

A the ALERT

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Website:
www.lasclev.org

Cash? Check? Credit Card? Debit Card? How Should You Pay?

Every time you buy something you get the same question.

“How will you be paying?” Or you may be asked “credit or debit” as you hand over the plastic card.

The newest trend has you inserting your own card and being asked, “Debit?”

Deciding how to pay for a purchase is not a simple matter.

Any choice you make has pluses and minuses. It will determine your consumer rights in the event of a problem, your ability to return the item if it doesn’t work and even how much you eventually end up paying.

As the Federal Deposit Insurance Corporation (FDIC) explains, “Every payment method has its virtues and shortcomings and much depends on your personal preferences and the specific situation. Still, you need to know enough about your payment options to make informed decisions.”

If you are a senior using plastic and you take the advice of a National Consumer Law Center (NCLC) study, you would opt for a credit card over a debit card so long as debit cards continue to provide fewer legal protections for consumers.

Here are some things to consider when making your payment decisions, according to the FDIC and consumer organizations.

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JANE E. FUMICH periodically alerts some 54,000 Cleveland and suburban seniors about threatening weather conditions. She heads the Cleveland Department of Aging. See story on Page 4.

How Should You Pay?

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PAYING WITH CREDIT CARDS

Major Pluses: If you must use credit, you can buy now and pay later. If you choose, you can pay much later by incurring what could be some high interest and other charges.

Credit cards are easy to use, are widely accepted and can be used to buy by mail, telephone or internet.

Credit cards are helpful in emergencies such as paying for unexpected medical care and expensive auto repairs

Credit cards allow you to consolidate many bills during a month and to pay for them with one check.

They are safer to carry than cash and if stolen can be replaced readily.

Potential Problems: Interest charges, fees and penalties can add up quickly. Not all banks give you 20 or 30 days before the interest charges begin. In fact, according to the FDIC, “that’s not the case with many banks today.” The result is that if you are paying a typical 18% interest on unpaid balances, you are paying 18% more for the things you buy starting on the day you buy them—even on sale items that seem to be a bargain.

As a coalition of national consumer organizations recently testified at a Congressional hearing on credit card practices:

Those rates may climb to 27% or higher “simply on the basis of a single transgression.” That “transgression” may be a late payment to a creditor other than the card issuer. Even getting a new credit card can trigger a higher rate in an existing account.

Making only minimum payments can quickly result in unmanageable debt and missing a payment can result in a fee of as much as \$35 and a higher interest rate.

Consumer Protections: Credit cards may offer you the best legal remedies against billing errors, damaged merchandise and other problems.

The federal Truth in Lending Act limits your losses to a maximum of \$50 if your credit card is lost or stolen.

The Fair Credit Billing Act protects you against billing mistakes and unauthorized charges. The Act also allows you to withhold payment on defective goods until the problem has been corrected, provided certain conditions are met. Those conditions include that the purchase is for more than \$50 from a merchant in Ohio or one located within 100 miles of your home. To dispute a billing error, you must report the problem to the creditor in writing—NOT BY PHONE—and your complaint must be received within 60 days after the creditor sent you the statement you question.



FDIC says, “The Fair Credit Billing Act is a big reason why most experts advise consumers to use

credit cards—not cash, checks or debit cards—when paying for big ticket items or services that you want to know will work as promised.”

Should you use a credit card to pay for small everyday expenses? If you pay off your credit card bill each month, it’s okay. But if you are not going to pay off the whole bill, then many experts advise you are better off using cash, checks or debit cards since those small purchases will cost a lot more once interest charges and late and other fees are added.

PAYING WITH DEBIT CARDS

Major Pluses: Debit cards are easy and fast. They are widely accepted by merchants although that may depend on the type of card you are using.

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Potential Problems: Consumer protections for debit cards are not as strong as those for credit cards. The money is deducted from your account very quickly. As a result, you do not have the option to stop payment to the merchant in a dispute.

A recent study of the Center for Responsible Lending found that banks automatically enroll customers in overdraft or "bounce protection" programs. Most banks, it found, do not warn customers or merchants at a time a debit card purchase is made that the customer has insufficient funds. Nor do they decline the transaction.

