

Coping With Financial Stress



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Cutting Health Care Costs:

Despite the \$2.6 trillion dollars we spend on health care in 2010, average annual health care costs per person in the U.S. exceeds \$8,402. The Wellness Council of America estimates that lifetime costs per person are nearing \$225,000.

Health care costs are rising. And with rapid advances in health care technology we're likely to live longer – and pay more in medical costs. To help you reduce the money you pay for health care, this booklet has two parts.

The first part is designed to give you strategies for cutting the costs of health care through prevention, lowering prescription drug costs, and by making sure hospital stays don't cost more than they should.

The second half of this booklet offers strategies for lowering health insurance costs. Many people don't have adequate health insurance because of the cost. We offer strategies for making it more affordable.

Prevention Is the Best Cure

The best way to cut health care costs is to avoid them altogether. Here are some suggestions to get you started.

Eat Your Fruits and Veggies: Sure, you know they're good for your health, but how about your pocketbook? Research has found that middle-aged men with the highest intake of fruits and vegetables (at least 42 cups per month) had the lowest total annual Medicare charges at \$11,416, and the lowest charges specifically related to heart disease. In contrast, the men with the lowest intake of fruits and vegetables (fewer than 14 cups per month) had the highest total annual Medicare charges at \$14,655. That's a difference of over \$3000 a year! So find fruits and veggies that you like, and enjoy them!

Get Moving: Employees who don't exercise have \$864 more in direct healthcare costs, says MyExercisePlan.com. They also

point out that obesity now accounts for a whopping \$100 billion annually in direct and indirect costs, and that recent research shows that overweight and obese employees have medical bills up to \$1,500 greater a year than those of people of healthy weight. General Electric employees who participated in a fitness program, however, reduced their health care costs by 38% in an 18-month period, while health care costs increased by 21% in the same period for those who didn't participate. A regular exercise program can translate into lower health care expenses for you and your family and it doesn't have to be expensive. A daily walk in the morning, at lunch, or after dinner can do the trick.

Take Control: Wellness Council of America has found that approximately 70% of the entire burden of illnesses and associated costs in the United States are linked to preventable illnesses. These may also include tobacco use; high-risk alcohol consumption; sedentary lifestyles, and poor nutritional habits. Increased stress levels also contribute to illness. While there are some illnesses that are not preventable or treatable without medication, there are many that are. Only you can decide to take control of your health. It's well worth it.

Get Smart: Take the time to learn healthy strategies. Just one small change in your health – cutting fat or taking a brisk walk after dinner – can make you a big difference in your health. If you have a medical condition, it can also help to research your options using the Internet and discuss any promising treatments with your doctor (who may not have the time to keep up on all the latest treatments for your particular set of symptoms.)

Think Positively: Numerous studies have shown that optimists are healthier than pessimists. Optimists have faster recoveries when they are ill or injured, which mean less money spent on medical care. In addition, positive thinking can help bolster your immune system, as well as give you the energy and drive to take care of yourself.

Sleep on It: Most Americans are sleep deprived -- and that's expensive. The National Commission on Sleep Disorders estimates that sleep deprivation costs \$150 billion a year in higher stress

and reduced workplace productivity. It is also a leading cause of auto and workplace accidents. If you are not getting enough sleep, either because of your schedule or because you have trouble sleeping, it's critical that you decide today you'll start working toward a solution.

Start At Home: Most of us think of "auto" when we think of "accidents." But more Americans are killed in accidents at home than when driving. Spending a little money on basic safety measures such as investing in smoke detectors and a fire extinguisher, buying a solid step ladder, putting non-stick pads in the tub, keeping cleaning products and chemicals from children, and locking up any guns, can save you money and heartache in the long run. A quick Internet search on "home safety" will turn up numerous resources and suggestions to make your home safer.

Buckle Up! If it doesn't save your life, it can save you a small fortune in medical bills. Plenty of research studies back up the fact that you'll be safer in an accident with a seatbelt than without. That goes for back seat riders as well. Research shows that those riding in the front seat (even with seatbelts) are significantly more likely to be injured if those in the back seat are not buckled up.

Keep Kids Safe: Most parents now know that young children should be buckled in car safety seats, and in the back seat of the vehicle. But many move them out of those car seats too soon. In fact, children as old as eight or nine may still need a booster seat. The National Highway Traffic Safety Administration points out that crashes are the leading cause of death for children from 5 to 14 years of age in part due to the nonuse or improper use of child safety seats. To ensure children's safety, the NHTSA recommends children remain in booster seats until they are at least 8 years old, or unless they are 4'9" tall.

