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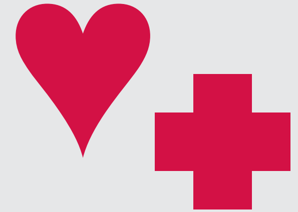

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Life Insurance for Women: Don't Fall Into the Gender Gap

MetLife's 8th Annual Study of Employee Benefits Trends found that married men with minor children have, on average, five times their annual household income in life insurance coverage — if they have coverage. Married women with minor children have, on average, only three times their annual household income in coverage. This gender gap is noteworthy because men and women express equal concern about the financial impact of their premature death on their families — yet women are more likely to be underinsured than men.

Financial planners say it's common for married women to assume that their spouse's income and savings will do the heavy lifting. However, many women overlook some important expenses that life insurance can help cover. For example, the death of a working mother may not only terminate an income source but also a family's source of health insurance, tuition assistance and other financial benefits.

Consider the Value of Women's Household Contributions

The loss of a working woman means more than the loss of her income and

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This Just In...

Premium increases have little effect on long-term care insurance participation. John Hancock Life Insurance Company insures the federal long-term care insurance (LTCI) program, the country's largest private program. In 2009, changes in actuarial assumptions forced Hancock to increase the rate on an optional inflation feature from 4 percent to 5 percent and to increase premiums up to 25 percent for plans with this feature.

The majority of enrollees affected by the rate increase opted to keep their coverage. Of this group, 46 percent went with the 5 percent compound inflation option and paid the accompanying premium increases. An equal percentage chose to retain their

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benefits. Penn Mutual Life Insurance Company surveyed families earlier in 2011 to determine the dollar value of the tasks male and female parents perform. As other studies have found, even among couples where both partners work, women are likely to bear a heavier burden of the childcare and household responsibilities. Penn Mutual found that men spent an average of five hours per week doing household tasks, while women spent an average of 17 hours per week on the same tasks… more than three times what men spend.

Does your life insurance plan take into account the value of your contributions to your household? If your family is like most, probably not. Penn Mutual calculated the economic value of household chores couples perform, including housekeeping, laundry, food preparation/cleanup/cooking/serving, traveling for and driving children, and miscellaneous/animal caretaker tasks. Men were likely to overestimate the value of their household contributions by $30,000 or more, while more than half (52 percent) of women underestimated their worth by at least $10,000; 36 percent of women undervalued their worth by at least $30,000. In fact, Penn Mutual found the average married woman of minor children performs household and childcare tasks worth an average of $44,913 per year—significantly more than the 2009 median annual salary of $38,428 for all full-time workers determined by the U.S. Census Bureau.

Consider Women's Longer Lifespans

In addition, women are more likely than men to spend part of their retirement alone, making it even more important for them to have their own life insurance and annuity plans. Women have longer life expectancies—80 years vs. an average of 75 years for men. The fact that women tend to be younger than their male spouses further increases the likelihood of a woman becoming a widow.

Fortunately, there are some easy ways for you to fill the life insurance gap. If your employer offers only minimal life insurance coverage, you can buy supplemental policies to add additional limits. Even if you have a pre-existing health condition, many insurers will offer a minimum amount of coverage, usually $25,000 to $50,000, to members of a group with no underwriting requirements.

You can also buy individual coverage at less cost than you might think. Insurance rates, particularly term rates, have dropped in the last decade or so due to revisions in insurers' mortality tables.

Life insurance can also help you meet your income needs in retirement. Permanent life products, including universal and variable life, have an investment component in addition to life insurance protection. Annuities, a tax-advantaged form of life insurance for savings programs, can provide guaranteed income. For assistance in tailoring a program to your needs, please contact us.

This Just In

existing plan with the 4 percent compound inflation option or switch to a new plan. Only 1.6 percent of enrollees opted to drop coverage.

The U.S. Government Accountability Office (GAO) released a report on the federal LTCI program in July. Jesse Slome, executive director of the American Association for Long-Term Care Insurance, called the federal employees "a most representative group," and said the GAO report proves, "…the majority of consumers understand the value of their long-term care insurance protection and do not drop or reduce their coverage even when faced with a rate increase."