The result is that "customers pay the price and it is enormous" for the fees which really are finance charges for a loan. Debit card overdrafts cost people \$2.17 in fees for every dollar borrowed, compared to check overdrafts which cost 85 cents per dollar borrowed, according to the Center.

Consumer Protections: The Electronic Fund Transfer Act protects you if you believe there is an accounting error or if a thief uses your debit card or card number. If you believe there is an error in your billing statement, the law gives you 60 days after you receive the wrong statement to contact the financial institution.

If a thief has used your debit card, the law limits your losses to \$50 if you report an unauthorized withdrawal **within two business days of discovering the loss or theft of your debit card**. If you wait longer than two days to report, you could lose as much as \$500.

If you wait more than 60 days after getting the bank statement with the unauthorized transfers, the law doesn't require the bank to reimburse you for any losses due to unauthorized transfers made after the 60-day period.

"That means you could lose all the money in your account plus your maximum overdraft line of credit, if you have one," says a representative of the Federal Reserve Board's consumer affairs office.

(Some debit card issuers voluntarily put a \$50 limit on losses on "off-line" debit card transactions which do not require a PIN number for extra protection.) In all cases, you are not responsible for money withdrawn *after* you notify your bank about a lost or stolen card.

Safeguard your account number and your PIN number. Never write it on your card or carry it in your wallet or purse. **Memorize it.**

PAYING WITH CASH

Major Pluses: Paying with cash is simple. There are no fees, cards, machines, security numbers or identity checks. Everyone takes cash. You won't get into debt because it is money you already have and you can pay anonymously if privacy is a consideration.

Potential Problems: Cash does not provide the solid consumer protections that exist for other forms of payment. However, if you hold on to all receipts and warranties you will have a paper trail to help resolve disputes. Cash is easily lost or stolen.

Consumer Protections: There are only limited state, federal or industry protections if you pay for a product or service that turns out to be unsatisfactory. Any state law protections may require going to court if you can't resolve problems on your own.

As stated above, you need to keep all receipts, written warranties and other documentation if there is a problem with merchandise you bought with cash.

PAYING WITH CHECKS

Major Pluses: Checks are easy to use and mail and are widely accepted. They create a paper trail to prove who was paid and when. Or, at least, they did before financial institutions stopped returning cancelled checks. However, the checks generally are available in some form. Some checking accounts earn interest.

Potential Problems: Some merchants won't take a personal check. Checks can be easily lost or stolen. Depending on the source of the money in your account, your balance could be subject to attachment.

Consumer Protections: Your losses may be limited if your checks are stolen and your signature is forged but only if you immediately report thefts or forgeries. If you do not check your monthly statements and fail to discover unauthorized withdrawals within time limits, you could lose money.

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You have the right to stop payment on a check if you act quickly. But be prepared to pay what could be a hefty fee.

It is wise to comparison shop every few years to make

sure you are getting the best deal possible on your checking account. Some banks offer special deals if you have your Social Security or pension payments directly deposited. Keep extra checks in a secure place and carry only the checks you need.

Cleveland Seniors Can Get Help from City Programs

If you are an older person living in Cleveland, there are many programs available to help you.

“People want to remain in their own homes and to be independent as long as possible,” explains Jane E. Fumich, director of the city’s Department of Aging.

“For some it is a real struggle to remain independent with some degree of safety and comfort.”

That’s where the city comes in.

“We try to provide programs that help seniors live independently as long as possible or to lead them to other programs that may be available to help them,” she explains.

To do that, she adds, seniors need financial assistance to make repairs to their homes or need help with such basics as meals and homemaking.

The city’s programs range all the way from regular phone calls to check on seniors living alone to giving low-income seniors grants to pay for critical safety repairs to their homes.

The Aging Department’s staff of 23, assisted by other city employees and volunteers, serves 5,000 to 6,000 seniors each year. An estimated 77,000 residents of the city are 60 or older.

Often Ms. Fumich’s office will get a call from a concerned neighbor, a housing inspector, someone from the

Emergency Medical Service or a council member who identifies a senior in need of help. Other requests come from seniors themselves.

The Department of Aging has five outreach workers who are assigned to cover its 21 wards.

The outreach workers determine what the older person needs and do what they can to help them get the service they need. The services are usually free to the senior.

