

Planning and Preparing for your Client's Healthcare Costs: What You Need to Know to Best Inform your Clients

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Your *expert* on healthcare costs

Outline

- ✓ The Healthcare Puzzle
- ✓ Healthcare Market Forces
- ✓ Long-Term Care Cost & Finance Forecast
- ✓ Annual Out-of-Pocket Retirement Healthcare Costs
- ✓ Medicare Update – Present & Future
- ✓ Building Retirement Healthcare Budgets
- ✓ GOODCARE Tool Kit™

The Healthcare Puzzle



- ***Fitting the Pieces Together***
 - Clients' Preferences
 - Caregivers' Preferences
 - Availability of Care
 - Payment Sources
 - Rules and Regulations

Critical Role of the Caregiver

- ***Who are they?***
 - Family, friends, neighbors, & volunteers
- ***What can they do?***
 - Able, available & willing
- ***Why are they important?***
 - Critical in care planning
 - Healthcare policy and finance issues

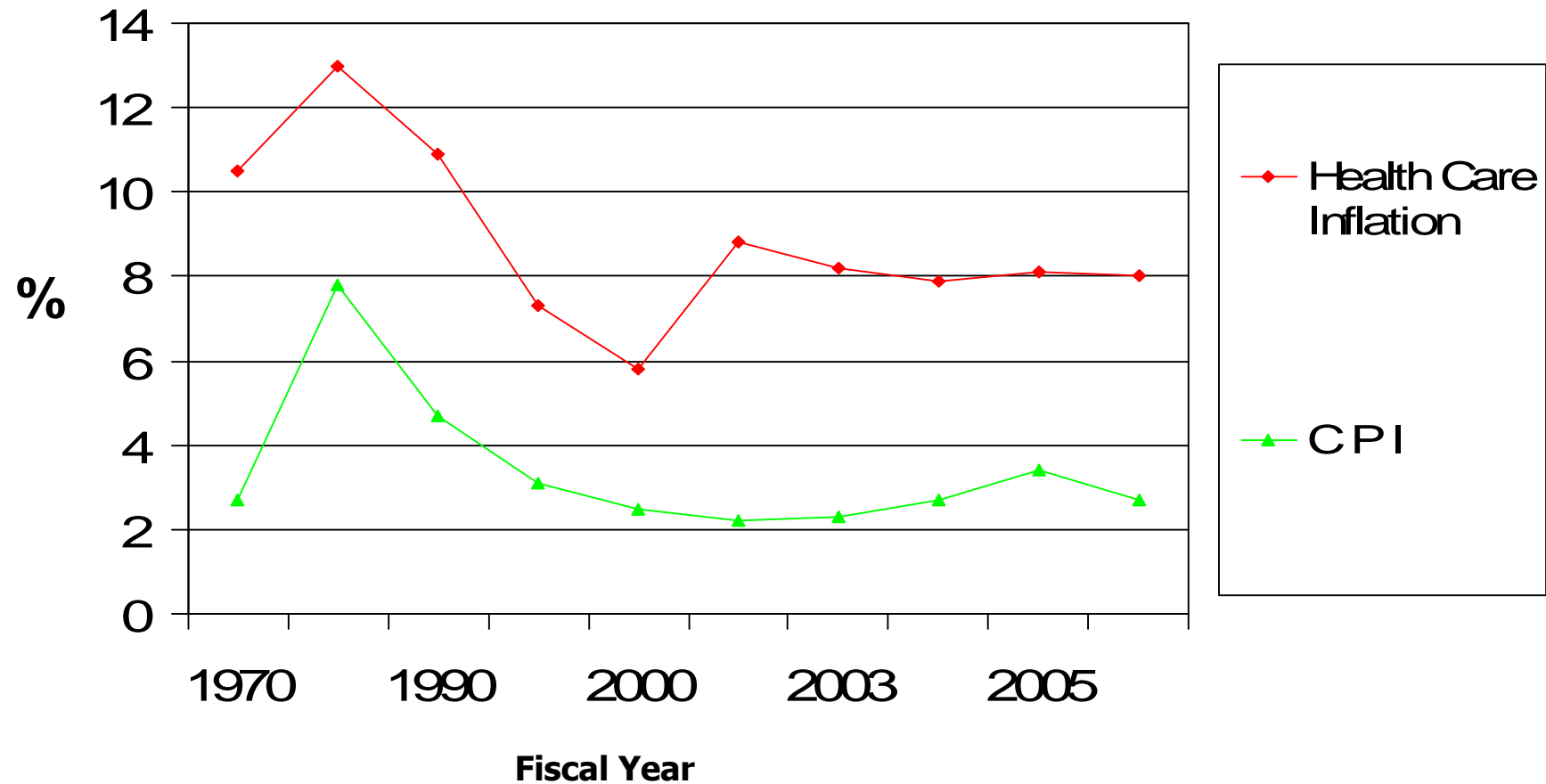
Healthcare Market Forces

- ↑ Chronic illness incidence
- ↑ Average life expectancy
- ↑ More complicated care at home
- ↑ Demands on family caregivers
- ↑ Pressure on Healthcare dollars
- ↓ Supply of Nurses

