



# Personal Health Insurance Survival Issue

**EDITORIAL**

## **This Issue Addresses the Coming Health Care Meltdown**

This issue of the newsletter is following in the tradition of the two newsletter issues I devoted to personal and business financial survival during the economic crisis and stock market meltdown of 2008 and 2009. This issue discusses how you can survive the health care insurance meltdown by holding onto your assets and still being healthy. I will focus on actions that you can take yourself before waiting for the government to take action (don't hold your breath).

It is highly unlikely that a repeal of Obama Care will take place in 2017 to prevent a health care meltdown. Many people, who have always had health care insurance, now call me in a panic because they are faced with the prospect of deciding whether to forgo their health insurance so they can keep their houses. Is this the intent of Obama Care: to force people to sell their houses so that they can afford medical care? This is forced socialism (I could use other words to describe this).

Under Obama Care (aka the Affordable Care Act) individual health care premiums have risen an average of 32 percent, 48 percent, and 52 percent for the last three years (ending in 2016). Even worse, ***the projected increase in 2018 for premiums is slated to be approximately 60 percent on average.***

Deductibles have risen as premiums have risen to make the premiums "affordable." This is a new definition of "affordable": for 2017 the deductible for the least affordable plan was up to \$6,550 for in-network care and \$15,000 for out-of-network care. The projected deductible for the same plan in 2018 is slated to be \$9,545 in network and \$20,500 out-of-network.

It used to be that people could consult a health insurance broker to find the best plan for themselves and their family. These days, however, there is very little that health insurance brokers can do to help you. First of all, 60 percent of health insurance brokers have gotten out of the business in the last 10 years. The primary reason for this is that insurance companies have cut the commissions for these brokers. Beginning in 2017 Cigna and Aetna stopped paying commissions to brokers completely. Because commissions are paid on the dollar amount of premiums, brokers still in the business may steer customers to higher-cost plans.

In a worst-case scenario, a person may need to pay \$39,700 in health care expenses including premiums and deductibles in 2018. For people in their late 50s and older this is a scary thought; it means that they may have to sell their house and liquidate their

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## What You Can Do to Help Yourself and Your Family Have Decent Health Care

First of all, you need to know where you and your family stand today. You need to take an inventory of your financial, family, health, and retirement status. The table below will help you evaluate your situation and put it into perspective.

<b>Financial</b>	<ol style="list-style-type: none"> <li>1. How much do you have in assets and liabilities?</li> <li>2. What is your present income and expenses?</li> <li>3. What do you project your future income and expenses to be?</li> <li>4. Streamline and cut your personal expenses; there is always fat that can be cut.</li> <li>5. Actively plan for and take steps to minimize income taxes.</li> </ol>
<b>Family</b>	<ol style="list-style-type: none"> <li>1. Are you losing or adding dependents?</li> <li>2. Has there been or will there be a change in your marital status?</li> </ol>
<b>Retirement</b>	<ol style="list-style-type: none"> <li>1. At what age do you want to retire?</li> <li>2. Can you delay retirement and work longer?</li> </ol>
<b>Health</b>	<ol style="list-style-type: none"> <li>1. Get a first-class physical now.</li> <li>2. What is your overall health situation?</li> <li>3. What personal steps can you take to reduce your overall risk of health issues through diet, exercise, and other non-drug therapies?</li> </ol>
<b>Health Insurance</b>	<ol style="list-style-type: none"> <li>1. How far away are you from qualifying for Medicare?</li> <li>2. What is the current projected increase of your health insurance for 2018?</li> <li>3. Shop for insurance with other companies to see what their rates will be for 2018.</li> <li>4. Do you have a chronic, costly health condition that requires you to have health insurance?</li> </ol>

After going through the review phase above, answer the following questions.

1. Can you afford to pay the health insurance premiums and the related deductibles.?	Yes: Pay the premium; otherwise, go to Step 2.
2. Would you consider joining a health care sharing ministry?	Yes: Read what I have written on the following page about these ministries that are a form of sharing your costs for healthcare; otherwise, go to Step 3.
3. Look at asset protection steps.	The major problem with asset protection is that you may have to rely on Medicaid for your health care.

### Medicaid

Medicaid is government-paid medical care. The physician reimbursements are so low that most doctors will not accept Medicaid at all. The care from Medicaid varies widely and can be very substandard. This is a bad option to have to accept, but some people may have no other option.

