

Bottom Line/Retirement

Boardroom Inc.

Boardroom Classics • Bottom Line Books • Bottom Line/Health
• Bottom Line/Personal • Bottom Line/Retirement • Tax Hotline

281 Tresser Blvd., Stamford, Connecticut USA 06901-3246

www.BottomLinePersonal.com

To : Steve Podnos

Date : 9/12/07

Phone : 321.543.1099

FAX : StevenP302@aol.com

From : Anna Jernstedt

Phone: 203-973-6292

E-mail : ajernstedt@boardroom.com

Fax: 203-967-3621

Total Pages: 4

Attached is confirming proof of your article. As we are going to press very soon, please let me know immediately if you have any further changes to make—also please let me know if this copy is all right to print as it stands.

Thanks very much.

Steve -
We have all your changes
done. The only thing I still
can't confirm is the Hotline -
the people who answer the
phone don't seem to know
what I'm talking about.

Anna

• **Buick Lucerne V-8.** Well built, handsome and comfortable. Used market prices are good because depreciation has been based on inaccurate notions of American car quality relative to popular Japanese brands.

• **Cadillac DTS/Seville.** Similar to Buick and same reasoning keeps used model prices low.

• **Infiniti Q45.** This sedan never took off when new, but it has a smooth ride and powerful engine and is well appointed. Used-market prices are good, especially considering what you get. ☺

HOTTopics

FOR A WEALTHIER YOU

FREE Bonus
Information for You

Estate-Planning Time Bombs

You worked hard. You saved hard. Don't let it all blow up on you because of these simple, but significant, estate-planning mistakes.

It's not too late to protect your assets—if you know what to do.

Bonus: Important information for you from our free E-letter **Bottom Line's Weekly Secrets**

View the article at: **www.BottomLineSecrets.com/HotTopics**

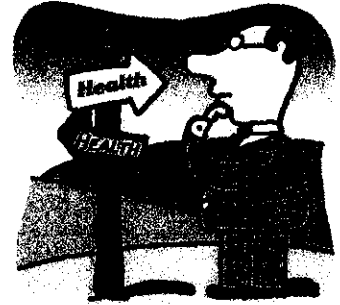


Health Insurance

Should You Opt Out of Medicare?

There can be cost savings... but traps, too

Steve Podnos, MD, CFP
Wealth Care LLC



About 44 million people are enrolled in Medicare, the federal health insurance program for seniors. Generally, it's available to Americans age 65 and older.

Most participants choose "original" Medicare (the term used by the government). They can select any doctor or hospital that accepts Medicare while Medicare picks up most of the cost.

Alternative: Almost nine million Medicare beneficiaries—nearly 20%—have opted out of the original Medicare program.

These seniors have so-called *private* Medicare coverage, run by companies, not by the federal government. Several forms of private Medicare are available, collectively known by the government as Medicare Advantage programs. *Why people choose private Medicare...*

- Medicare Advantage programs may be less costly to participants than original Medicare.

- More comprehensive services are offered.

- Participants in original Medicare sometimes have to pay considerable out-of-pocket expenses. Private Medicare can help you avoid this.

Example: Under original Medicare, you typically pay 20%

of doctors' bills while Medicare pays 80%. Your share might be thousands of dollars a year. Many original Medicare beneficiaries buy a Medicare supplement ("Medigap") insurance policy to cover these potential expenses. However, the premiums for such policies can be substantial.

- With private Medicare Advantage plans, there is no need to buy a Medigap policy. You can get comprehensive care, often at a lower out-of-pocket cost.

But there are tradeoffs. Before making any decisions, it's vital to understand the fine print.

TYPES OF PRIVATE MEDICARE

Most Medicare Advantage programs are health maintenance organizations (HMOs) or preferred provider organizations (PPOs).

