Cost-saving Medical Care Alternatives

Escalating premiums for the government's "Affordable Care" program, coupled with the collapse of liberal momentum for an omnibus Medicare or other national solution, has complicated the task of finding **affordable** medical care. This free report identifies some alternative ways to obtain coverage at a reasonable cost.

Individuals

HEALTHY INDIVIDUALS are no longer required to sign up for coverage under ACA ("Obamacare"). They can show up unannounced at major hospitals without coverage and will ultimately receive care—just as they always could. If however they want some "inexpensive" coverage, their first look should be to **short-term insurance**.

Short-term policies require positive responses to several logical key medical questions and are limited to 12 months coverage. By screening out serious medical conditions and limiting time exposure (lest serious conditions arise during the period of coverage) a number of quality companies are able offer individuals coverage at significantly lower cost.

Get a **short-term quote** and application HERE. (Linking coverage to Wayne allows him to assist the insured individual during the policy period, if necessary.)

UNHEALTHY INDIVIDUALS will usually find the best care through ACA ("Obamacare" – officially the "Patient Protection and Affordable Care Act," or "PPACA"). ACA plans cover nearly everything and do NOT exclude pre-existing conditions: for that reason, they are expensive – up to double the rates for short-term insurance noted above.

Republicans in Congress might prefer to terminate ACA, while Democrats would like it expanded to become universal coverage; hence, ACA appears to be stalemated in its present form for at least another 2 years. The next opportunity to apply for guaranteed-issue coverage under ACA is the open enrollment period November 1 – December 15, 2019. Special conditions allow application at other times.

If you're looking for 2019 ACA coverage, start HERE.

Businesses

The largest U.S. corporations will continue to do what they have always done: **self-insure**, covering employee costs and liabilities without the participation of any insurance company, while remaining relatively free from government control.

In an endeavor of major importance, Amazon has been working for about a year with Berkshire-Hathaway and JP Morgan to develop a more patient-centered health care system, with substantially reduced cost, for the three companies—and as a model for national application.

Large employers usually **partially self-fund** their coverage, increasing control while they reduce cost. They involve insurance companies, but send them less of their money. No surprise then that this technique—in which the employer effectively shoulders a deductible on the entire program—is used by most large employers.

In partial self-funding, the sponsoring employer structures and manages its own program, determining benefits to be provided, selecting the network to be used, choosing an administrator and then competing the insured part of the coverage above a preset employer deductible, among a number of stop-loss insurance carriers. Self-funded plans are exempt from state-mandated coverages (which generally add 10% or more to the cost.) The worst-case cost to run a self-funded plan is almost always lower than the best fully-insured quote, and in a good year a self-funded plan can actually become a profit center.

Until current legislation is repealed, employers of 50 or 100 (depending on the state) or more employees are required to either provide coverage or pay a substantial ACA penalty. And the insurance that is offered has to comply with a number of ACA requirements.

For businesses with less than 50 employees, there is no government requirement to carry group insurance. Be careful however, for you are not allowed to assist employees with their cost of coverage.

One of the positive (and unintended) benefits of ACA is that insurance providers have learned how to provide **partial self-funding** to **smaller businesses** whose members are in **good health.** Generally, **businesses with 10 employees** in relatively good health can now qualify for partial self-insurance, Click here for an explanation of how self-funding could work for you.

Other alternatives

Limited benefit plans reduce premiums substantially, in exchange for sharply restricted coverage for major medical conditions. Deductibles and copays are relatively low, which employees like, but coverage for surgeries and extended hospital stays is limited. To receive major medical benefits, concerned employees can add catastrophic individual policies or utilize community hospitals. These plans are most suitable for employers whose only other choice is dropping plan sponsorship altogether.

Health Savings Accounts (HSAs) are high-deductible programs that allow participants to defer pretax funds that will NEVER BE TAXED if they are used for medical, dental, vision and other approved expenses. The employer saves a little on premiums and the employee is given the opportunity to build a savings account that performs better than a 401(k) or IRA. HSA's were at one time in line for a boost by the Trump administration.

Many small group carriers allow 'split' plans, with an HSA offered alongside a 'premium' plan, featuring a lower deductible and office visit copays. The employer pays against the HSA plan and allows employees to pay the full cost of the extra features in the upgrade.

Limited eligibility: group carveouts. Companies with at least 50 employees have the ability to select which classes of employees will be entitled to receive insurance coverage (non-eligible classes can be excluded). Insurance companies that will provide this type of coverage are limited, but it can be done—if employer flexibility and a savvy agent are combined.

Enhancing individual policies. Employers that don't carry group coverage can assist their employees by installing a special form of 'flex' plan that allows employees to turn individual premium payments into pretax expenses.

Our recommended **action for small business owners** is:

- If you have a healthy group of 10 employees or more, look into **partial self-funding.**
- If less than 5, consider **concierge-care** for yourself.
- For serious healthcare issues at an elevated age, **look outside the U.S.**

There is one significant caveat to self-funding: if the business is likely to be heavily affected by deteriorating **economic conditions**, loss of medical insurance participation (through layoffs) could make it difficult for a company to live with a self-funding contract.

How may we help you?

Wayne has been in the small group medical insurance business for 30-years and is licensed to help you directly, if you're located in Texas. If you operate out of Dallas, Austin or nearby locations, he'd be happy to meet in person.

If you're located outside Texas, our recommendation is to contact the closest NAHU (National Association of Health Underwriters) office for referral to an agent.

If you have questions that your current/local agent cannot answer, or just want to explore your current options, Wayne is available by telephone for limited consulting: $200/hour, with a $100 minimum. To schedule an appointment, send an email to: support@familybusinessoffice.net.

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