

Tips to Survive Catastrophic Health Care Costs

Healthcare is becoming a very expensive commodity, rapidly priced above what most of us can afford. The problem is that since we're human we do need periodic maintenance and repair. Insurance companies are posting record profits while charging patients more dollars for less coverage and reimbursing providers at progressively lower rates to maximize their profits.

Unfortunately the insurance industry has placed so many restrictions on most physicians' ability to provide the care that patients deserve. Many doctors find themselves unable to continue in good conscience to participate in the insurer's ploy.

Other physicians have simply "opted out" of not only the managed care plans, but even Medicare. From the physician's perspective, Medicare rates are well below what they should be. We've seen progressive cuts in reimbursement for most of the past decade. Counter this with the fact that attorneys and other professionals have seen a net increase in wages of about 20%, physicians have lost about 12% in their income during this period. At the same time we've had to content with the rising prices that affect all of us, but also with an incredible rise in the premiums for malpractice insurance. Medicine used to be considered a "sure thing" to have a guaranteed good income for life. The downside that it required many expensive years of education and long hours of work once the education was completed, as well as maintenance of training, board certification etc. balanced the higher anticipated earnings of physicians.

Some physicians charge an extra fee as "concierge" or "VIP" practices, typically a fee of about \$1,500 per person to belong to that practice.

Is there a solution or alternative?

Fortunately YES, there are options, but it may require "thinking outside the box".

Typically all of the managed care plans have provisions that require a deductible to be met, once met they will reimburse the patient for their visits/expenses per their policy. Typically this is an "80/20" (percent) split.

Insurance companies are in business to assume risk. The more risk that they assume, the larger the fee (premium) that is charged. The insurer's charge a larger premium to cover that higher risk. As an example, I bet my insurer company every year that my house will burn down. They've won the bet every year, but I won't stop betting with them, because if I win, they need to replace my house—something I could not afford to do. My car insurance company would love to insure my car to cover oil changes. The routine maintenance of my car would lead to excessive premiums I could not afford to pay, so I opt to pay for my own vehicle maintenance; they charge more for assuming more risk!

Unfortunately we're human and require maintenance "health care" as well as "repairs" when things go wrong. The health "insurance" industry is a misnomer: it's more of a "brokerage service".

Typically generic medications used whenever possible will reduce costs and continue to do so. Supplements, Homeopathic and herbal products can also work as well as more expensive pharmacologic agents. A knowledgeable nutrition consultant can provide help, they're often located in larger natural food grocery and "health food" stores. Specialty medical services, imaging, lab work etc are typically much more expensive than the services provided by your primary care physician.

Insurance companies generally provide a variety of plans, each providing a different level of coverage and risk assumed by the company. If you assume some of the risk yourself, your premiums with the insurer will be lower. If possible, consider changing to a policy that provides hospital care as well as care for expensive tests and procedures and imaging such as MRI's etc. Most of us have been conditioned to rely on plans to cover all of our expenses.

Health Savings Accounts (HSA) present a way to save money prior to paying taxes on those funds. These plans are typically administered by the health insurers as an option to allow you to start setting away money that can only be used for healthcare expenditures. These are paid with in "pre-tax" dollars and can "roll over" from year to year so that anything unspent this year will be available for use in the future, all tax-free.

If you should choose true "insurance" for coverage of major catastrophe and large expenses, your standard monthly insurance premium will decrease substantially (remember,

many of us have policies thru work so we never "see" what we're paying unless we dig for it!). Take the money saved on the lower premium and invest it in a Health Savings Account to be used for doctors office visits, prescriptions and other more "routine" medical expenses.

Many physicians will offer discounts if paid in full the day of the visit as well—ask your doctor about this! If the Health Savings Account is used, it'll generate about 30% of a discount since the dollars are "pre-tax", any additional discount offered by your physician is more "icing on the cake". This is all perfectly legal and a means of keeping YOUR money in YOUR pocket.

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