Many Americans become familiar with HMOs and PPOs during their working years. A network of doctors and hospitals is offered to covered individuals, who bear little or no cost beyond

Bottom Line/Retirement interviewed Steven Podnos, MD, CFP, principal, Wealth Care LLC, 405 Sims Way, Merritt Island, Florida 32952. Dr. Podnos, a practicing specialist in respiratory medicine and a fee-only financial planner, is the author of *Building and Preserving Your Wealth, A Practical Guide for Affluent Investors* (Oak Hill).



Bottom Line Retirement

their premiums if they stay within that network. Generally, PPOs are more expensive than HMOs but offer more coverage for out-of-network care than HMOs.

Downside: You have less freedom to choose providers than with original Medicare.

In recent years, yet another private option—Medicare private fee-for-service (PFFS) plans—have stolen the spotlight from Medicare HMOs and PPOs. According to the Congressional Budget Office, enrollment in Medicare PFFS plans grew from 210,000 in late 2005 to 1.35 million in early 2007.

Why they grew: These plans claim to offer the advantages of Medicare HMOs and Medicare PPOs (comprehensive care with, potentially, lower costs than original Medicare) without the restrictions of staying in a provider network.

How they work: If you're in

MORE FROM DR. PODNOS

If You Were Misled...

People in private Medicare plans can disenroll if they signed up after receiving misleading information, according to the US Department of Health & Human Services' Centers on Medicare & Medicaid Services. To find out if you can change your coverage, call the Centers' hotline (800-633-4227). Provide as much detail as possible, including the name of the person who provided the wrong information, along with the date and time.

Claims of misleading information can be made whenever the plan member discovers that a promised benefit isn't available.

Examples: If the member was told that all health-care providers participate in the plan when in fact they do not...incorrect assurance that the member can transfer to traditional Medicare at any time.

a PFFS plan, you may see any doctor or go to any hospital that accepts the plan terms. You show a card to prove you're in the plan. But it's up to the doctor or hospital to decide whether to treat you—they decide on a case-by-case basis.

Trap: Some seniors have signed up for PFFS plans, only to discover that many physicians won't treat them.

My advice: Do not use a PFFS plan. They are poorly designed. Just the fact that you may be denied care by any doctor at any visit makes them a poor choice.

HOW TO CHOOSE

When deciding among Medicare options, the key is comparing what you'll pay and get with original Medicare to what you'll pay and get with a selection of private Medicare plans.

Reality: You can never know with absolute certainty whether original or private Medicare will turn out to be the best deal for you, because you cannot perfectly predict your own future health needs. But, in general, the more health care that people need, the more they will benefit financially from using a private network, because their out-of-pocket costs (copayments, etc.) will probably be lower than with Medicare.

Typical costs: Although each Medicare HMO and Medicare PPO has its own rules and costs, participants in both types must be enrolled in Medicare Part A (hospital coverage) and Part B (coverage for doctors' visits). For the vast majority of people, those who have worked and paid Medicare taxes at least 40 quarters in their lifetimes, there is no monthly premium for Part A. In 2007, the monthly Part B premium ranges from \$93.50 to \$TK, depending on the participant's income.

Some private plans do not charge anything more, but many others do...

• **Medicare HMOs** charge an average of \$20 a month, over and above the Part B premium. For HMOs that offer a prescription drug benefit, the average extra charge is nearly \$40 a month.

• **Medicare PPOs** charge about \$20 to \$40 above the Part B premium without prescription drug coverage, and about \$40 to \$50 more with the drug benefits. Prices vary widely depending on competitive market forces in each region.

In return for paying those extra fees up front, private Medicare participants may realize cost savings overall. *Examples...*

• You won't need a Medigap policy. In fact, private Medicare enrollees are *prohibited* from buying this insurance.

• Private Medicare plans also may offer checkups, dental care and vision coverage. So you might avoid having to pay for these services.

• Copayments may be lower with private Medicare than with original Medicare.

Bottom line: Some private Medicare plans can be good deals. Others will wind up costing you more than you would pay with a Medicare-Medigap combination.

