care costs on your list of priorities?

Have you looked at the potential increases — or savings — you may find in your new hometown? Health care costs in retirement are becoming more unpredictable as employers cut retiree health subsidies and health care costs climb. And don't be fooled into thinking that because you are a Medicare beneficiary, the costs in various parts of the country will be the same. They won't. There are vast differences in costs for Medicare related health plans such as Medicare Supplement and Medicare Advantage. So, if you're planning on relocating in retirement, give the cost of health care the scrutiny it deserves.

A poll of adults ages 40 and older, conducted by Harris Interactive for Longevity Alliance, found that among adults not yet retired and likely to relocate at retirement about three-fourths (76%) say the cost of healthcare is important or very important to their decision. However, overall cost of living (92%) and climate (81%) eclipse healthcare in importance. Only proximity to friends and family (49%) and ease of transportation (69%) ranked lower in importance among those planning to relocate.

If your retirement planning includes relocating, don't let health care costs come as a surprise after you move. Here are three issues you want to explore about your healthcare before you move.

CHOICES ABOUND AND PRICES DO TOO

There's good news and bad news. What can you expect? Here are some possible scenarios that you may uncover as you begin to ask about insurance coverage:

- The insurance plan you have now is available and at the same or lower cost. Good news!
- The insurance plan you have is available in your new location but at a much higher cost ...perhaps even double the cost! Ouch!!
- Your current insurance company does not provide coverage in your new area and you need to shop for new insurance. Start shopping!
- You have a Medicare Advantage plan but it's not available in your new location. In fact, you may find there are no Medicare Advantage plans available. A Medicare Supplement Plan will significantly increase your insurance costs. Get informed!
- If you are in a Medicare Advantage Plan or Medicare Prescription Drug Plan and you move out of the plan's service area you will need to enroll in a new plan — it's true. Even if the insurance company that provides your coverage has a similar plan in your new location, you still need to take action to enroll in the plan in your new location. Call your insurer.

These are just a few of the situations you might encounter. So, why not use this as an opportunity to review your current health insurance needs? Here are some additional tips:

Question: In thinking about relocating when you retire, how important are each of the following factors in your decision?

Adults Age 40+ who are likely to relocate when they retire.

Summary of those who responded Very important/Important:

Overall cost of living	92%
Climate	81%
Cost of healthcare	76%
Ease of transportation	69%
Proximity to friends and family	49%

Harris Interactive conducted this online survey on behalf of Longevity Alliance between September 17 and September 19, 2007 among 1,509 U.S. adults ages 40+, of whom 381 are likely to relocate when they retire. A full methodology is available.

- **Shop around.** Even if you have been happy with your current plan, you may still benefit from shopping around to see if a different plan and/or a different insurance carrier is a better fit for your individual situation. You'll want to look at plan provisions, premiums, co pays, deductibles, network providers and pharmacies, and drug formularies before making a final decision. If you are in a Medicare Supplement Plan, check with your insurance company to find out what your premiums will be in your new location. Remember, Medicare Supplement plans are standardized which means that the plan benefits will be the same in most states. The price, however, is not. It can vary by state and by insurance company so comparison shopping is important to getting the right plan at the right price. And, remember that if you decide to change companies, you may be subject to underwriting and could be denied coverage or have to pay more depending on your answers to medical questions.
- **International coverage.** If you are planning to live out of the country — even for part of the year — make sure you ask about what coverage, if any, you will have through your insurance plan.
- **Disability.** If you are under 65 and eligible for Medicare as the result of a disability, you face the same decisions as all other Medicare Beneficiaries should you move to a different service area. In addition, it is very important that you make certain that your new area offers the accessibility of health care providers who can serve your special needs. If you enroll in a Medicare Advantage or Medicare Select plan that requires you to use a network of contracted providers, satisfy yourself that there are a sufficient number of providers in the medical specialties that are important to you. If you have been unable to join a Medicare Supplement Plan because of your health condition and are moving to a different state, you'll want to check the rules in your new state to see if insurance companies are required to offer at least some Medicare Supplement Plans to pre-65 Medicare beneficiaries. And, don't forget that when you turn 65, even if you have already been on Medicare, you are still eligible for a 6-month guaranteed issue period during which time you can enroll in any Medicare Supplement Plan offered by any carrier in your state, without having to answer medical questions or pay a higher premium because of your health.
- **Pre-Medicare Health Insurance.** If you are not yet eligible for Medicare, moving to a different area can present problems in terms of health insurance, as well, especially if you are not covered by an employer-provided plan. If you are covered by an employer-provided plan, you will probably need to find different medical providers who are part of your plan's network in order to maximize your plan's benefits. But, if you are in an Individual Health Plan, you will need to find out if you can transfer to another plan offered by the same insurance company in your new area. If that is not possible, you can shop for a new plan, but you will likely have to go through the new company's underwriting process, and you may not qualify for coverage or may need to pay higher premiums because of your current health situation.