*Healthcare market factors for
Financial Advisors to include in
retirement planning:*

- Healthcare Inflation
- Regional Healthcare Cost Variation
- Out-of-Pocket Healthcare Costs

Healthcare Inflation & CPI Inflation Rate Comparison

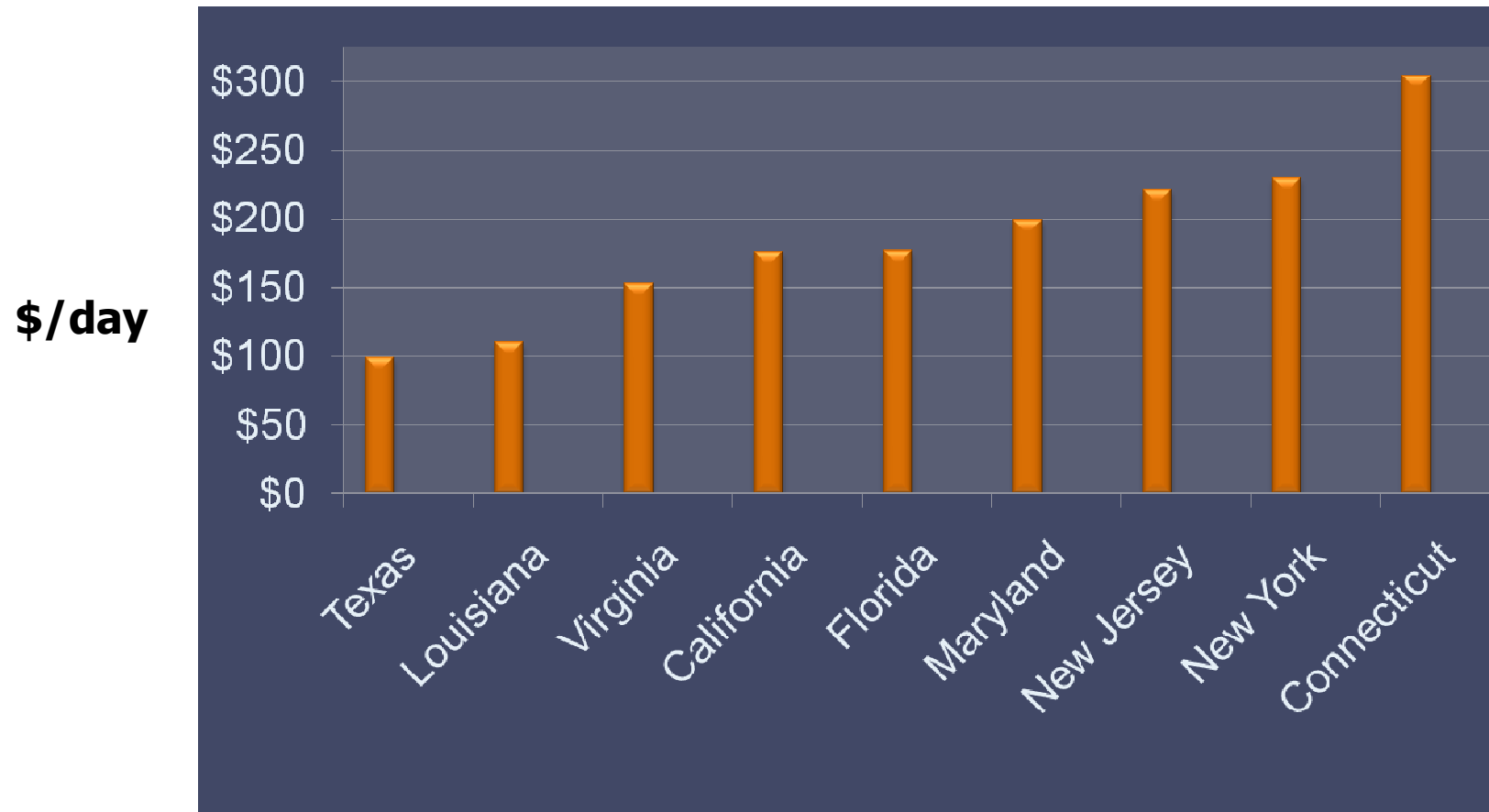


DHHS, 2007; Health Care Inflation estimated for 2005, 2006

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Daily Nursing Home Charges

Selected US States 2007



Semi-private room rate Genworth Financial, 2007

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Regional Healthcare Cost Variation Around the US

