

## **How to Approach Your Parents About Their Estate Plan**

We often hear from children who are concerned that their parents may not have an estate plan in place. The children are worried that if something happens to one or both parents, the children will not be equipped to assist their parents, and many times the children have no idea where the parents stand financially. Understandably, these subjects may be hard for children to discuss with their parents. The children do not want to appear greedy, and the parents may fear loss of control or independence. Dysfunctional families face additional challenges when trying to assist senior family members.

How can you approach your parents about these issues? First, you should get your own house in order; make sure that you have executed your own will, durable power of attorney, and advance medical directive. After you learn about these tools, then you should be able to approach your parents by referring to your work with an elder law attorney and what you found out. Then ask your parents if they have done the same planning. The goal is to balance safety with independence, and to not wait until an emergency strikes to start planning. Don't first ask them if they have done a will; this approach may give an impression of greediness on your part, and it can scare away those parents who don't want to think about their own mortality. Focus instead on the durable power of attorney and advance medical directive; ask your parents who can make financial and medical decisions for them if they cannot make these decision for themselves. You can give the example of a temporary disability that may require someone to help pay the bills or make medical decisions. If your parents already have a plan in place, then see if they will let you know where they keep their documents. If you can, ask to review their documents and get the name of their attorney. The attorney may not be able to talk with you at that point in time, but you will know where to turn in case of an emergency. If your parents do not have a plan in place, then you should suggest that they make an appointment with an elder law attorney. Your parents may let you schedule an appointment for them, but you need to be aware that the parents, not the children, will be the clients of the attorney.

You will also want to know where your parents keep other important documents and things, like safe deposit box keys, certificates of birth, passports, deeds, insurance policies, investment and bank statements, tax returns, Social Security numbers, and medical insurance cards and information. If your parents do not want to share this information with you, then ask them to prepare a list and let you know where the list can be found in case of an emergency. You should assess your parents' current financial situation to see whether your parents have sufficient income and resources to meet their needs. If your parents will not discuss these issues with you, then you should ask a trusted friend of your parents to talk with them to encourage a family dialogue.

## Understanding the Medicare Part D Drug Plan

The new Medicare Part D Drug Plan is set to begin in January, 2006. The drug benefit will not be part of the traditional Medicare program, but rather will be offered through private insurance plans. The monthly premium will be approximately \$37 (depending on the type of plan chosen) with an annual deductible of \$250. This amount will increase annually, as the premium will be determined by a bidding process and will vary from plan to plan and from region to region. Likewise, the deductible, initial coverage limit, and annual out-of-pocket threshold expenses will also increase each year.

### **What does the premium pay for?**

After the initial deductible, Medicare will pay 75% of a covered Part D prescription drug up to \$2,250. Medicare will then stop paying for the next \$2,850, and will then start again by paying 95% of covered Part D prescription drugs once the beneficiary has spent \$5,100 total in covered prescription drugs (in a calendar year). On January 1, a beneficiary starts over again at \$0.

### **How are out of pocket expenses calculated?**

Only the cost of Part D covered drugs on a particular plan's formulary count toward the deductible and out-of-pocket limits. For example, a beneficiary who includes a drug expense in January, 2006 of \$300 for a coverage Part D drug that is not on her plan's formulary will not meet her deductible. Covered Part D drugs are defined as "a drug that is approved by the Food and Drug Administration, for which a prescription is required, and for which payment is required under Medicaid." Those drugs for which Medicaid payment is option are not covered under Part D. Part D Plans are not required to pay for all covered Part D drugs. Each plan may establish its own formularies, or list of covered drugs for which they will make payment, as long as it is approved by CMS.

### **Negative implications for Medicaid recipients**

Those who receive Medicaid and are also eligible for Part D are called "dual eligibles." Beginning January 1, 2006, dual eligibles will get drug coverage from Medicare Part D plans, rather than Medicaid. They will be automatically signed up for the program if they do not sign up voluntarily. Many dual eligibles will find themselves with less prescription drug coverage than they had under Medicaid and with less protection to challenge denials. In addition, they will have to make co-payments for their prescriptions, with the co-payment amounts increasing yearly.