“We get calls when seniors have had their utilities disconnected or are threatened with a disconnection. A senior may need home-delivered meals or services such as homemaker assistance. They may have to relocate because of an eviction. Their roof may be leaking,” Ms. Fumich said, explaining some of the issues her department confronts.

About 200 seniors are signed up for the Cleveland Care Calls program. An automated dialing system calls to check on seniors signed up for the program. They are called at a time they choose. If there is no response, they are called every five minutes for a half hour. If they still don’t respond, the city attempts to reach the contact person named by the senior.

If the contact cannot be reached, the public safety department may check physically on the senior, Ms. Fumich said. For information about the program, call 216-664-6316.

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Cleveland Seniors Can Get Help

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Another telephone program the city conducts involves some 54,000 calls to Cleveland seniors and some suburban seniors.

Seniors receiving those automated calls hear the voice of Ms. Fumich alerting them to extreme weather conditions such as a high heat or air pollution index or extreme cold that may pose a danger to them and telling them what they can do to protect themselves.

Among the other programs of Cleveland's Department of Aging are:

CHORE PROGRAM: The city employs five workers to do home maintenance, including housework, simple repairs and installation of smoke and/or carbon monoxide detectors at no cost to seniors who are 60 or older. Group transportation is provided for grocery shopping. Working through Court Community Services, other workers mow lawns and shovel snow. Call 216-664- 2833.

SHAP PROGRAM: The Senior Homeowner Assistance Program provides grants to low-income seniors 60 or older who own and live in their homes to pay for critical health, safety or maintenance work such as roof repairs or replacement, major electrical or plumbing work, repairing or replacing outside steps, installing ramps and fixing up porches. Call 216-664-2833.

SENIOR STRIDES: Residents aged 55 or older get help with finding jobs, training and employment counseling. "We have people in their late 70's and 80's looking to work to make ends meet," explains Ms. Fumich. Call 216-664-4673.

BENEFITSCHECKUP: The AARP Senior Employment Program provides workers to help seniors 55 or older complete forms to determine whether they are eligible for local, state and federal assistance programs. "Then we do the checkup and send the information to seniors," says Ms. Fumich. "It is important to us because we know that hundreds of thousands in benefits for seniors go uncollected when they do not know about the benefit programs or they do not know how to apply." Once the benefit is brought to the attention of seniors, about 35% will apply on their own immediately to get it. "Others



need assistance," Ms. Fumich explains. Call 216-664-3418.

SENIOR GUEST HOUSE: In partnership with Fairhill Center for Aging and the Cuyahoga County Department of Senior and Adult Services, the guest house provides housing for seniors aged 60 or older who are in crisis or are living in unsafe conditions. "This is one of the best things we ever did," Ms. Fumich says. "It provides a place to stay for people who have no other options. They may have a gas leak that cannot be fixed for seven or 10 days. There may have been a fire or they were evicted."

Most of the guests are from Cleveland. They can stay for as long as 90 days as long as they can take care of themselves. Social workers help put together programs for their future care.

FRESH COAT CLEVELAND: In partnership with non-profit Cleveland Hope, the city provides free paint and volunteers from churches and businesses paint houses for seniors. "They are very grateful. One disabled veteran whose house was painted insisted on having a barbecue for the volunteers...One church even put in new windows and another planted rose bushes in addition to painting," according to Ms. Fumich.

SENIOR DAY: A city-wide celebration for seniors. See the box announcement on Page 7.

YARD CHARGE: Every November thousands of Boy Scouts rake leaves for Cleveland seniors. Last year they cleaned a thousand yards, putting the waste in biodegradable bags that were hauled to composting sites.

You May Be or May Not Be Responsible for Doctor Bills

If you are covered by Medicare and your doctor accepts assignment, you do not have to pay your doctor up front and then get reimbursed by Medicare.

That is true for all charges except for your deductible or coinsurance for which you are responsible if they are not covered by supplemental insurance, explains the Medicare Rights Center (MRC).

In Ohio, about 95% of providers of medical services do accept assignment, according to the Ohio Senior Health Insurance Information Program of the Department of Insurance (OSHIIP).

Can your doctor expect payment for more than the Medicare-allowed amount?

The answer is generally “no.”

Ohio is one of the states which requires all doctors not to charge a Medicare patient more than the Medicare-allowed amount even if they do not accept assignment.

