

Health Care Information Sheet

Health care is a major concern for both owners and incoming farmers and ranchers and its potentially high costs should be addressed in the context of farm or ranch transfer.

Many older farmers worry about how they will pay for health care when they retire. This can have an impact on their transfer plans. Out of pocket health care costs often are the largest expense in retirement, especially if nursing home care is needed, so they must balance their goals for asset protection with potential health care needs.

Medicare is the federal health insurance program for people aged 65 or older and some younger people with disabilities or End-Stage Renal Disease. It provides several options including insurance just for hospitalization (Part A, usually free), medical (Part B, with a fee) and prescription drug insurance (Part D, also with a fee). Making choices for Parts B and D can be complicated so it is wise to consult with an advisor.

Health care also is a concern for incoming producers. Its high costs can affect their ability to purchase land and invest in a farming or ranching operation.

Health insurance is the best way to prepare for unexpected costs in the case of a serious accident or illness. Most health insurance policies also cover some preventive services, like shots and screening tests, at low or no cost. Many farmers/ranchers have private insurance through an employer because either they or their spouse has an off-farm job. Others buy private insurance or receive insurance through the Affordable Care Act.

Medicaid is a federal and state program that helps with healthcare costs for people with limited income. It also offers benefits not normally covered by Medicare, including nursing home care and personal care services. However, as "means tested" public health insurance, it requires spend-down of assets for eligibility. This means that applicants must use their own assets and spend them down to qualify as limited income before applying for Medicaid. There are limited exclusions for a personal residence, but not for business assets like agricultural land.

A Health Care Proxy, or living will, is a document used to name a trusted person to serve as your proxy, or agent, and make health care decisions for you if you can't speak for yourself.

Long term care insurance refers to a host of services which are not covered by regular health insurance. These include help with routine activities, like bathing or dressing, and the costs of care for chronic medical conditions, disabilities, or disorders. Most policies reimburse for care in a variety of settings, including a personal residence, a nursing home, or an assisted living facility.