Medical Tourism: Operations on Vacations?

A 2010 study of U.S. leisure travelers by the Ypartnership/Harrison found that half were familiar with the concept of medical tourism, and one out of six (17 percent) would consider having a medical procedure done outside the U.S., if they perceived it to be of comparable quality. If you're considering combining your next vacation with a surgical procedure, read on.

Medical tourism occurs when patients travel outside their community, or even their country, to receive medical, dental and surgical treatments because of greater affordability or access to care. Consulting firm Deloitte LLP says that medical tourism offers savings of up to 70 percent after travel expenses, and predicts a growth rate of 35 percent per year after the industry recuperates from the current economic downturn.

For individuals who have little health coverage or high deductibles, medical tourism could mean the difference between being able to afford a procedure that can make a major difference in their life or going without. Still, medical tourism has its risks. If you are considering traveling for medical treatments, here are some things to check before scheduling a medical vacation:

- Does your insurer cover this type of procedure? Most health insurance policies exclude coverage for cosmetic procedures, treatments not needed to treat a medical condition or illness, weight-loss surgery and experimental treatments, regardless of where you get them.
- Does your insurer provide coverage for procedures obtained at "centers of excellence" in the U.S.? These medical facilities specialize in procedures such as heart surgery, cancer treatments or joint replacements. Because they specialize, centers of excellence sometimes offer quality treatment at a lower cost than you might find at a general regional facility.
- Does your policy cover elective procedures obtained while you're abroad? Many individual insurance policies will cover emergency treatment needed while you travel overseas, but they might not cover elective procedures.
- Is the facility you're considering accredited? The Joint Commission International (JCI) accredits or certifies more than 400 public and private health care organizations in 39 countries. Other international accrediting or oversight organizations include the International Society for Quality in Health Care (ISQUA), the National Committee for Quality Assurance (NCQA), the International Organization for Standardization (ISO), and the European Society for Quality in Healthcare (ESQH).
- Is your primary or family physician on board? You will want to involve the physician(s) who will be handling any follow-up care once you return home.
- Do you understand and agree to the fi-

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nancial terms? Before you submit to medical treatment overseas, be sure that all parties agree on payment terms and timing (some overseas medical providers want payment upfront), what type of post-operative care you will receive and whether it is included, and whether payments include your travel and accommodations.

- Will you have a traveling companion? Anyone traveling, particularly overseas, for medical treatment will likely want a companion. What will his/her travel expenses add to the cost of the procedure? This person should be able to help take care of you and make medical decisions on your behalf if complications arise. In the U.S., medical providers recognize power of attorney agreements—will an overseas provider?
- How will the provider handle complications? Who is financially liable? Do you have any rights to file a claim in the event of malpractice? What laws will govern liability and malpractice?
- Do you understand, and are you prepared to deal with, the risks of combining travel and surgery?
- Do you need specialized medical tourism coverage? Some insurers now write policies specifically for medical tourism. Coverage varies greatly by provider. If you consider this type of insurance, you will want to buy a policy from an insurer admitted to do business in your state. We can help you evaluate options—please call us for more information.

Part D Open Enrollment: Checkup Time for Prescription Drug Plans

The open enrollment period for Medicare Advantage and Medicare Part D prescription drug plans starts October 15 and ends December 7. If you're dissatisfied with your current drug coverage—or if you simply want to comparison-shop—now's the time to act. Eligible individuals can switch from Original Medicare to a Medicare Advantage plan and vice versa, as well as add, drop or change their prescription drug coverage during this time. Here are some suggestions on what to look for.

Nearly all (90.1 percent) of Americans age 65 and older use at least one prescription drug per month, found a 2010 study by the Centers for Disease Control. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) created Medicare Part D to make prescription drugs more affordable for the elderly and disabled. Seniors can select a Medicare Advantage

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plan with drug benefits or choose from an average of 33 stand-alone prescription drug (Part D) plans. Private insurers provide these plans, which vary in terms of benefits provided and cost. Not all Medicare Advantage plans provide drug coverage; if you have a Medicare Advantage plan, check plan documents to review the coverage it provides.

