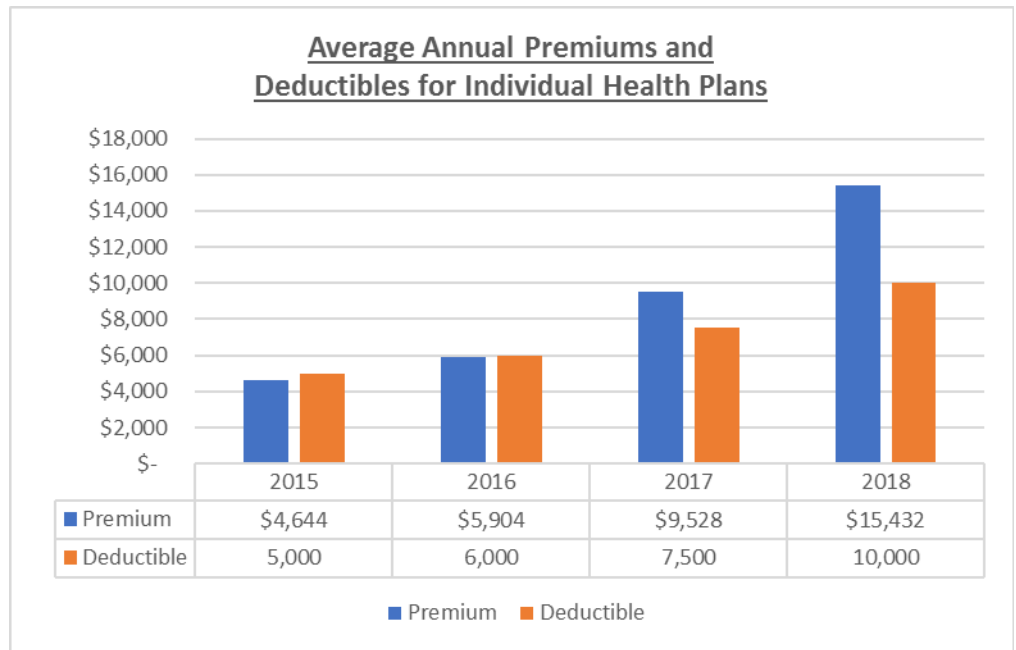




SOS (Save Our Ship) From Obama Care EDITORIAL

Obama Care needs to be repealed and replaced. The replacement plan is not totally clear, but this disastrous system needs to be fixed this year. Obama Care is having a very deleterious effect on the economy because of burgeoning costs for premiums and increases in deductibles that are ravaging middle-income households.

The graph below shows how much premiums and deductibles have increased – just over the past two years! From 2015 to 2017 premiums have more than doubled, and deductibles have increased by 50 percent. 2018 information is forecasted below, and the increases are even more damaging to middle- class Americans. \$15,000-plus premiums and \$10,000 deductibles will



consume the greater part of most families' net income. With increases of this magnitude on the horizon, many middle-income families are facing the dilemma of how to survive without health insurance. I am exploring this issue by looking at options and remedies, including those listed below, some of which are being considered by Congress for patching up Obama Care:

1. Allow people to buy insurance across State lines – this will increase competition which, in turn, will lower prices. This also will make States more responsive to their citizens' health insurance needs.
2. Do away with mandated coverage. Does an 86-year old male really need maternity care?
3. Raise the deductibles on Gold and Silver plans. These deductibles are too low; raising them would put more money into the insurance carriers hands and reduce premiums.

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5. There should be stiff penalties for people who enroll in an insurance plan only to cover a specific incident and then drop the insurance. Some surveys suggest that at least one-third of enrollees are doing this.

The United States offers the world's best health care when it comes to having the latest in technology and producing good outcomes. People from all over the world come to the United States for health care – especially for specialized illnesses and surgeries. Everyone in the United States – even the poor, who have access to Medicaid -- can get care.

