



Memo

To: All Clients
From: Gregory Barford, CFP (Certified Financial Planner)
Date: December 15, 2017
Subject: Individual Health Care Options

The Individual Health Care Insurance Problem

I have been waiting to distribute this memo because I have been watching the United States Congress in their efforts to repeal and/or replace Obamacare (also called, for reasons unknown, the “Affordable” Care Act). Congress, however, has been slow to act; at the time of this writing they have not acted at all to solve the problem of providing truly affordable health care insurance to U.S. citizens. Therefore, I am presenting this information to you under the current circumstances. I will update any necessary information when – and if – the situation changes.

The individual health insurance markets across the USA continue to deteriorate as premiums rise – in 2018 increases of as much as 60 percent to 80 percent are expected in some areas of the country. A serious problem that contributes to the rise in premiums is the fact that insurers are leaving the marketplace – there may be only one choice in some areas, and Obamacare may be the only choice in other areas.

Healthy people – the backbone of the insurance payment pool – also are leaving individual carriers and going without insurance, or they are exploring other alternatives. The result is that there are fewer well people left, and people with health problems are becoming a larger percentage of the market. This situation means that premium increases will accelerate to the point where many people will not be able to pay their premiums. One State Commissioner of Insurance I spoke referred to this phenomenon as a “Death Spiral”.

People who have loyally paid their individual health insurance premiums for decades now may have to face the prospect of deciding to forego health insurance altogether; or they may have to make difficult decisions of what not to pay for (retirement contributions, their children’s education, their mortgage, and even food) so that they can pay their premiums. **Is this the true goal of Obamacare -- to cripple and destroy the middle class?**

Individual carriers in several States may have no option but to pull out of the health care insurance markets altogether. These carriers are regulated by the States, and State Insurance Commissions can exert pressure on these carriers to stay in the market, but the carriers may have to opt for bankruptcy and cease writing individual and group health care policies. Congress and the President, to date, have been unable to repeal Obamacare and provide a replacement for it. Perhaps carriers filing for bankruptcy and totally pulling out of the health care insurance market will light a fire under politicians. Something has to!

So, what are your alternatives to standard health care insurance or to Obamacare? One option is to do asset protection planning with a lawyer. However, this planning may force you into State Medicaid plans, which is a very bad idea.

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Another option is to replace your individual health care insurance policy with membership in a health care sharing ministry. Recently I have thoroughly investigated this option to determine if it is something I could refer my clients to as a reasonable and viable alternative to traditional health care insurance. **I found that, according to the Alliance of Health Care Sharing Ministries, there currently are more than one million Health Care Sharing participants.** Media sources have reported significant growth in participants over the past few years. So, this was something I thought was worth investigating.

Health Care Sharing Ministries

Health care sharing ministries are faith-based organizations that act as clearinghouses for paying members' medical bills. Members pay a certain amount monthly (generally based on their family size) and submit their eligible medical expenses for payment by the health care sharing ministry. Currently the average monthly premium for an average family across the four-main health care sharing ministries is \$482!

Each plan determines an annual amount that functions as a "deductible", although it may be called something else. These "deductibles" can range from \$500 to \$10,000 annually depending on several variables such as family size.

Caps – per incident and lifetime – also vary greatly from plan to plan and on your individual circumstances. Most of the ministries have a lifetime cap of some amount, and they all have caps that range from \$100k to \$250k per incident.

To function legitimately as a health care sharing ministry the organization must meet all of the following criteria:

- It must be a nonprofit entity as described in IRS code section 501(c)(3), and it must be tax exempt under section 501(a).
- Its members must share a common set of ethical or religious beliefs that forms the basis on which they share medical expenses among themselves.
- Its members must retain membership even after they develop a medical condition.
- It – or a predecessor organization – must have been in continuous existence and operation since 12/31/99.
- It must conduct an annual audit performed by an independent CPA firm in accordance with accounting standards, and it must make the audit report available to the public upon request.

Members who want to participate in these programs must make a statement of faith. In some cases, a statement may be required from a member's pastor. Members also must comply with the organization's rules regarding behavior (for instance, no smoking, no sex outside of marriage, no abortions).

All of the four major organizations listed below accept non-evangelical faiths, as long as the individual wishing to join signs the organization's profession of faith and complies with all other membership rules. Liberty HealthShare will accept *anyone* as a member (people of *any* faith – Christian or non-Christian -- who honestly profess a belief in God) ... as long as the person complies with all of Liberty's rules and regulations.

The Major Organizations That Offer Health Care Sharing Programs

The four major players in the field as of December 2017 are the following:

1. Christian Care Ministry's Medi-Share Program
2. Samaritan Ministries (and its Catholic arm CMF-CURO)
3. Christian Healthcare Ministries Inc.
4. Liberty HealthShare (and its Catholic arm Solidarity)

Each organization has different rules and regulations about membership, pre-existing conditions, deductibles, and preventive care. Each organization processes transactions somewhat differently, and costs and the percentage of members' contributions used for paying members' bills also differ from organization to organization.

Buyer Beware – or at Least Informed

As attractive as health care sharing ministries are, there are some important facts that a prospective member must be aware of before choosing this alternative over traditional health care insurance. Please make sure that you understand the ramifications that the following facts may have on your decision:

- Health care sharing ministry membership does not provide insurance coverage. Members have a great deal of responsibility for caring for their health and for getting their bills paid.
- Ministries are not bound by any regulations, and they are not governed by State Insurance Commissions. Members have no governmental recourse if something goes wrong or if they have a dispute with their health care sharing ministry.
- Insolvency may occur, and the ministry may be unable to pay your medical bills. There is no governmental safety net in this case.
- Pre-existing conditions, preventive care, and small expenses – including some prescriptions – may not be covered.
- Each ministry has different requirements for initial acceptance and for continuing membership.
- Premium costs are not deductible as medical costs, and it is not possible to deduct them as a charitable contribution either.
- Health care sharing ministry costs are not eligible for reimbursement plans or for Health Savings Accounts (HSAs).

And Here Is the Good News!

Members of a health care sharing ministry are not subject to the odious and onerous mandatory requirements of Obamacare!

My Recommendations

Two of the four programs listed above (see *The Major Organizations That Offer Health Care Sharing Programs*) stand out based on two important criteria: their financial health and the depth and breadth of their providers (the doctors and other health care professionals who provide care to the program's members). Note that if a health care sharing ministry does not have a provider program, then members are on their own for finding doctors who will accept the program and for negotiating prices for services.

Based on these two important criteria I can recommend Christian Care Ministry's Medi-Share program and Christian Healthcare Ministries Inc – they both have financial statements that demonstrate stability and sound financial health for the future. Medi-Share is my first choice based on the fact that it has a distinct advantage in its provider panel, which is much larger than any other program's. Medi-Share's program is so strong that it is acceptable by two top health care organizations: the Johns Hopkins Hospital in Baltimore and the Mayo Clinic, based in Rochester, Minnesota.

Health care sharing ministries are maturing and evolving in their provisions and rules and in the way they provide care and handle transactions. An organization that may work perfectly for one family may not work for another. Please call my office to discuss your specific situation so that we can explore a health care sharing ministry as an alternative to health insurance for you to consider.

This information is up to date at this point in time. However, there may be changes that are being made by the Health Care Sharing programs that may render the above information and recommendations inaccurate; please consult their web sites and by all means call them on the telephone.