New Medicare Supplement ("Medigap") plans do not include prescription drug coverage. If you have drug coverage under an older Medigap plan, you can keep it; however, Medicare Part D plans often offer better coverage.

If you do not join a Medicare Prescription Drug Plan or a Medicare Advantage Plan with prescription drug coverage when you are first eligible, you may have to pay a late enrollment penalty to get drug coverage later. An exception occurs if you have another plan (such as an employer or union plan) that offers "creditable" coverage, or coverage that provides prescription drug benefits at least as good as the standard Medicare prescription drug plan. The MMA imposes a late enrollment penalty on individuals who do not maintain creditable coverage for a period of 63 days or longer following their initial enrollment period for the Medicare prescription drug benefit.

What Medicare Part D Covers

Medicare Part D covers both brand-name and generic prescription drugs at participating pharmacies. Each plan has its own list of covered drugs (called a formulary). Many Medicare drug plans place drugs into different "tiers" on their formularies. Drugs in each tier have a different cost.

For example, a drug in a lower tier will generally cost you less than a drug in a higher tier. In some cases, if your drug is on a higher tier and your prescriber thinks you need that drug instead of a similar drug on a lower tier, you or your prescriber can ask your plan for an exception to get a lower copayment. Still, when evaluating different drug plans, it pays to compare their formularies to lists of drugs you already take.

When you enroll in a Medicare prescription drug plan, you will get a member card to use when you go to the pharmacy to get your prescriptions filled. The card often entitles you to discounted rates on prescriptions; however, you will pay the copayment, coinsurance, and/or deductible, if any.

Good News on Premiums

In August, the U.S. Department of Health and Human Services (HHS) announced that monthly premiums for the average Medicare prescription drug plan premium in 2012 will cost about $30. This compares to average monthly premiums of $30.76 per month in 2011.

If you qualify for Medicare, we can help you evaluate Medicare Advantage or Part D plans. For more information, please contact us.

Don't Fall Into the Donut Hole

You may have heard about the Medicare Part D coverage gap, or "donut hole." The donut hole occurs when your covered drug expenses reach the initial coverage limit. At that point, Medicare stops paying for your prescriptions until you reach the out-of-pocket threshold. The Affordable Care Act made significant changes to the donut hole. In 2010, beneficiaries who reached the coverage gap/donut hole received a one-time $250 payment. Starting in January 2011, many individuals in Medicare prescription drug plans and Medicare Advantage (MA) plans that provide prescription drugs (MA-PDs) received additional discounts on brand-name and generic drugs purchased while the beneficiary was in the donut hole. The full negotiated price of the drug will count toward a beneficiary's true out-of-pocket (TrOOP) costs.

In 2012, seniors who hit the donut hole will receive a 50 percent discount on their brand-name drugs. Coverage of generic drugs in the gap will increase from 7 to 14 percent. By 2020, cost sharing for prescription drugs will be the same during the donut hole as before — effectively eliminating the gap.

Some misconceptions about the donut hole exist. First, the initial coverage limit represents total covered drug costs — including amounts paid by the drug plan. For example, if your prescription costs $100 but you only pay a $20 copayment, the full $100 counts toward the coverage limit. Payments for nonformulary drugs or prescription drugs you buy in another country do not count toward either the initial coverage limit or out-of-pocket limit.

The following steps can help you avoid falling into the doughnut hole:

1. Switch your prescriptions to generic versions whenever possible. Generics usually cost far less than their brand name equivalents.
2. Make sure the prescription drug plan you select includes any drugs you regularly take on its formulary.
3. Always use your drug plan card when filling a prescription, even when in the donut hole. Drug plans usually negotiate lower prices than the standard retail price.
4. Ask your physician for free samples of any drugs you're taking.
5. Low-income seniors may qualify for patient assistance programs. For information, contact your state Health Insurance Assistance Program or Medicare at 800-663-4227.

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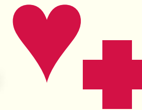

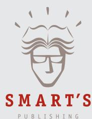

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