If you have used an HMO or a PPO during your working years, and you know how these systems work, a Medicare version may be a practical choice because you'll know how to "work the system" to get adequate coverage while enjoying the cost savings. If you would rather not be confined to a network, opt for original Medicare with a Medigap policy.

Best: Check with your current physicians before signing up for any kind of private Medicare. Some of these programs are very

limited in terms of participating doctors and hospitals.

Read the plan documents closely. Generally, seniors may move in and out of private Medicare plans during the annual election period from November 15 to December 31. (You can do the same from January 1 to March 31, but you cannot add or drop Medicare prescription drug coverage during this time.)

After you make such a choice, you're usually locked in until the next annual election period. However, seniors who were misled into signing up for a private Medicare plan can change coverage right away (see page 10).

Potential cutbacks: The *Children's Health and Medicare Protection Act*, the details of which are currently being worked out in a House-Senate conference committee, is expected to decrease sharply funding for Medicare Advantage plans. If the measure is enacted as expected, such cuts likely would reduce the number of providers participating in private Medicare.

Safety net: You can choose to drop private coverage and enroll in original Medicare within specific periods, as described above.

WHAT TO DO NEXT

To start comparing and shopping for private Medicare plans, visit the Medicare Web site (www.medicare.gov). Click on "Learn more about plans in your area." Enter your state and county to find details on what's available, with contact data for each plan.

Also: Some Medicare Advantage plans are evaluated by the National Committee for Quality Assurance, with results published periodically in *US News & World Report*. To see how 140 plans rank, go to http://health.usnews.com/usnews/health/best-health-insurance/rank_medicare_2006.htm. ●

Mobility

Innovative PRODUCTS

To Help You Get Up and Around

Sarah Endicott

Center for Assistive Technology and Environmental Access

Injuries or age make it difficult to climb stairs, get out of chairs, beds or cars, and get up or over other everyday obstacles.

Products to help us overcome these challenges have been around for years. Motor-driven seats known as stair lifts offer a comfortable ride up or down a staircase...while chairs equipped with "seat lifts" raise their users up to standing height at the push of a button. In recent years, a host of new lift products have joined these venerable technologies.

Many of the new lift products are pricey, but health insurance or Medicare often will pick up a large portion of the bill. Ask your doctor, health-care plan or medical products store representative for details. *The best devices for helping you get up, down and around...*

STAIRS AND OTHER OBSTACLES

Stair lifts and elevators are not the only ways to avoid stair-climbing. *Some innovative new devices, from simple to high-tech...*

Portable EZ-Step. This sturdy cane doubles as a clever stair-climbing tool. A small, stable platform a few inches in height is attached to the end of the cane. When full stairs are too tall, this platform can turn each standard-height step into two smaller

steps. *Cost:* \$69.95 (800-741-2568, www.ez-step.com).

Independence iBOT 4000 Mobility System.

This high-tech, very expensive, battery-powered wheelchair climbs over most curbs and up most staircases without any outside assistance. It can even raise the user up to standing height for an eye-level conversation.

Made by a division of Johnson & Johnson. *Cost:* \$23,900 (866-201-4618, www.ibotnow.com).

Garaventa Stair-Trac and Frank Mobility Systems Scalamobil. These two portable "wheelchair lifts" are add-on devices that can reduce the effort involved in moving a person in a wheelchair up a flight of stairs with the assistance of a second person.

The Stair-Trac uses rubber tank-like treads to climb the stairs. The Scalamobil uses a system of wheels capable of reaching up for

Bottom Line/Retirement interviewed Sarah Endicott, an occupational therapist with Georgia Institute of Technology's Center for Assistive Technology and Environmental Access (CATEA). CATEA operates the AssistiveTech.net Web site (www.assistivetech.net), which features a searchable database of products potentially useful for the disabled and elderly.



iBOT 4000



Bottom Line

Retirement