



## Healthcare Reform: The Individual-Small Group Seesaw

There are still many questions about the Patient Protection and Affordable Care Act of 2010, how it will impact medical insurance companies and those providing benefits in our medical system. I can't begin to evaluate how good or bad the legislation will be because I fear it has not addressed many of the real costs of insurance premiums. I have never known a small business owner who went into business to buy health insurance for their employees. Buying medical insurance has helped companies retain and recruit employees by providing benefits. Employer contributions make coverage more affordable for those employees. The Patient Protection Act will provide subsidies to some workers but only those earning less than 400% of the federal poverty level (\$43,320 for an individual and \$88,200 for a family of four in 2010).

Employees may see a loss of work-based coverage under the new law. Healthcare reform makes it easy for a small business owner to get out of the insurance business and employers may also benefit from no longer having to shop for health insurance for their workers. They may opt to give their employees a raise to cover some of the costs. No more bookkeeping stress.

Individuals can be directed to a ULR for the state health insurance exchange. How successful these exchanges will be is unknown at this time. An individual will be able to purchase basic plans and can choose his own coverages. He can keep his plan if he changes jobs. This is a benefit to some individuals.

How the Patient Protection and Affordable Care Act will end up is speculative. One thing is certain at this point; we will not see premiums decrease any time soon! In fact, based on various surveys you can expect to see:

- HMO plans are expected to increase at a faster rate than PPO costs.
- With new regulations and costs expected to increase, employers have to decide to continue the trend or pass costs down to employees.
- Not all costs are expected to increase. There are no significant changes in coverage for dental, vision, life insurance, disability or other ancillary products.

## **New Healthcare Taxes Leave Health Savings Accounts (HSA) Untouched (almost)**



In prior newsletter, I have touted the advantages of Health Savings Accounts (HSA). See <http://adamsinsuranceagency.com/newslettersmore/hsamedicalsavings.html> and most recently <http://adamsinsuranceagency.com/newslettersmore/hsa2010contributions.html>. It seems very little was asked of health savings accounts. Could it be that their real contribution to healthcare reform has yet to be seen?

Effective January 1, 2011;

- Tax free HSA dollars can no longer be used to purchase over the counter drugs not prescribed by a doctor.
- The tax on a HSA distribution that is not used for qualified medical expenses will increase to 20% from 10%.

It appears one tax break that healthcare reformers originally targeted has gone largely untouched. The HSA was a part of the George W. Bush healthcare reform bill which also gave us Medicare Part D. HSA is a tax advantaged medical

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savings account that is available for qualified high deductible health plans. (These plans usually have cheaper premiums than traditional plans because of their high deductibles.) Triple tax advantages (savings are deductible, interest is tax free and funds can be removed from the account tax-free to pay for qualified medical expenses) coupled with funds that roll over and accumulate year to year if not spent, have made these plans attractive to both young and healthy individuals.

HSA's appear to be good for Healthcare reform! If you don't have a plan in force, call us. We may be able to help for any catastrophic illnesses and help you save for your future.

**New Medicare Supplement Plans affective June 1, 2010**

The Medicare Improvements for **Patients and Providers Act of 2008** passed July 15, 2008 enacted new changes to Medicare Supplement standardized plans beginning June 1, 2010. Plans E, H, I and J are no longer offered for sale. Plans M and N are introduced offering higher cost-sharing with lower premiums. Medicare Part B excess charges coverage is increased from 80% to 100% for Plan G. If you are interested in comparing your existing Medicare Supplement plan to any of the new plans, give us a call. And don't forget to check your existing plan for any additional discount programs. These discounts can help you save money and stay healthier.

**Southwest Wildfire Season Poised to Ignite** Source: AccuWeather.com

Southwestern states could face a particularly troubling fire season this year according to AccuWeather.com reports. The company said moisture from winter storms has spurred spring growth of brush and foliage. And now that the growth is drying out and dying under the summer sunshine, it is more susceptible to becoming fuel for wildfires, which often are caused by lightning.

Not all days of the summer are the same as far as fire danger is concerned, AccuWeather.com said. While days with low humidity are very common in the summer, days with a stiff breeze or gusty winds are more rare. When the two get together, with or without soaring temperatures, the fire danger skyrockets.

"A cool down, gusty winds and low humidity levels will raise the fire danger," the company said. "Any fire that gets going could spread rapidly."

While, nationally, the number of wildfires is down for the year so far compared to last year, there is potential for the number of wildfires to jump suddenly, largely due to building drought conditions in the Southwest. Many areas of Southwest had their wettest, early and middle parts of the winter in years.

According to the National Interagency Fire Center, this year through June 10, there have been about 970,000 wildfires nationally. During 2009 through June 10, due to very dry conditions throughout the winter and spring, there were nearly 1.6 million wildfires across the nation.

Prevailing wet conditions this past winter and spring in the Northwest, Northeast and Southeast have resulted in lower than average numbers of wildfires thus far.

Although the foliage and brush are not at its driest state as the mid- and late-summer months, an abrupt and early end to spring rains has accelerated the drying process of the spring growth in the Southwest, the company said.

Make sure you have cleared the brush from around your home, sweep your gutters, have an evacuation plan ready, Disconnect the garage door opener so the door will open if there is no power. Check out <http://www.sandiego.gov/fireandems/> for more info.