

THE **glass** IS half full.



with kevin harrington

JUST as people begin moving forward with a better financial outlook, another change occurs affecting one of the largest sectors of the U.S. economy— Health Care Reform, aka the Affordable Care Act (ACA). Although there are many positive aspects of the law, some changes have been less favorable. The out of pocket costs associated with insurance (deductibles, coinsurance and copayments) for many individuals increased significantly in 2014. ACA imposed a maximum out of pocket requirement on health insurance plans. The majority of health insurance plans today offer coverage coinciding with that maximum out of pocket - \$6,350 for an individual and \$12,700 for a family. For most of us, that is quite a bit higher than in the past.

This change is an unfortunate situation for many individuals. An alarming statistic already exists in the U.S: sixty-seven percent of the families that have filed bankruptcy due to medical expenses actually had health insurance. It is easy to understand why this problem exists. 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.

Thousands of well-intentioned employers find themselves in the common paradox of finding affordable health insurance coverage and choosing a health plan that keeps an employee's out of pocket at a manageable level. In order to provide everything required under ACA and still keep the costs affordable, the out of pocket on the coverage must increase. An unintended consequence of this is that for many of the employees, that out of pocket amount is higher than they can reasonably afford.

Nevertheless, the glass can still be seen as half-full! All these changes are creating an opportunity for a more affordable way to manage these out of pocket costs. In the past, insurance companies that provided catastrophic accident, hospital or cancer coverage were limited to only a few extremely aggressive companies. We often refer to these products as worksite or voluntary insurance / indemnity coverage. As the need for these products becomes more evident, more insurers want to participate 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 hospital stays, tests, emergency room visits or a diagnosis of a critical illness like cancer or a heart attack. These amounts 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™’.