- Regulations
- Practice Patterns:
 - How we take care of people varies widely
- Cost of doing business:
 - Particularly labor costs

Long-Term Care Costs and Insurance Payouts Forecast

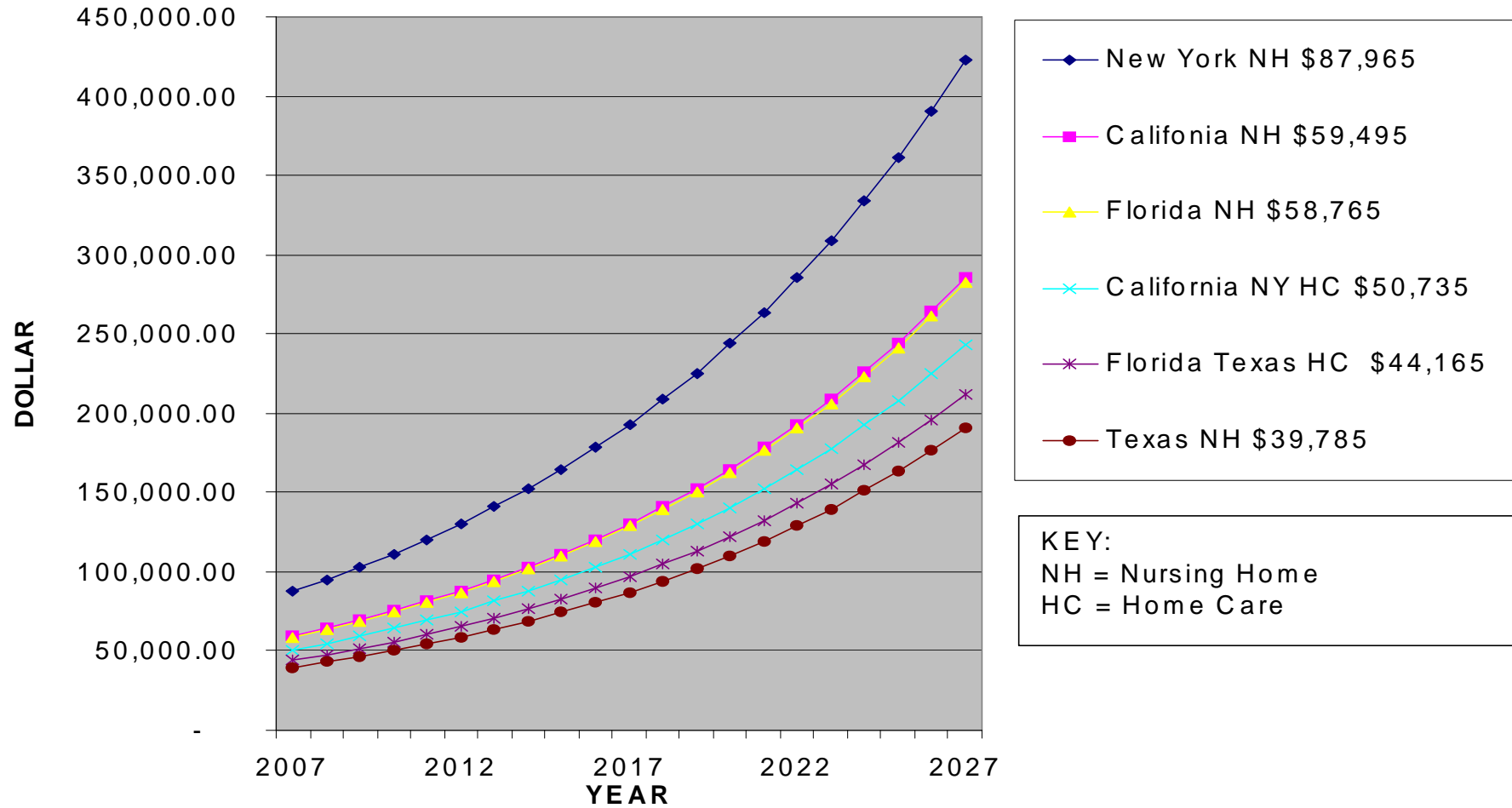
Study Findings

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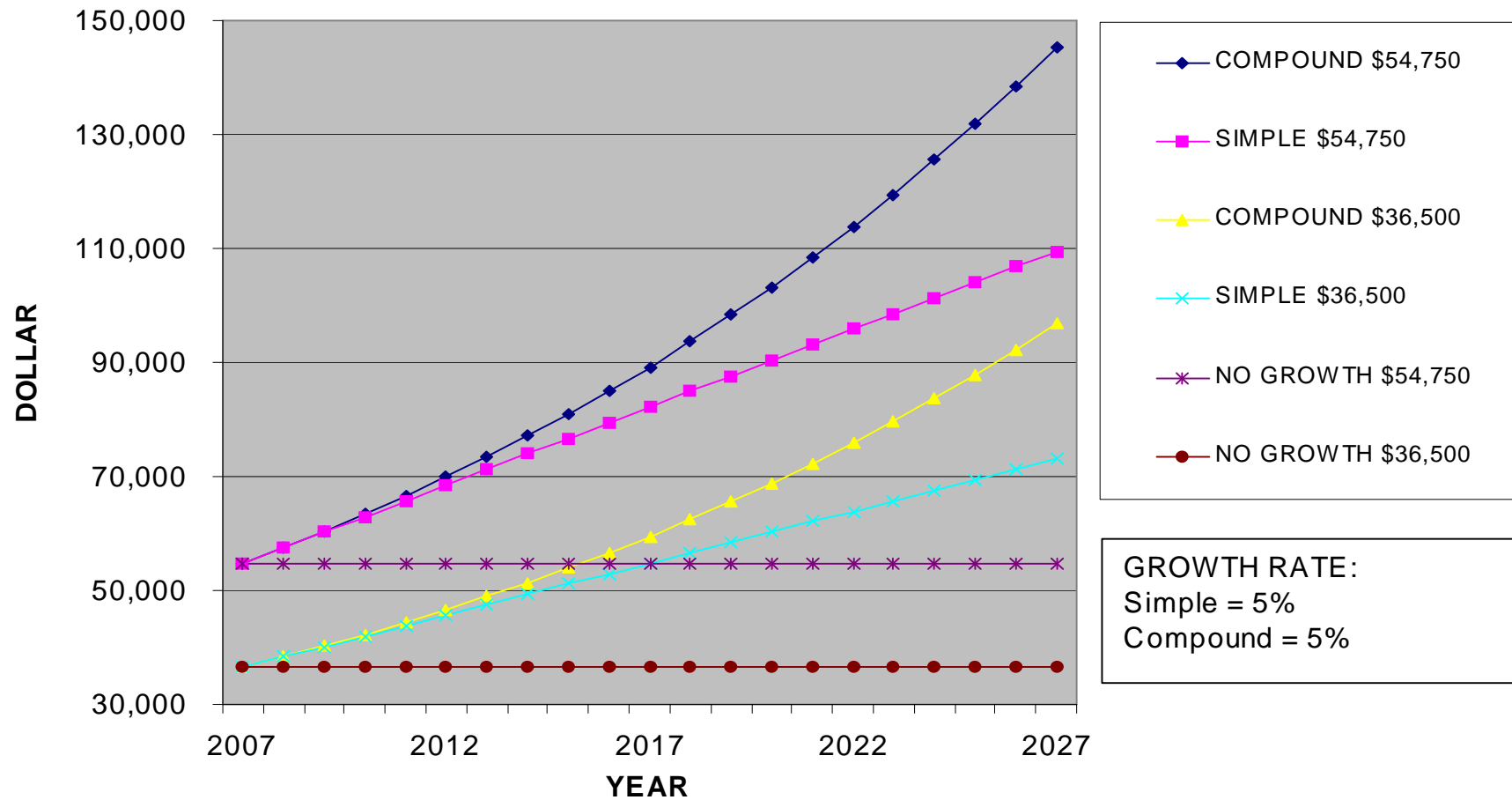
Annual LTC Cost

