

CSJ employees are particularly at risk to a little known Medi-Cal rule

by Marc Derendinger

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Let me share a true story of a phone call I recently received: Mrs. C. (the spouse of an un-named officer) phoned me at my insurance office on Saratoga Avenue, asking if her husband's Life Insurance contained cash value. She added, "I know there is no cash value, but Medi-Cal makes me call and re-confirm every year. You see, my husband retired at 55, and he had a stroke just six months later... I took care of him until the last two years, when he entered a nursing home (he

is currently age 70)."

Neither Mrs. C.'s health plan nor Medicare paid for her husband's care. They spent over \$100,000 of their savings and eventually applied for Medi-Cal. "...Medi-Cal has allowed me to keep my home and one car," continued Mrs. C, "however, they take all of my husband's retirement check, except \$2,200 per month."

Wow, her monthly household income just plummeted from \$5,000 to \$2,200! This is really the key point of this column: City of San Jose employees are especially vulnerable to the Medi-Cal "Share-of-Cost" rule, due to the high benefit levels of a very nice retirement plan. Why don't we hear more of this "Share-of-Cost" rule, which I nick-

name "Medi-Cal's dirty little secret?" Frankly, it just does not affect that many people. How many Medi-Cal recipients do you know who ever received \$6,000 monthly retirement checks?

For employees of this agency, this rule presents major planning problems. Those of you who are well organized and prepared in your financial affairs should know that just two years of long-term care services could wipe out a \$150,000 deferred comp. account. Further, your employer's Lifeguard, Kaiser and Blue Shield coverage contain specific exclusions, which deny coverage for this type of care.

These planning issues were brought to the attention of your employer, and in June 2001 a new

employee benefit plan was unveiled at the City of San Jose: The Prudential Long-term Care insurance Plan. The purpose of this plan is to help provide financial protection against the catastrophic costs associated with professional long-term care services (typically \$5,000 to \$7,000 per month in the San Jose area).

This is a voluntary plan, and you must take action to join it. You may enroll anytime. For more information, you may call Prudential directly at 1(800) 732-0416 or Marc Derendinger at (408) 252-7300.

Editor's Note: Marc Derendinger is our SJPOA insurance broker and can be reached at (408) 252-7300 or by email at: marc@derendinger.com ♦