OUT OF POCKET EXPENSES

Don't be fooled by thinking that your health care costs are limited just to your insurance premiums. When you relocate you'll see changes in other health related expenses including the costs of prescription and non-prescription medicine, physician costs, dental costs and alterna-

tive medicine to name just a few. On average, medical costs are increasing at the rate of 4% but in specific areas of the country — especially where the cost of services are high such as in the northeast and metropolitan areas — the costs may be increasing faster.

For example, your deductible may be the same after you move, but the costs you pay for health care services will impact how quickly or slowly you reach that level. Research the cost of physician care, hospital rooms, tests, especially procedures that are part of your medical routine.

Also check on dental and vision costs. Dental fees have risen much faster than inflation. In real dollars, the cost of the average dental procedure rose 25 percent from 1996 to 2004. Many retirees do not have dental insurance, so dental care costs are absorbed fully by the retiree.

Prescription drug costs vary widely — even among pharmacies in a single locality. So take the time to check on the costs of any maintenance drugs you may be taking. If you have a Medicare Prescription Drug Plan (Part D) you'll want to see what your cost might be, and calculate if it will have an impact on how quickly you enter the Coverage Gap or “donut hole” during which you are covering the total cost of your prescriptions.

While the amounts themselves may not seem large, added together they can put pressure on your fixed income. A report from Fidelity Investments estimates that a 65-year-old couple retiring in 2007 will need about \$215,000 to cover medical costs after they stop working. That's a 7.5% increase from last year... and no one expects the cost to be going down in the future. The study estimated that about 32% of the expense would come from Medicare coverage premiums to cover expenses for doctor visits, outpatient hospital care and prescription drugs. Another 35% come from Medicare cost sharing provisions. Out-of-pocket expenses account for the other 33%. The costs don't include over-the-counter drugs, dental or long-term care expenses.

To illustrate the difference in Medicare Supplement pricing from one city to another and from one company to another, we compared annualized rates in six (6) cities for a 67 year-old Female non-tobacco user buying a standardized Plan F from two highly rated insurance companies.

City	Company A	Company B
New York	\$3,723	\$2,649
Chicago	1,383	1,718
Miami	3,527	2,736
Tampa	2,327	1,926
Los Angeles	1,871	1,827
Phoenix	1,207	1,440

Information as of 11/07 based on website information from each plan.

The bottom line: A move may have a dramatic effect on your Medicare Supplement rates and it may not always be in your best interest to stay with your current insurance company. However, changing companies may present an added risk if your health has deteriorated. In such a case, you may not be able to pass underwriting, or you may be charged more, because of your health.

LONG-TERM CARE COSTS

There is a tremendous amount of misinformation about this area of health care. And admittedly it is something few of us really want to think about. But it is smart to plan for how you will cover your long-term care costs. Why? Because these costs are so high that they could wipe out your hard earned retirement savings in no time at all. And, unless you have long-term care insurance, you will be shouldering these costs alone — Medicare generally does not cover long-term care costs.

Medicare only pays when your care follows a hospital stay of at least three days; is given in a skilled-nursing facility approved by Medicare; is given pursuant to a physician's written plan; and, is daily skilled nursing care. Remember, practically all long-term care administered in the U.S. is custodial care, not skilled care, and therefore not covered by Medicare. And for the bit of coverage it may provide, it does not cover long-term care costs at home — which is where most people prefer to stay. The costs of long-term care vary dramatically among states and even within areas of a state.

One of the things you will want to know as you research long-term care insurance is in what state you think you will be living if you need long-term care. The reason is that the amount of coverage you buy should be tied closely to the potential daily cost of care and those costs vary widely among states... from \$504 per day in Alaska to \$115 in Louisiana. If you buy insurance, buy a coverage level for the area in which you think you will be living. Unlike other insurance, you won't need a new policy if you move — the policy travels with you. But do make sure you get a policy with international benefits if you think you will be spending time in another country.

It is also smart to look at two other areas of long-term care insurance. Many states have a tax credit or deduction available to residents who pay long-term care insurance premiums. Check with your tax advisor or the state's web site to find out what type of tax benefits may be available if you pay long-term care insurance premiums.

Also, find out if your new location is a state that has a “partnership plan” available for those first-time buyers of long-term care insurance. The Deficit Reduction Act of 2006 allows states to offer, among other things, Medicaid Asset Protection to consumers who buy LTC insurance. Medicaid Asset Protection is a means of protecting a portion of your assets that you would otherwise have to utilize or “spend down” in order to determine eligibility for your long term care through Medicaid.

A partnership-qualified policy enables the policyholder to protect one dollar of personal assets for every dollar the policy pays out in benefits. That means if you should use your entire long-term care insurance allowance, you would be able to qualify for Medicaid without giving up your assets. For example, if a policy paid \$100,000 in care, the insured would be able to keep \$100,000 in assets when entering Medicaid. Generally, you are required to spend down to \$2,000 on your care before being able to enter the Medicaid program. States vary in their policy requirement for these programs, but if you are considering a long-term care insurance purchase it might make a difference in what state you purchase the policy. Generally, you need to be a resident of the state at the time the partnership policy is issued. The plans have other requirements as well so ask a long-term care insurance specialist for assistance.

