

Medical Health AND Financial Health?



with Mary Drueke-Collins

Now that the Affordable Care Act (ACA), aka Health Care Reform is in full swing, we are all getting used to the 'new normal' in health insurance coverages. One of the biggest impacts, and most difficult for many people to get used to, are the significant out of pocket costs associated with insurance (deductibles, coinsurance and copayments). The ACA imposed a maximum out of pocket requirement on health insurance plans. An unfortunate result of that 'allowed' maximum out of pocket is that the majority of health insurance plans available in the market today have coverage coinciding with that maximum out of pocket. In 2016, that maximum is \$6,850 for an individual and \$13,700 for a family. For most of us, that is significantly higher than we were used to before ACA.

This change has had an unfortunate impact to the financial well-being of many individuals. A recent Harvard University study showed that medical expenses were the top reason people filed personal bankruptcy – nearly 62% of all bankruptcies were a result of medical bills. The study also showed that 72% of those people filing bankruptcy had some type of health insurance! It is easy to understand why this problem exists. Nearly one-third of American families are termed the 'working-poor', living paycheck to paycheck. A catastrophic medical event, even a simple emergency room bill could be too much for most families to handle. After the family pays for the out of pocket expenses associated with their health care bills, there is little left for the day-to-day expenses – transportation, food and housing. Our choices come down to our most basic instinct, survival, so we pay the daily expenses.

Fortunately, there is a way to manage these out of pocket costs - worksite or voluntary insurance. Worksite products include coverages like Catastrophic Accident, Hospital Indemnity, Cancer or Critical Illness coverages and Disability Insurance. As the need for these products becomes more evident, more insurers offer them and the market becomes more competitive. Some of the most trusted health insurance companies are now in the worksite business. That is a great thing for consumers! As the number of insurers offering the products increases, the products themselves become better and the cost for this coverage becomes more affordable.

Worksite products are no longer just something "nice to have" in case of a medical malady. They have become a viable way for us as consumers to maintain our financial health. These products pay the purchaser flat amounts for medical services, like hospital stays, diagnostic tests, emergency room visits or a diagnosis of a critical illness like cancer or a heart attack. Most policies even pay you for getting an annual exam, a service already covered by your health insurance policy. Disability coverage is like insurance for your paycheck, paying you a portion of your income if you are unable to work due to an accident or illness. In all of these products, the payments are made directly to the employee and help employees pay for the deductible and other out of pocket costs associated with these serious conditions, even helping with those every day expenses.

It is common knowledge that we are not a country of savers. Luckily, there are insurance products available to help us manage some of the additional costs of being sick. It is all a function of knowing what you need to do to maintain your financial health and well-being.

For more information, please contact your trusted advisor at Swartzbaugh-Farber – 'Client Centered – Client Advocates™'.