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Retired? You might be able to save on insurance

Once you're retired, your need for insurance changes. It is a good idea to look at your coverage options and figure out what you need (and don't need) and where you might be able to achieve some savings.

• **Life Insurance.** You might no longer need life insurance. If your spouse or other dependents won't lose any income when you die, life insurance may be unnecessary and your premiums may be better spent elsewhere.

On the other hand, sometimes life insurance can be used as part of an estate plan to help pay estate taxes or to build up a tax-free inheritance for your heirs. Your attorney can help you determine whether it's wise to maintain your existing life insurance.

If you do choose to drop a policy – whether term or whole life – you might be able to sell the policy and be paid more than its cash surrender value. This is more likely if you are very old or in ill health.

Finally, if you decide to keep your policy,



you might be able to exchange it for a new policy with lower premiums or a higher death benefit due to changes in actuarial tables.

• **Homeowner's Insurance.** As long as you are staying in your home, you'll still need homeowner's insurance, but check with your insurance company to find out if you're entitled to any discounts. You might be eligible for a discount because the house will be occupied more often. If you have enough cash to pay a bigger deductible, you might want to consider raising

your deductible in order to save money on the premiums.

• **Auto Insurance.** Check with your insurance company to see if you're entitled to any discounts. Many companies offer discounts to drivers between the ages of 55 and 70. In addition, you might be able to save on premiums if you are no longer commuting every day.

• **Health Insurance.** If you retire before Medicare kicks in at age 65 and your employer doesn't offer retiree health benefits, you'll need to buy health insurance. You

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How Medicare beneficiaries can fight a hospital discharge

One of the major benefits of Medicare is its coverage of hospitalization. Medicare covers 90 days of hospitalization per illness (plus a 60-day “lifetime reserve”). However, if you’re admitted to a hospital as a Medicare patient, the hospital might try to discharge you before you are ready. While the hospital can’t force you to leave, it can begin charging you for services. Therefore, it’s important to know your rights and how to appeal. Even if you don’t win your appeal, appealing can buy you crucial extra days of Medicare coverage.

Within two days of admission to a hospital, the hospital must give you a notice called “An Important Message from Medicare about Your Rights,” which explains your discharge and appeal rights. You must read the notice, sign it, and date it. Two days before discharge, the hospital must give you another copy. If you’re in the hospital for three days or less, the hospital only needs to give you one notice.

If you receive a discharge decision but you’re not ready to leave, you should immediately contact your local Medicare Quality Improvement Organization and request a review. This Organization is a group of doctors and other professionals who monitor the quality of care delivered to Medicare beneficiaries. They are paid by the federal government and are not affiliated with a hospital or HMO. The phone number should be on the “Important Message.”

You must contact the Organization by noon on the first business day after you receive the discharge

notice. If you do this, you won’t have to pay for your care while you wait for your discharge to be reviewed. If you don’t contact the Organization by noon, the hospital can begin charging you on the third day after you receive the discharge notice.

Once you request a review by the Organization, the hospital is required to give you a “Detailed Notice of Discharge.” You should receive this notice no later than noon on the day after you request the review.

The detailed notice explains the medical reason behind the discharge.

In the review, the Organization’s doctors will evaluate the medical necessity, appropriateness, and quality of hospital treatment furnished to you. The hospital cannot discharge you while the Organization is reviewing the discharge decision, and you won’t have to pay for the additional days in the hospital. The Organization must issue a decision within

three days. If you don’t agree with the decision, you can ask it to reconsider.

If, after the reconsideration, the Organization still agrees with the hospital’s decision, you can appeal to an administrative law judge. You will probably need legal counsel to help you through this process. You can appeal the judge’s decision to the Department of Health and Human Services Departmental Appeals Board. Finally, if you don’t agree with that decision, you can appeal to federal court as long as at least \$1,000 is at stake.

Some states have their own discharge protections. You can find out what the law in your state is from the Organization.

It’s important to know your rights and how to appeal. Even if you don’t win your appeal, appealing can buy you crucial extra days of Medicare coverage.

We welcome your referrals. We value all our clients. And while we’re a busy firm, we welcome all referrals. If you refer someone to us, we promise to answer their questions and provide them with first-rate, attentive service. And if you’ve already referred someone to our firm, thank you!

Retired? You might be able to save on insurance

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might be able to stay on your company’s policy for up to 18 months through COBRA, but after that you’ll have to find an individual policy. Check with your state insurance department because some states provide assistance with purchasing policies. In addition, some professional organizations offer health insurance. Health insurance

premiums are often expensive, but you might be able to save money with a high-deductible plan.

• **Long-Term Care Insurance.** Long-term care insurance can be a good investment to help cover nursing home or other expenses if the need arises. While the policies are expensive, the younger you are when you buy a policy, the cheaper the premiums.

You might be able to claim some Social Security benefits now, and more later

Although you can begin receiving Social Security benefits anytime after age 62, the longer you wait, the higher the benefit you will receive. Of course, many people need money right away and can't afford to delay. But if you're married, there is a strategy that might allow you to claim some benefits immediately and then claim more benefits later.