Obama Care has only added to the dysfunction of health care costs. Many Congressional supporters of Obama Care designed it to be a system that would fail so that the government could step in and provide a single-payer system. Canada and European countries have single-payer systems. To demonstrate the illogic of single-payer systems: in Canada doctors are allowed to earn only a specified amount of money on an annual basis -- if a doctor has exceeded the annual limit in September, he has no incentive to work the rest of the year, and medical care suffers.

In the United States our physicians face the nightmare of various levels of reimbursement from payers. A cardiologist performing a complete catheterization for both sides of the heart (CPT code 93453) will receive a reimbursement of \$2,167 from a health insurance company; *Medicare will reimburse that doctor \$1,089*. Do the math; there is no incentive to see Medicare patients, and this is having a catastrophic effect on older patients – especially in rural areas where it is not uncommon to have to travel three hours to see a physician who will accept Medicare.

Single-payer systems do not work – especially for patients! Getting specialized care is a nightmare and opens the door for politicians to be able to influence the bureaucracy -- who are the payers. Just look at the totally disgraced Veterans Administration health care system – that is what we face if America switches to a single-payer system!

The individual health insurance market before Obama Care was a decent option for self-employed individuals and for individuals who did not have insurance from their employer. Health insurance applicants underwent a medical under-

Cash Flow Enhancement- *Homeowners' Insurance Prices Creep*

In reviewing a new client's year-end mortgage statement for 2016, we noticed that the homeowner property insurance was very high – it appeared to be at least 50 percent too high, and the premium had risen to \$2,700. I asked the client whether they had any claims in the last few years; the answer was “no.”

The house -- which is an average-size, single-family home -- was not in a tornado, hurricane, or earthquake zone, and it was not subject to any other natural disasters. About five years ago the premiums started to go up, and it looked as though there was no end in sight. *Fortunately, the client was able to shop around and save about a \$1,000 in the cost of the policy.*

What was the problem here? Insurance brokers are paid a commission of around 10 percent on premiums. The broker makes more money when the insurance company raises the price. Therefore, there is no incentive for the broker to question the insurance company or to shop around to find another company with a lower price.

A captive agent works for one insurance company such as State Farm, All State, or GEICO. An independent agent may sell insurance from many companies (except a captive insurance company). Working with an independent agent versus a captive agent is a much better option for the consumer because independent agents can obtain quotes from different companies.

When shopping for insurance, check out any organizations that you belong to. For instance, AAA offers very good deals on insurance, and they will compare rates for you. Also make sure you are getting *all* the discounts for which you are entitled – you can get discounts for multiple policies, length of time with the insurance company,

Taxes-

The Trump Tax Plan-Yes!

The principles of the Trump tax plan as outlined in his “2017 Tax Reform for Economic Growth and American Jobs” is what all of us in this country need. The overall tax simplification works, and getting rid of the alternative minimum tax that wreaks havoc on the middle class is long overdue. Equally exciting is the 15 percent flat business income tax on large public companies that will make them pay a minimum amount of tax in the USA rather than park their money overseas at other countries’ very low tax rates.

Highlights for Individuals

Having three proposed tax brackets of 10 percent, 25 percent, and 35 percent compared to the current seven brackets.

Doubling the standard deduction and preserving dependent care expense deductions.

Preserving deductions for mortgage interest, real estate taxes, and charitable contributions.

Death to the alternative minimum tax.

Death to the Obama Care 3.8 percent investment tax (this is a 3.8 percent tax on interest, dividends, and capital gains on income in excess of \$200,000).

What was missing were deductions for medical expenses including health insurance.

Highlights for Businesses

A flat 15 percent tax on all business income. This appears to include pass-through businesses such as LLCs, partnerships, S Corporations, and sole proprietorships.

No more special tax credits and deductions that mainly benefit large public corporations.

Deleting Section 179 deductions (100 percent write off of fixed asset purchases) and bonus depreciation.