Forecast FY 2007 - 2027



Annual LTC Insurance Payout with/without Benefit Growth

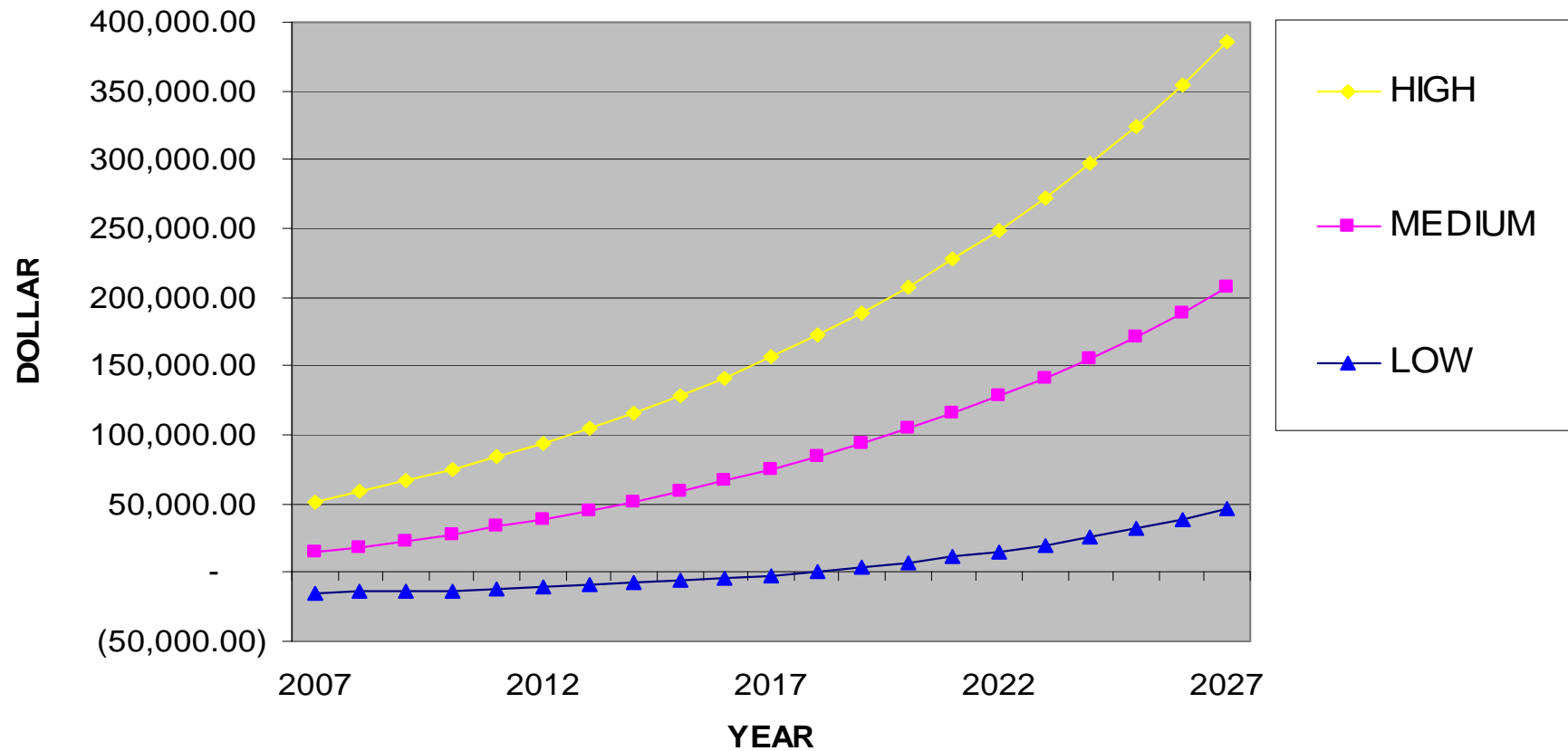
Forecast FY 2007 - 2027



