Health Insurance Options

Thank you for clicking on the link to learn about the Short Term Medical (STM) health insurance program that I am referring to and have personally used as my health insurance for my family of 5 for the past 2 years. Please read this information so that you have an understanding of how this health insurance works and how it compares to an Affordable Care Act (ACA also known as Obamacare) health insurance plan. STM is a very affordable way to cover you and your family for unexpected health related emergencies. Here is what you need to know.

First, STM is not ACA compliant health insurance. STM will not cover preexisting conditions, pregnancy, or mental health issues. It will cover any new health issue that may come up during your policy term. STM does not offer copays for doctor appointments or prescription drugs. There are discount prescription programs available to help you buy your prescriptions at the lowest cost possible. STM is essentially catastrophic coverage that will pay for an unexpected medical event. This is why the premiums are so much less than the ACA plans.

For 2018 the first couple of policies that I priced out in Lancaster County are coming in at only 20% of the premiums of the lowest priced bronze ACA policies and the total max out of pocket is similar. As a matter of perspective every policy I wrote in 2017 was in the range of 25% - 30% of the cost of the lowest cost bronze level ACA policies with similar deductibles.

The pricing model that I am suggesting to look at is the STM policy with the $5,000 deductible and 80/20 copays for an additional $2,000 worth of out of pocket expenses for a maximum out of pocket of $7,000. Deductible options are typically $1,000, $2,500, $5,000, and $10,000. The $5,000 deductible option compares favorably to the ACA policies with a $6,100 deductible. When you factor in that the $900 max out of pocket difference can be made up in a month or two of premium savings and how unlikely it is that you will ever reach the max out of pocket limit, it is well worth it. An 80/20 copay for an additional $2,000 out of pocket means that after you paid your first $5,000 of medical expenses (the deductible) for the next $10,000 worth of medical expenses you will pay 20% or $2,000 and the insurance company pays the other 80% or $8,000. Once you reach having paid $7,000 maximum of out of pocket expenses then the insurance company will pay 100% of the medically necessary expenses up to a cap of $1m - $2m depending upon the policy you choose.

Here is a real life personal example. For 2018 the cheapest bronze level ACA plan available for my family of 5 would cost me $2,471.66 per month for a $6,100 per person, a $12,200 family deductible, and a max out of pocket of $14,700! That means that over the course of 2018 I would have to pay $29,659.92 worth of premiums to the insurance company and spend $6,100 ($35,759.92 total!) of my own money before I receive $1 of benefit back from the insurance company! This is anything but “affordable”!

By contrast the STM policy I will go with for 2018 has a monthly premium of $484.61, a $5,000 deductible, 80/20 copay for another $2,000 of out of pocket expense and my out of pocket is capped at $7,000. There is no family cap. Each family member will have their own deductible to meet.

My monthly premium savings is $1,987.05 which works out to $23,844.60 per year. There are many many different things that I would rather spend $23,844 on instead of giving it to an insurance company “just in case” there is an unexpected medical event. Can you see why I am so excited about having access to this type of policy? As a matter of personal historical note I have used the high deductible/low premium style health insurance programs from nearly their inception of the MSA (originally Medical Savings accounts, now called HSAs or Health Savings Accounts) and have reached the deducible 4 times during that time. Three times were because of a child breaking a bone. The odds favor most people during most years only going to the doctor occasionally and not ever spending as much as the deductible thereby making this a huge money saver. Given the premium savings I am seeing in the 2018 pricing it is still a huge savings even if someone would have to pay their deductible.

Regarding the fine for not having ACA compliant health insurance. Most people do not know that within the ACA law there is an exemption for having to pay the fine if your cheapest bronze level ACA premium represents more than 8.16% of your MAGI (Modified Adjust Gross Income). If you think AGI (Adjusted Gross Income) or “take home” you are in the ballpark of your MAGI. To calculate this simply take your total annual premium of the cheapest Bronze ACA policy you have access to and divide it by your MAGI and if the number is greater than 8.16% the fine will not apply to you.

If you are still reading this I thank you for doing so. I have been told that most people will not read this and I should keep this description simpler however my belief is that for something as important as “what health insurance will I buy for 2018?” it is important to have the facts laid out for you and that is what I have endeavored to do in an educational format. It is work to learn something new and there is no way around that. I trust you found this information helpful. There is another issue that I need to review for you relating to how this will all work out for your use in 2018.

Outgoing president Obama recognized that many healthy people were opting to purchase STM policies instead of the ACA policies because of the cost savings therefore before he left office he signed an executive order limiting the purchase of STM policies purchased after Aril 1, 2017 to a period no longer than 90 days. For someone with a 90 day policy who suffers an accident or onset of an illness on day 89, the preexisting condition will be ridered out in the new policy. Obviously this is a problem.

The good news is that in early October President Trump signed an executive order reversing Obamas executive order. The challenge is that there is a mandatory 60 day public comment period that lasts until roughly the end of the ACA sign up period. Based on many conversations with multiple sources I am confident that this executive order will stand and we will again have access to STM policies for periods of up to almost a year.

The health insurance company’s policy that I sold in 2017 has no solution other than buy an ancillary indemnity plan to overlay with the STM to help offset medical expenses should this scenario occur. I am not happy with their “well thought out” solution. It is my belief that theirs was a no effort skimpy solution that leaves much to be desired at the potential expense of their policy holders.

Another company has a solution ready to go effective 12/1/2017. Their solution is to buy STM that bundles 4 sequential 90 day policies that require you go through the underwriting process only once. The good part is that if you do get sick or have an accident your new condition will be covered for the balance of the 360 day period. The bad news is you will have to meet your deductible for each of the 90 day periods. However the company has provided written assurances that as soon as the 90 day limitation is lifted they will immediately convert their policies to a 360 day policy with only 1 deductible to meet with no change of pricing, with the disclaimer “as allowed by law”.

Thank you for reading all of this. Buying your own health insurance is an important decision and having the full picture to understand all of the issues involved does require effort. Thank you for making the effort to educate yourself and be a more informed consumer. The above information is essentially all of the information I share with someone who is looking for an alternative to the expensive ACA policies.

In order to provide you a quote I simply need the zip code you live in (and which county if your zip code straddles 2 or more counties), your sex, date of birth, and smoker status for each individual you want coverage for. I will get a quote out to you so you can compare.

Thank you again!

Sincerely,

Chris Hasircoglu

Senior Partner

The above information is deemed reliable and accurate however it is important to review the terms of your policy and review your individual tax situation with your tax professional.