However, there still will be depreciation of fixed assets over a period of 5 to 10 years.

I agree with the elimination of the Section 179 deduction. Businesses will make decisions on fixed asset purchases based on the cash flow of the purchase rather than the immediate income tax deduction. Moreover, a lot of taxpayers cannot always use all of the Section 179 deduction in the first year because they do not have basis in the company; the Section 179 deduction will carry over to future years. Eliminating the Section 179 deduction, will have an adverse

Personal Financial Planning-

Health Insurance Options

The gold standard for health insurance has always been a Blue Cross-Blue Shield* policy that allows you to go out of the network and get care anywhere in the USA. Nevertheless, I am looking at possible alternatives for health insurance in 2018 assuming that premiums will rise more than 30 percent.

I am looking at Medi-Share and The Health Co-op as options to Blue Cross-Blue Shield. These are not insurance plans; they are co-operatives where members reimburse each other for out-of-pocket medical costs. I will evaluate how the process works, what services are and are not covered, the financial strength of the co-op, and whether medical providers will accept participation with these co-ops.

It is very important to remember that insurance companies do not arbitrarily set the price for insurance premiums. Each year the insurance companies petition each State they operate in and provide claim expense information, other pertinent information, and proposed changes to the current rates. The States approve, modify, or deny the rate request. The States have done an excellent job of protecting consumers and maintaining the financial health of the insurance companies.

BLB: Banks Have Few Takers For Loans

Banks want to lend money real bad, but there is little demand from qualified borrowers to borrow money. Competition is heating up from direct mail lenders, who are sending checks of \$100,000 to qualified businesses. These checks are for real and all the business has to do is deposit them into their bank account. The fine print on the check reveals it is a promissory note, payable over 36 months at an interest rate of 6%.

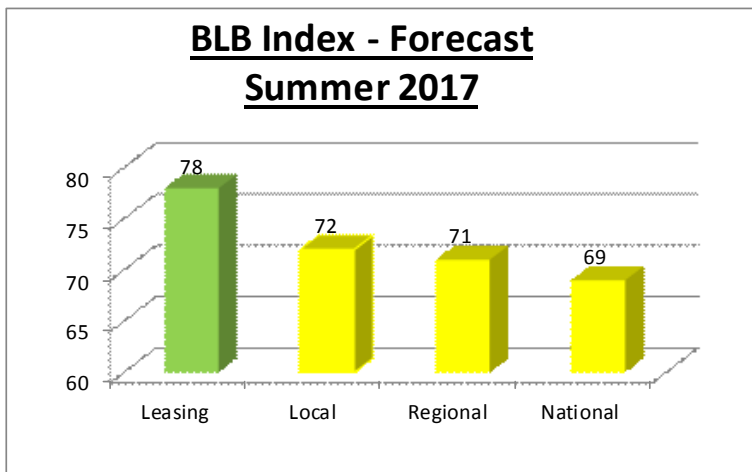
The bank sending out these checks has done a good job of screening the respective business. For example, a minimum credit score for the business owner has to be met, there are no pending judgement or liens filed, and the business is in good standing. This is a deal, but not the best deal for a business.

The best deal for a business is to have a line of credit in place from a local commercial bank for at least \$100,000. Make sure these lines of credit are in place now. Some of my clients still do not have the lines in place.



Bank Lending Barometer(BLB)

**BLB Index - Forecast
Summer 2017**



Score	Lending	Description
76-100	Jackpot	Here's the Money! We'll do the paperwork later.
51-75	OK	Let's see what we can do.
26-50	Tight	I would lend you the money, but underwriting is killing most of my deals now.
0-25	Very Tight	I know you have 100% cash pledged for the loan, but we don't have the money.



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Publication Information

Publisher: Gregory A. Barford
Writers: Gregory A. Barford,;Muphen Whitney
Graphic Designer: Alex Barford

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