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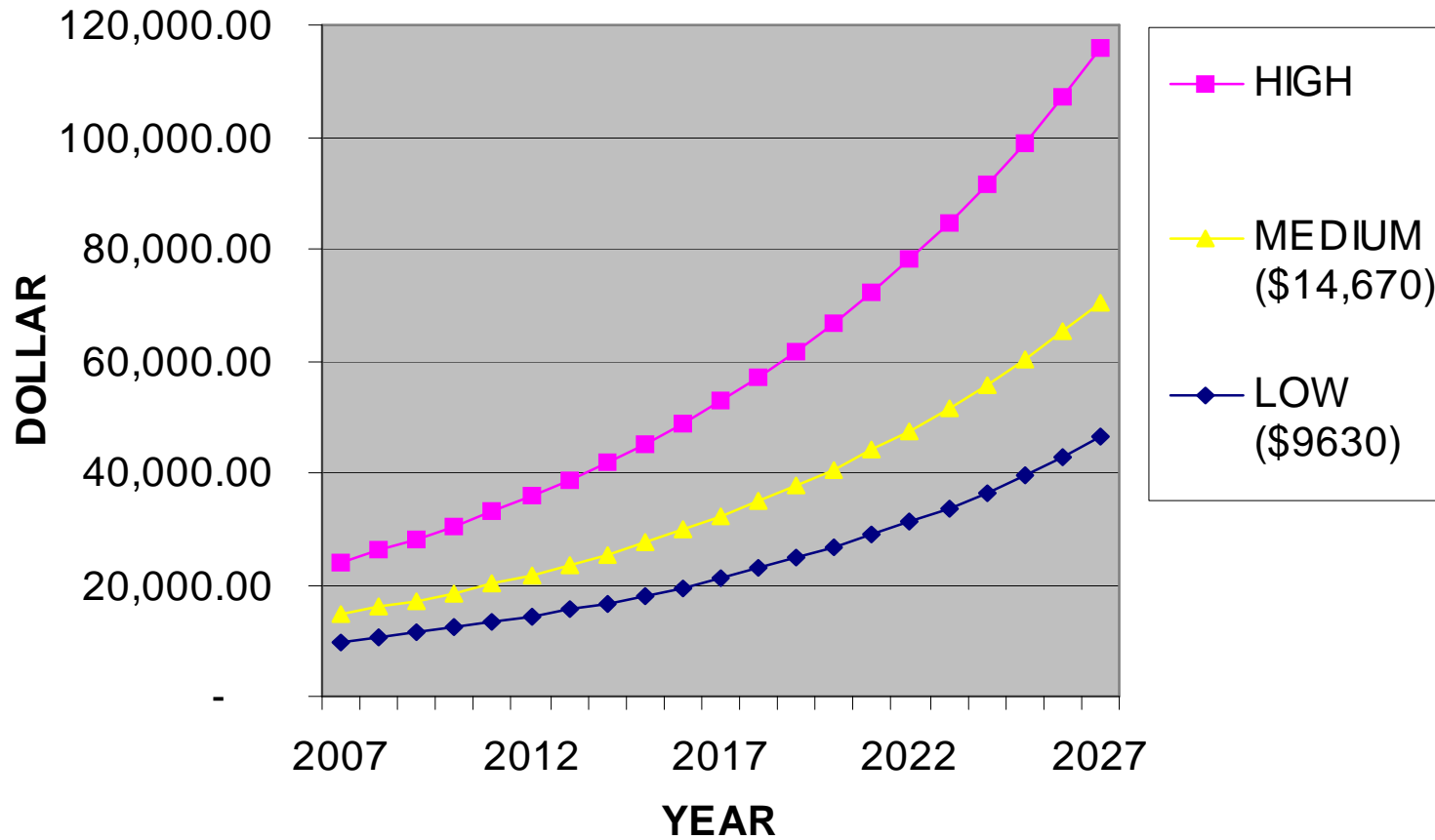
Δ of Annual LTC Cost & Insurance Payouts