So what happens when Medicare denies coverage for an item or service because it determines they were not medically reasonable and necessary or they are not covered services?

The answer, according to MRC, depends.

If you or the provider didn’t know and could not reasonably have been expected to know that the items or services would not be covered, then Medicare will pay.

However, if the provider knew or could have been expected to know that the charges wouldn’t be covered, the provider is responsible for the charges.

If you knew or could have been expected to know that the items or services were not going to be covered, you are responsible for the charges.

“Remember that you can always appeal Medicare’s decision. However, if you lose the appeal, you will be liable for payment,” says MRC.

Some providers who know a service is not covered will ask you to sign a waiver that says you agree to pay the full cost if Medicare does not pay. If you sign the form, you should ask the doctor to submit the claim to Medicare because it may pay anyway.

MRC also advises that if your doctor has opted out of Medicare—that the doctor has officially informed Medicare that he or she will not be part of the Medicare program—and you sign a form agreeing to pay for all of your care, you will be responsible for all of the bills.

In either of the above two situations, the doctor must clearly give you notice that you are waiving rights and you may be responsible for the bill.

Medicare will not pay for services you get from doctors who have opted out of Medicare except in emergency or urgent care situations.

“To avoid paying for the full cost of care, you should look for a doctor who accepts Medicare assignment,” advises the Center.

If you have questions about health insurance, phone OSHIIP toll-free at 1-800-686-1578.

Parma Couples Honored

Three senior Parma couples were among 28 couples honored by the state for their dedication to marriage and volunteerism at the eighth annual Joined Hearts in

Giving celebration at the governor's residence.

They are Al and Zora Cimperman, Bill and Stephanie Hasson and Joseph and Marlene Vargo.

May is Older Americans Month

The theme for 2007 is "Older Americans: Making Choices for a Healthier Future."

Cleveland Department of Aging invites
ALL SENIORS to the 18th Annual Senior Day

Thursday, May 24, 2007

It's all FREE

10 a.m.: Information Fair • 11 a.m.: Program • 12 noon: Lunch

Downtown at The Cleveland Convention Center, 500 Lakeside Avenue



Making **Choices**
for a **Healthier Future**

Volunteer Attorney Clinics

In collaboration with the Cleveland Bar Association, Legal Aid sponsors free clinics at which volunteer private attorneys provide brief advice and referral on civil matters only. Clinic attorneys do not represent you. However, you may be referred to Legal Aid or another service provider for help. Bring with you all of your papers that concern your problem. **All clinics are scheduled from 10 a.m. to 12 p.m. See list at right.**



SATURDAY, May 12, 2007 at the Deaconess-Krafft Center, 3105 Devonshire Court, Cleveland

SATURDAY, MAY 12, 2007, a second clinic that day, at a location to be announced in the Old Brooklyn section of Cleveland .

SATURDAY, JUNE 9, 2007 at a **West Side** location to be announced.

SATURDAY, JUNE 23, 2007 at an **East Side** location to be announced.

Please call Legal Aid at 216-687-1900 for information about the listed clinics and others that may be scheduled in your area.

The Legal Aid Society of Cleveland offers free legal services to low-income seniors. In Cuyahoga County, Seniors may complete an application for assistance by calling the special Senior Intake Line at 216-861-5479, 216-687-1900 or call toll free 1-888-817-3777

If you qualify for our services, we will either give you advice or educational materials to help you, schedule an appointment or refer you to a volunteer attorney.

If necessary, you may be scheduled to meet with an attorney. **If you are unable to come to our downtown office at 1223 West Sixth Street, an attorney can arrange to meet you at a senior citizen center or some other office near your home. *In other counties served by the Legal Aid Society of Cleveland, please call:***

ASHTABULA COUNTY

121 East Walnut
Jefferson, OH 44047
440-576-8120 or
866-873-9665 (toll free)

LAKE & GEAUGA COUNTIES

8 North State Street
Painesville, OH 44077
440-951-7240 (*western Lake County*)
440-352-6200 (*eastern Lake County*)
or
888-808-2800 (toll free)

LORAIN COUNTY

538 West Broad Street
Elyria, OH 44035
440-323-8240 or
800-444-7348 (toll free)



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