### Asset Protection

Asset protection is a process of legally sheltering assets from creditors. This process may involve retitling assets, transferring assets to insurance companies to receive annuity income, and other planning actions. Everyone has a unique situation, and each state has different laws that affect one's ability to shelter assets. You need to seek legal counsel in the state you reside in. I can provide you with guidance for the type of lawyer you need to work with. Moreover, I can review from a financial planning aspect any plan that the lawyer proposes.

## Health Care Sharing Ministries

Health Care Sharing Ministries may be an option to consider to cover some of your medical expenses. These organizations operate like an insurance company when processing health claims from members. However, these organizations are not insurance companies; therefore, they are not regulated by federal, state, or local governments. **There is no guarantee that these organizations have to maintain sufficient reserves of cash to pay high claims, and there is no guarantee that your medical bills will be paid by other members.**

### Important Facts About Health Care Ministries

- These ministries operate as nonprofit organizations under IRS Code Section 501(c)(3).
- Members share common ethical or religious beliefs for sharing medical expenses among themselves.
- Members retain memberships even after they develop a medical condition.
- These ministries have been in continuous existence since 12/31/99.
- A health care ministry is required to have an independent audit performed by an independent CPA in accordance GAAP standards. The audit report must be made available to the public.
- A member who joins the organization is exempt from Obama Care's mandatory insurance provision and penalty.
- Members are not obligated to be assessed or to be liable for other members' medical bills.
- Health care ministries include organizations such as Samaritan Ministries, Christian Care Ministry MediShare Program, and Christian Healthcare Ministries, Inc.

### Further Investigation Into Health Care Ministries

It appears that more and more medical providers are accepting assignment of payments from health care ministries just as they do from regular insurance companies.

I want to make it clear that I have been skeptical of these plans in the past, and I have never recommended them. However, as premium increases make personal and group health care plans unaffordable I am willing to do more research into these plans to see if they are viable and worthwhile.

I am in the process of obtaining financial information, premium costs, deductible amounts, limits of coverage, and other information from health care ministries. I also plan on undertaking a thorough investigation that will include the following:

- Contacting at least two of the top-rated hospitals in the world (the Johns Hopkins Hospital in Baltimore and the Mayo Clinic in Rochester, Minnesota) to see if they participate in accepting benefits payments in full for services provided to members.
- Conducting interviews with health care ministries about any contingency plans they have for claims that may be in excess of their net assets.
- Contacting certain State Insurance Commissions and reviewing any complaints about health care ministries.
- Determining who is allowed as a member and under what terms and conditions.

**STAY TUNED!**

**Alternative Plan for Obama Care**

I have developed my own health care insurance to replace Obama Care. The key parts of the plan follow:

1. Everybody will have to obtain health insurance, just like every vehicle needs to be insured. This basic insurance will have a high deductible plan. The penalty for not having insurance right now goes to the U.S. Treasury, thus in my plan the premium will go to insurance companies and this will reduce rates.
2. The deduction for HSA savings account will be increased to \$20,000. In addition, the deduction for health insurance and related medical expenses will be deducted from gross income. Presently, medical expenses can only be deducted when medical expenses exceed 10% of adjusted gross income.
3. Give small businesses a tax credit of 20% for the premiums the employers pay for each employee enrolled for health insurance. The current health insurance tax credit can almost can never be used by any small business; the credit is restricted by low average wages rates, number of employees, and amount paid by the employer.
4. Allow health insurance to be sold across state lines and allow individuals to form their own groups to have the same buying power.

**See the boxes below which are actual premium notices from health insurance carriers. The deductible were \$8,250 in 2016 and \$11,250 in 2017. The premiums and deductibles will**

**in-**

**Your premium:** The monthly premium you paid in 2016 was \$491.87. Beginning January 1, 2017, your monthly premium will change to \$794.31 for the coverage plan you have been automatically renewed into.

Please understand that premium rates are approved by State regulators pursuant to strict federal and state rules. We deeply regret increases, but these rates realistically reflect the actual costs of providing care to you and all other individuals who have bought coverage under the ACA.

**Second,** your monthly premium in 2015 was \$387.35. Beginning January 1, 2016, your monthly premium will change to \$491.87 for the most comparable coverage plan as shown in the Benefit Comparison Chart.

Premium rates are governed by strict federal and state rules and all CareFirst rates are reviewed and approved by health insurance regulators. We regret increases, but these rates realistically reflect the actual costs of providing care to you and all other individuals who have bought coverage under the ACA.



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