Forecast FY 2007 - 2027



90-Day Waiting Period Out-of-Pocket LTC Cost

Forecast FY 2007 - 2027



Expected Annual Out-of-Pocket Healthcare Cost in Retirement

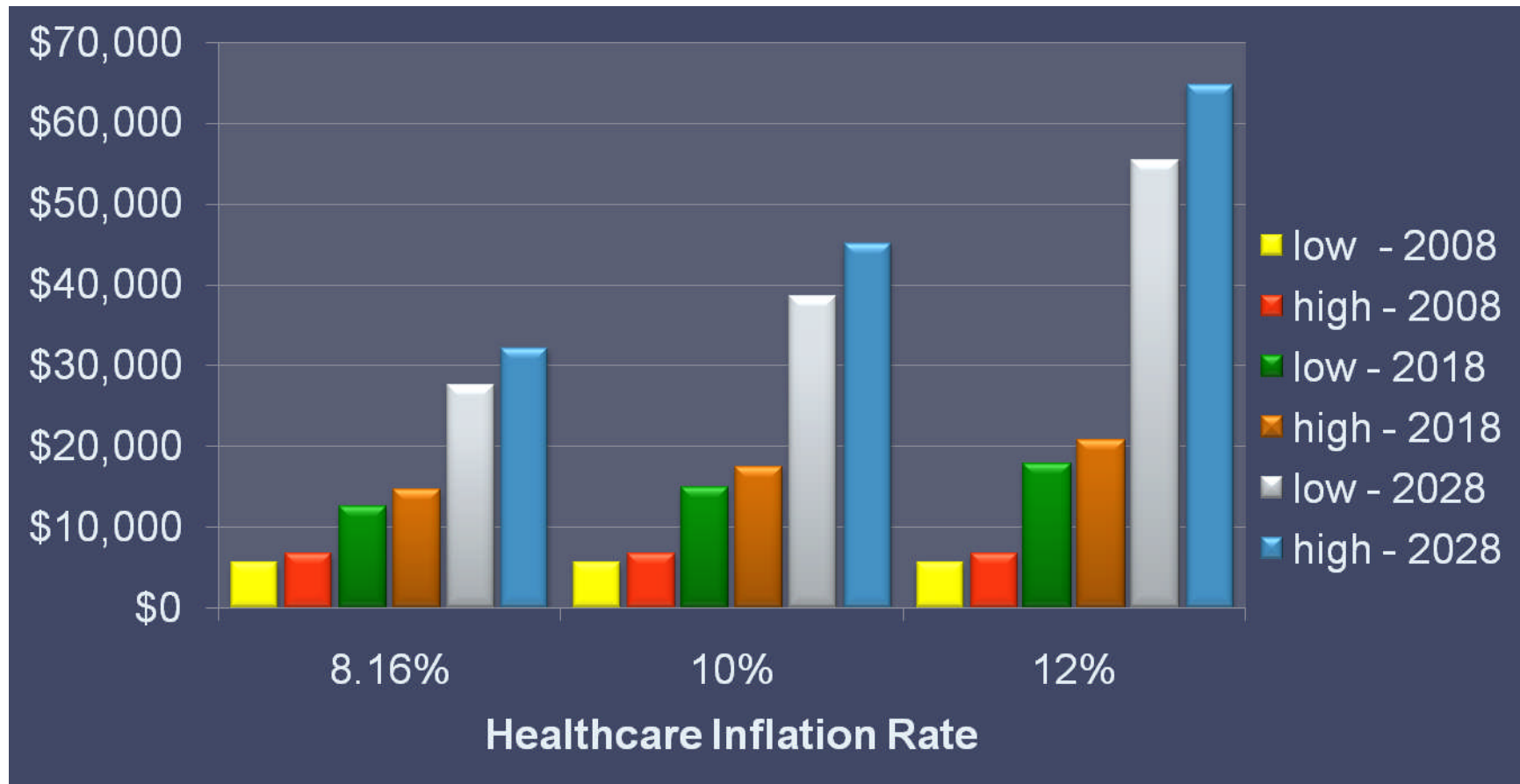
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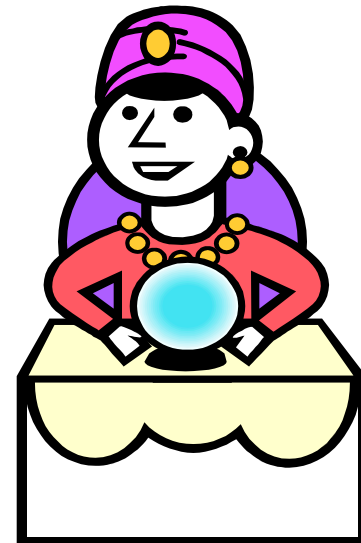
Expected Annual Out-of-Pocket Healthcare Cost in Retirement