First, a little background: You have three options for when to begin taking your Social Security retirement benefits: You may begin taking benefits between age 62 and your full retirement age, you can wait until your full retirement age (which varies depending on your age), or you can delay benefits and take them anytime up until you reach age 70. Your benefit will increase by 6 to 8 percent, depending on when you were born, for every year that you delay, in addition to any cost of living increases.

The "claim now, claim more later" strategy, which is outlined in a new study by the Center for Retirement Research at Boston College, is based on the fact that married people are entitled to either (a) a Social Security benefit based on their own earnings, or (b) a spousal benefit equal to one-half of their spouse's full retirement benefit. When you reach full retirement age, you can choose which benefit you want to take. If you choose your spousal benefit, you can continue building up delayed retirement credits for your *own* benefit. Then at age 70, you can claim your maximum retirement benefit and stop receiving the spousal benefit.

The Boston College study gives an example of

how this strategy would work. According to the study, it is usually best for a wife to claim her own early retirement benefits because wives typically earn less than their husbands but also usually outlive them, and once the husband dies, the wife is entitled to his benefit as a widow. Therefore, according to the strategy, the wife would claim early retirement benefits at 62 while the husband waited.

Once the husband reached his full retirement age, he would claim a spousal benefit. Then at 70, the husband would claim the maximum amount of his retirement benefit and stop receiving the spousal benefit.

If the wife earns more than the husband, the strategy would work in reverse.

Illustration: Beginning at age 62, Mrs. Brown gets \$978 a month in early retirement benefits. Beginning at age 66, Mr. Brown receives a spousal benefit of \$767 a month (50 percent of his wife's full retirement benefit of \$1,534/month). Then, at age 70, Mr. Brown stops receiving the spousal benefit and begins receiving \$3,209 a month (the maximum amount of his retirement benefit).



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A new strategy allows some married couples to begin receiving Social Security payments early, while increasing their payments later on.

How to revoke a power of attorney

If for any reason you become unhappy with the person you've appointed to make decisions for you under a durable power of attorney, you can revoke the power of attorney at any time. But you must take a few steps to ensure that the document is properly revoked.

First, you should put the revocation in writing. This revocation should include your name, a statement that you are of sound mind, and your wish to revoke the power of attorney. You should also specify the date the original power of attorney was executed and the person who was selected as your agent. Sign the document and send it to your current agent as

well as to any institutions or agencies that have a copy of the power of attorney. If you're executing a new power of attorney at the same time, you should attach it.

You will also need to get the old power of attorney back from your agent. If you can't get it back, send the agent a certified letter stating that the power of attorney has been revoked.

Because a durable power of attorney is arguably the most important estate planning instrument, if you revoke one it is important to have a new one in place. Your elder law attorney can assist you in revoking an old power of attorney and drafting a new one.

Can't afford a long-term care policy? Consider cutting the length of coverage

Most people can't afford to buy a gold-plated long-term care insurance policy that offers a large daily benefit and that will continue paying indefinitely. If premiums for this type of Cadillac plan are not in your budget, what should you cut – the daily benefit amount or the number of years of coverage?

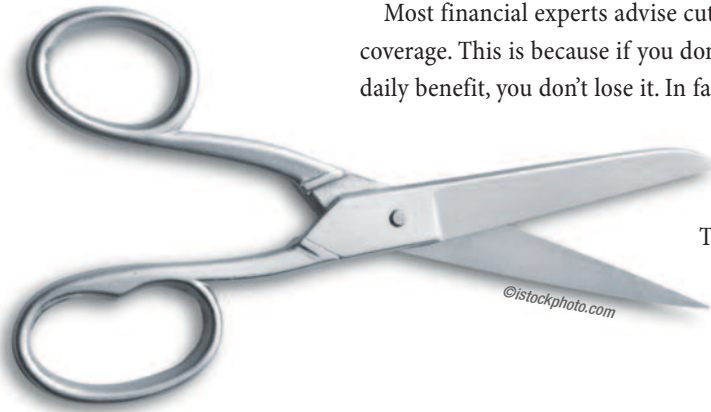
Most financial experts advise cutting the length of coverage. This is because if you don't use the full daily benefit, you don't lose it. In fact, it can be used

to lengthen your period of coverage.

Think of a long-term care insurance policy as a

pool of funds for long-term care. So, for instance, a two-year policy paying a daily benefit of \$200 is really a \$146,000 long-term care fund ($365 \times 2 \times \$200$). If you draw on the policy at the rate of \$100 a day for one year, you will have used \$36,500 ($\100×365), and you will still have \$109,500 ($\$146,000 - \$36,500$) to pay for future long-term care costs, whether at home, in assisted living, or in a nursing home.

In other words, a four-year policy paying \$100 a day in benefits is no different from a one-year policy paying \$400 a day in benefits – except that the one-year policy might be better because if you do happen to need expensive short-term care, more of it will be covered.



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