Who's Afraid of the Big Bad Wolf?

Keeping You Up-To-Date on
New and Important Developments

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Dear Michael,

As the presidential election approaches, we are given the opportunity to re-frame essential issues. Foremost on our minds right now is the question of health insurance. It seems to us that preventive healthcare is the axis upon which health insurance should turn. Remember the story about the three little pigs? One built his house out of straw, one out of sticks and one out of brick. When the big bad wolf came to (huff and puff and) blow their houses in, the brick house withstood the gale and the piggy within lived to see another day *(by his chinny, chin chin)*. His foresight and the extra effort expended to construct a sound structure saved his life. This folk tale is a perfect metaphor for our current system. In the long run, good healthcare is cost effective, not only because it saves lives, but because it saves money in the long run. Better to construct the temple that is your body out of brick than to spend time and money refurbishing every time the wind blows.

What Big Teeth You Have . . .

Insurance might have first have been conceived when Babylonian traders made loans to the caravan trade that were reimbursed with interest after their safe arrival to market; Hammurabi's Code gave legal weight to the practice in about 2100 B.C. Greek and Phoenician cultures used a similar system for their sea-going trade. Funeral expenses were assumed by the Romans, who even extended death benefits to survivors. Medieval trade guilds in Europe protected their members from shipwreck and arranged ransom payments to pirates when needed.

The first known insurance contract was drawn up in Genoa in 1347, and ushered in an era when marine insurance was offered . . .

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Short-Term Plan = Long-Term Care

As the price of essentials such as bread, milk and gasoline increase in our day-to-day living, one must think in terms of a domino effect. Planning for your future should include looking at the different options open to you. Unfortunately, the ideal outcome of a better life - for both the person receiving care and their caregiver - can sometimes outweigh the consequences of sacrificing physical and financial health.

With a fixed income, seniors are probably the most vulnerable to the high cost of goods and services today. With the price of everything going up, it is just a matter of time before the home healthcare service industry will be affected. The convenience of having someone administer to a loved one at home is offset by the climbing price of gas, whether the caregiver is a family member or hired help.

Sometimes families choose to care for their elderly parents themselves and end up spending an average of 10% of their household in terms of time off from work, skipping vacations, and ignoring their own healthcare. In conversations with friends and families, the tendency is not to focus on practical services for the caregiver, such as finances and the burden of their own health.

Long Term Care (LTC) planning is a must in the modern financial portfolio. Transferring the risk of self-funding, in part or in whole, will help offset retirement income. The cost for a couple, depending upon the benefits chosen, costs less than one month of long term care. Of course, health status is the main qualification for this insurance, and so if it is not up to par, coverage may not be available. Young and healthy is the best time to pursue long term care insurance.

When one needs long term care, they want to receive it at home. That is why we are experiencing a growth in the home healthcare industry in terms of unskilled care laborers. Cost for care could be $18-20/hour for unskilled care and $150-200/a day for live in help. Many people chose to manage their parent's care themselves at the expense of their own health and sanity. The difficulty is to find a reputable company that has sound financials. The other is finding the right caregiver. Effective caregiving involves taking care of the caregiver as well as the patient.

If you don't plan now or cannot get insurance, you will most likely need the services of an advocate, to assist in making meaningful, sensible, less expensive healthcare choices and living a better and longer life.

The above article was written by Christine Rosenheim RN BS, a member of the Board of Advisors for Lifespan Care Management and an authorized insurance producer offering Long Term Care Insurance by Genworth Financial which is endorsed by AARP. Her office is in Berlin NJ. She can be contacted by calling (609) 605-3424 or by emailing at Crosenheim@comcast.net.

Never Cry Wolf

As*sur"ance, n. *[OE. assuraunce, F. assurance, fr. assurer. See Assure.]* 1. The act of assuring; a declaration tending to inspire full confidence; that which is designed to give confidence. *Webster's Revised Unabridged Dictionary*

In a nutshell, you are either eligible for **Group** or **Individual Insurance**. In the first case, you share the expense of premiums through your employer, the government or a membership organization. In the second, you are left to your own devices and must pick up the entire healthcare tab yourself.

Within these options, there are myriad variations which fall under the headings of **Fee-For-Service** (or **Indemnity**) Plans and **Managed Care** Plans. More flexible and more expensive than Managed Care, an Indemnity Plan allows you to choose your own doctors and hospitals and does not require a referral. On the downside, this is an expensive plan that normally requires you to pay a set amount (called a **Deductible**) before the insurance company ponies up. This does not preclude an out-of-pocket down payment (called a **Co-Payment**); furthermore, while the insurance company will pay as much as 80% of the costs, the remaining 20% (called **Co-Insurance**) is your responsibility. As there are no "in-network-providers" associated with an Indemnity Plan, there is a great deal of paperwork involved, and the responsibility for that usually falls to the consumer.

Managed Care Plans control every aspect of the consumer's health care, and as a result, is more affordable. You go to the hospitals, fill the subscriptions, have the treatments and see the specialists your plan dictates. There are no deductibles, but you will co-pay for almost everything. Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs) and Point of Service Plans (POS) are the major kinds of Managed Care Plans available, and they operate on contracts with pre-paid hospitals, doctors and other providers.

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