Exclusive of LTC Cost

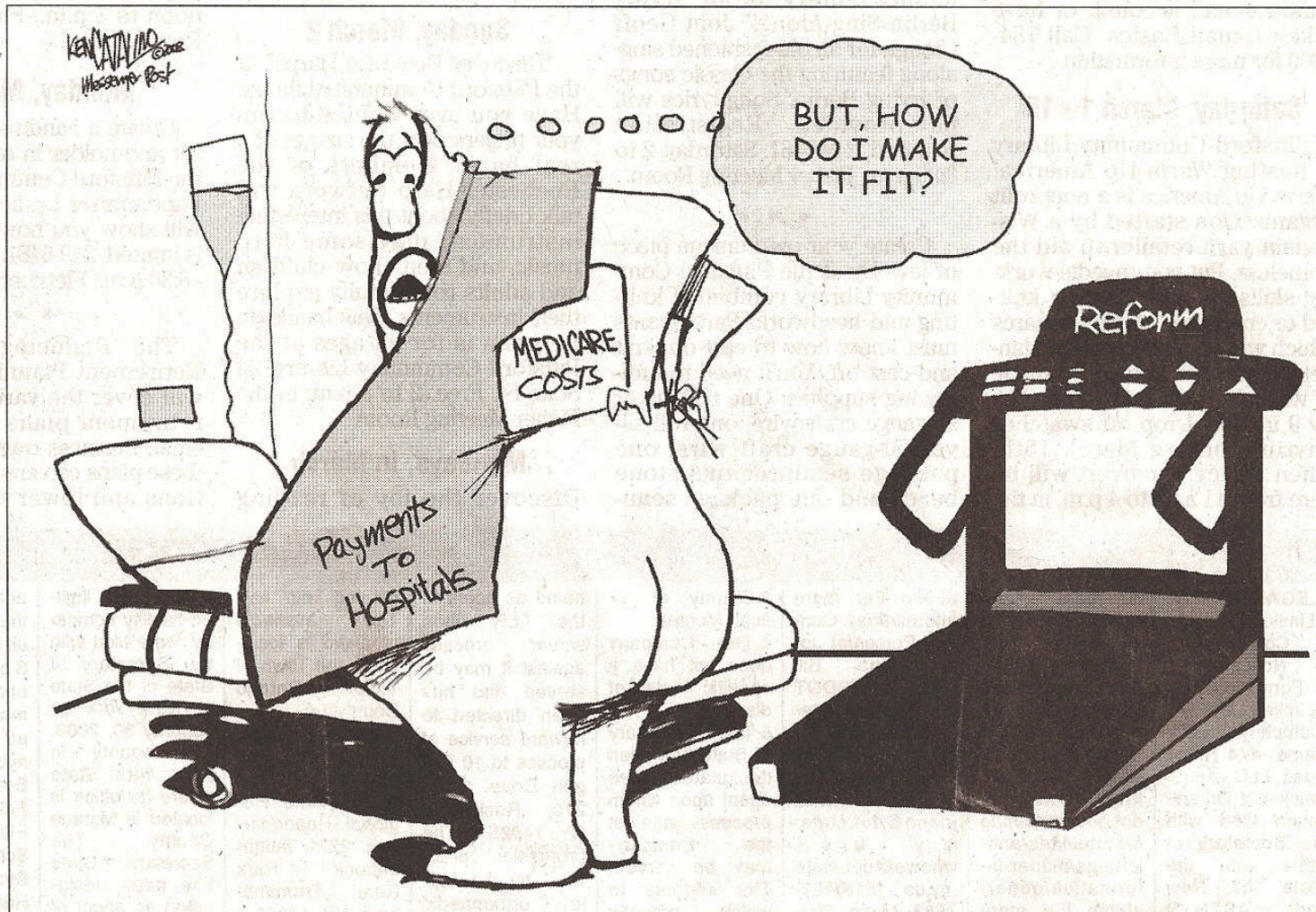


Medicare Update & Forecast

- What's happening with Medicare today?
- What's going to happen with Medicare in the future?



What's Going on with Medicare?



KEN CATALINO FOR MESSENGER POST NEWSPAPERS

2008 Medicare B Premiums

Annual Premium/ Person	Annual Income is	
	<i>Single</i>	<i>Married Couple</i>
\$1,156	\$82,000 or less	\$164,000 or less
\$1,466	\$82,001-\$102,000	\$164,001-\$204,000
\$1,931	\$102,001-\$153,000	\$204,001-\$306,000
\$2,396	\$153,001-\$205,000	\$306,001-\$410,000
\$2,861	Above \$205,000	Above \$410,000

Note: 2007 the first year of graduated premiums based on income level

Medicare premium ↑

- Medicare B premiums ↑
 - 10% - 2006
 - 17% - 2007
 - Up 47% in 2008 for highest income beneficiaries

What Does the Future Hold for Medicare Coverage?

- Premiums will continue to increase at a hyper-inflation pace even possibly outstripping Healthcare Inflation
- Part C *aka* Medicare Advantage *aka* Medicare HMO
 - See ↑ attention
 - Short Run - May have ↑ benefits for beneficiaries
 - Long Run - May not be financial sustainable at the national level



What Does the Future Hold for Medicare Coverage? (Con't)

- Part D – *Prescription coverage*
 - Continued flux of programs with changing coverage
 - Continued ↑ rates at hyper-inflation pace - 8.7% 2007
- Consumers will continue to seek additional coverage outside of Medicare
 - Medigap



How to Construct a Retirement Healthcare Budget

- ✓ Include expected insurance costs:
 - premiums, co-payments, deductibles
- ✓ Other expected out-of pocket costs:
 - Pharmaceuticals, medical equipment and supplies, eye ware, hearing aides, home modification, etc, etc
- ✓ Long-term care cost risk



Planning actions to advise your clients about

- ✓ Include “routine” Healthcare expenses in retirement living expense budgets
- ✓ The Long-Term Care coverage dilemma:
 - Self insure?
 - Insurance or not?
- ✓ Cash planning:
 - Keep 3 months Long-Term Care cost liquid
 - Keep more if planning “the move” soon

InvestmentNews
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GOODCARE Tool Kit™

Put the Pieces of the Healthcare Puzzle Together™

free @ www.GOODCARE.com/toolkit



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What's in the GOODCARE Tool Kit™?

1. Healthcare Out-of-Pocket Expense Worksheet
2. Health Services Contact Organizer
3. Medicare Benefits and Out-of-Pocket Costs 2008
4. Healthcare Related Legal Forms Checklist
5. Key Features to Shop for in a LTC Insurance Policy
6. Helpful Online Resources
7. Shopping for Individual Health Insurance Policies

How can the GOODCARE Tool Kit™ impact your practice?

- ✓ Implement with your staff
 - Identify a “champion” in your staff
 - Get to know a Geriatric Care Manager
 - Tailor your Tool Kit
- ✓ Provide customized truly value added client services

Contact Information

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