Average Daily Cost of a Nursing-Facility Stay

AK	\$504	FL	\$187	LA	\$115	NC	\$168	OK	\$126	VA	\$216
AL	\$163	GA	\$159	MA	\$276	ND	\$195	OR	\$196	VT	\$224
AR	\$131	HI	\$239	MD	\$203	NE	\$167	PA	\$227	WA	\$224
AZ	\$167	IA	\$145	ME	\$229	NH	\$233	RI	\$216	WI	\$208
CA	\$224	ID	\$180	MI	\$208	NJ	\$256	SC	\$153	WV	\$170
CO	\$173	IL	\$193	MN	\$182	NM	\$158	SD	\$156	WY	\$157
CT	\$341	IN	\$163	MO	\$136	NV	\$184	TN	\$164		
DC	\$264	KS	\$137	MS	\$165	NY	\$340	TX	\$128		
DE	\$208	KY	\$171	MT	\$157	OH	\$190	UT	\$144		

Rates quoted are for a semiprivate room and have been rounded to the nearest dollar.

Source: MetLife Market Survey of Nursing Home Care Costs, 9/07

FIVE TIPS TO UNCOVERING THE HIDDEN HEALTH CARE COSTS

So what should you do? Here are five tips to make sure that you are not surprised by unexpected increases in your health care costs if you relocate:

1. Call your current insurer once you've identified the area to which you'd like to move. Ask about how the move would impact your current health insurance plan: Is it available? Is there a cost difference? Are there other plans available that are not available in your current location that might better fit your needs?
2. Contact a broker who represents a variety of companies and plans and can identify the available options for you. A different insurance company may have a similar or better plan for about the same or even a better price. There may be regional carriers that you are unfamiliar with that provide good coverage in your new location. Make sure the broker is a specialist in Medicare health plans. It is a complicated area, and you want someone who can go through the variety of plans with you and help you find the right plan for your individual health needs and your budget.
3. Ask about Medicare Advantage in your new location if you are Medicare eligible. It is usually a lower cost option than a Medicare Supplement Plan and may be the right option for you. But make sure you understand the limitations of Medicare Advantage Plans and are comfortable with them. Talk with an insurance representative who specializes in Medicare products.
4. Investigate health care costs you will be paying for yourself so that you'll be able to budget well for things insurance doesn't cover. Find out about physician fees, hospital costs, routine exam prices, the cost of any maintenance drugs you take, and the cost of dental care to name a few.
5. Plan for long-term care by finding out about the average cost in your new location. If you have long-term care insurance, check to see if your daily benefit is adequate. If not, check into the cost of supplementing your policy with an additional policy. Ask about whether your new state participates in the "partnership program" which provides you with a way to shelter more of your retirement savings if you run out of insurance coverage and enter the Medicaid program. Find out about any special tax benefits available in your new location such as a deduction or tax credit for long-term care insurance premiums. These vary by state.

A FINAL WORD OF ADVICE...

Some of us have been lucky to find medical providers in whom we have absolute confidence, and without whom, we believe, our health would deteriorate. This is especially true for older Americans who often are faced with serious medical problems. In such cases, moving away from your current home and your current doctor may present you with added stress.

When thinking of moving, check with those insurance companies in whose plan you may enroll, to determine if their plan will provide benefits if you choose to continue to see those doctors periodically after you move. You'll want to factor into the costs of relocation, any travel costs that you will incur if you move to a different part of the country and still want to use the same doctor or doctors that you have used in the past.

Whether you are moving to another town, another county, a new state or another country, make sure you understand what impact it will have on your cost of healthcare. Whether you are relocating by choice or by chance, don't let moving hit your pocketbook in unsuspecting ways. Uncover the costs of healthcare now. Then pack up and enjoy your new town with the knowledge that you have been smart about covering your health care costs.

CONTACT LONGEVITY ALLIANCE

Still have questions? Longevity Alliance specializes in helping people find the right health care and financial solutions as they age. We can help you identify choices in your area and select the right plan. Call one of our licensed representatives at **1-800-713-6250** (www.longevityalliance.com) to discuss your health insurance needs, and **1-800-587-3279** for long-term care insurance (www.ltcq.net).

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Resources

Medicare Website: www.medicare.gov
Medicare Helpline: **1-800-MEDICARE**
Social Security Administration: **1-800-772-1213**
Long-term Care Insurance: www.aoa.gov/ownyourfuture

ABOUT LONGEVITY ALLIANCE

Based in Washington, DC, and with a customer contact center in the Phoenix, Arizona area, Longevity Alliance helps older Americans find the right products to meet their needs by surveying the marketplace and contracting with high quality financial and insurance companies to provide consumers with a range of choices in each product category. Longevity Alliance is staffed with experienced senior executives in aging, insurance and financial services who have spent decades working for the biggest names in products and services for older Americans. The Longevity product specialists are available by phone and email, to review your financial and health insurance needs and find the right products and services for you.

www.longevityalliance.com

CUSTOMER CONTACT CENTER

1580 N. Fiesta Blvd. #103
Gilbert, AZ 85233
800-713-6250

LONG-TERM CARE

QUOTE

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