



What happens now...?

Will the government provide health insurance...or will it be the same old thing...rising medical costs?

With the new Obama inauguration, government control of the health industry is once again on the agenda of the new administration.

On Dec. 1, 2008 the Los Angeles Times reported from Washington;

“After decades of failed efforts to reshape the nation's healthcare system, a consensus appears to be emerging in Washington about how to achieve the elusive goal of providing medical insurance to all Americans.

The answer, say leading groups of businesses, hospitals, doctors, labor unions and insurance companies as well as senior lawmakers on Capitol Hill and members of the new Obama administration is unprecedented government intervention to create a system of universal protection.

At the same time, those groups, which span the ideological and political spectrum, largely have agreed to preserve the employer-based system through which most Americans get their health insurance.

The idea of a federal, single-payer system patterned on those in Europe and Canada, long a dream of the political left, is now virtually off the table.

There also is a widespread understanding that any expansion of coverage must be accompanied by aggressive efforts to bring down costs and reward quality care. And key players in the healthcare debate increasingly back a massive investment of taxpayer money for healthcare reform despite the burgeoning budget deficits.”

So what does all the rhetoric mean? There is widespread belief that the approximately 46 million uninsured will be pushed to buy private insurance or

be enrolled in a government plan similar to Medicare or Medical. Contentious as this may be, it may be years before these issues are resolved.

What can you do? You can add health insurance or change your current plan to a HSA? Better yet, what can you do to reduce the cost of your current employee sponsored health insurance program?

Here is what we did this past year and it is working for our family. We joined a Health Savings Account (HSA). It reduced our premium by approximately \$700 a month and we now put that savings into a tax deferred account that will pay future medical costs and many other health related services.

What is a Health Savings Account (HSA)?



An HSA is a savings account that is paired with a qualified High-Deductible Health Plan to cover eligible medical expenses not covered by the health plan.

HSAs are a great way for consumers to pay for medical expenses and save for the future. Thanks to new Medicare Reform laws, most individuals with a qualified High-Deductible Medical plan can open an HSA and start taking more control over their healthcare dollars.

What is the Value of the HSA ?

- Lower current premium cost to employers
- Lower current payroll deduction to employees
- Tax advantaged vehicle to save for the future
- Fosters cost-conscious consumer choices
- Encourage greater transparency in provider pricing / quality reporting

What can you use your HSA funds to pay for ?

- medical expenses before you meet your deductible
- services not covered by your health plan
- COBRA coverage during periods of unemployment
- medical expenses after retirement
- long-term care expenses
- Annual Health exams
- Pre-natal and well childcare
- Child and adult immunizations
- Smoking cessation programs
- Obesity weight loss programs
- Screenings like mammograms, PSA tests

Balances (Assumes a \$2,000 Deductible and Deposit Each Yr.)

| Account Balance After X Years | Age of Head of Household Starting at 25 | After Individual Medical Expenses of \$1,000 Each Yr | After Individual Medical Expenses of \$500 Each Yr | Zero Individual Medical Expenses |
|-------------------------------|---|--|--|----------------------------------|
| 5 Years | 30 | \$5,802 | \$8,703 | \$11,604 |
| 10 Years | 35 | \$13,207 | \$19,810 | \$26,414 |
| 15 Years | 40 | \$22,657 | \$33,986 | \$44,315 |
| 20 Years | 45 | \$34,719 | \$52,079 | \$69,439 |
| 25 Years | 50 | \$50,113 | \$75,170 | \$100,227 |
| 30 Years | 55 | \$69,761 | \$104,641 | \$139,522 |
| 35 Years | 60 | \$94,836 | \$142,254 | \$189,673 |
| 40 Years | 65 | \$126,840 | \$190,260 | \$253,680 |

What are the advantages to me the employee or my employer?

Advantages to Employers?

- ✓ Reduce health care cost
- ✓ Promote employee accountability
- ✓ Reduce actual spending and rate of growth for their health care benefit plan costs
- ✓ Simplify benefit administration through defined contributions
- ✓ Can govern how their contributions are used.
- ✓ Lower the payroll base used to set workers compensation premiums and payroll tax contributions.

Advantages to Employees?

- ✓ Pay for dental, vision, long-term care premiums, alternative medicine and covered services
- ✓ Contributions and earnings grow tax-free and are portable
- ✓ Accounts can accumulate over time in tax-sheltered investments
- ✓ Premiums are affordable and tend to be more stable over time.

Possible Savings For Individuals With An HSA

- Assumes 5% interest per year, and 100% of a \$2,000 deductible is deposited each year. One Medical Savings Account insurer has paid 5% interest on balances in their Medical Savings Accounts since January 1, 1997, and has not changed their interest rate since 1/1/97. Source: The HSA Coalition, 2004

Check out our multitude of individual and group medical insurance companies on the web at www.adamsinsuranceagency.com.

Karen Adams, owner-operator of **Adams Insurance Agency**, has been a broker since 1979. She has helped hundreds of Californians find the best plans at the most economical prices for their businesses, homes, auto, including medical and life insurance. She was born and raised in Orange County and graduated from Cal State Fullerton.

"No one really likes to pay for insurance. However, it is an essential service and our goal--to help the client understand insurance is the one thing they can't buy after they need it. Insurance is a process of exchanging pennies for dollars to protect assets and loved ones when they need it. And they will need it" says



Karen. Go to

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