Keep Your Head: Whether you bicycle, skateboard, inline skate or ride a motorcycle wear a helmet – and teach your kids to do the same. 70 to 80% of cycling related fatalities, for example, results from head injuries, and many could be prevented if helmets were worn. Ask an emergency room physician whether it's important to wear a helmet - they'll tell you! If you or your child still think

it's "not cool" to wear a helmet, check out this site www.bhsi.org where cyclists share real stories about how helmets may have saved their lives.

Quit Smoking: Smokers in the US spend nearly \$50 million annually on cigarettes. In addition, the total cost of caring for people with health problems caused by cigarette smoking – counting all sources of medical payments -- is about \$72.7 billion per year, according to health economists at the University of California. If you have children and smoke indoors, you are jeopardizing their health, and increasing your health care costs, as well. The Environmental Protection Agency has found:

- Between 150,000 and 300,000 cases of respiratory tract infections such as bronchitis and pneumonia annually in children up to 18 months of age are attributable to second hand smoke. Of these, between 7,500 and 15,000 will result in hospitalization.
- Second hand smoke increases the frequency of episodes and severity of symptoms in asthmatic children. An estimated 200,000 to 1,000,000 asthmatic children have their condition worsened by exposure to environmental tobacco smoke.

If you can't quit, at least stop smoking in your home, car, and around your children.

Want to know how much money stopping smoking can save you right now? Try an online calculator www.lungs.org to see how much money you'll keep if you quit. It may take several times to succeed, but it's worth it!

Free Is Good: Call your local health department to find out about free immunizations, health fairs, or health clinics in your area. The government also offers free health care information on topics related to various health conditions. Visit www.hhs.gov for topics and resources.

Visiting the Doctor

If you do find you need to visit the doctor, here are some ways to cut your costs.

Choose the Right Care: Establish a relationship with a family practice or internal medicine doctor so that you will have a doctor to call when you are sick. Going to the emergency room or a walk-in clinic, or even a specialist, may cost more.

Is It An Emergency? Many people these days are using emergency rooms as their physicians, either because they haven't established a relationship with a doctor or because they know they can't be turned away if they don't have insurance. It can be more expensive, however, since most emergency room visits mean charges from the hospital as well as from the doctor. If it's not truly a medical emergency, a 24-hour clinic may be less expensive.

Ask About Fees: If you will have trouble paying for your doctor's visits, ask your doctor upfront if you can set up a payment plan. And don't be afraid to try to negotiate a reduction in the bill. If you don't have insurance, for example, you'll likely pay more than the insurance company would. So you may want to ask for a discount if you pay the bill at the time of visit.

Go to School: You may be able to receive free or discounted care on dental services, massages, acupuncture, or other types of health services from schools that need patients so their students can practice and learn. Check the Yellow Pages or the Internet for schools near you.

Cutting Prescription Costs

Get Generic: Ask your doctor if you can substitute less expensive generic medication. In some cases, it will be no problem. If you don't have good prescription coverage, ask your doctor if there is a less expensive medication that will do the job for you. And don't be afraid to ask your doctor if any free samples of your medication are available.

Check out Cheaper Alternatives: Talk to your doctor about nutritional supplements that may be less expensive than medication for your illness. An Internet search will likely turn up different alternatives. For example, St. John's Wort has

been found in some studies to be as effective as prescription antidepressants, while valerian may be used by some instead of sleeping medication. But be careful! "Natural" does not mean it's automatically safe. Always discuss any herbs or supplements with your health care practitioner.

Order by Phone: If you do have a health care plan that includes prescription benefits, you may find it (much) cheaper to order from a participating mail order pharmacy. Ask your health plan provider.

Savings Strategies if you're Hospitalized

Going to the hospital – either as an inpatient or outpatient -- can be stressful, no matter what the circumstances. Then there's the "sticker shock" when you get the bill! Here are some strategies for cutting those costs.

Get the Go Ahead: Find out if a medical procedure you're having requires prior authorization. If it does, and you fail to get the authorization, you may be stuck with the whole bill! Even if you're admitted because of an emergency, most insurance companies require you to notify them within 48 hours. Make sure your spouse or family members have copies of your insurance cards in case they are needed.

Ask Before You Go: You can also ask the hospital to prepare an estimate of the cost of your stay before you go in. Whether or not you have insurance, this can help you work out a payment plan beforehand, rather than waiting until you're trying to recuperate.

Don't Check In On the Weekend: Unless it's an emergency, avoid checking into a hospital near the end of the week, and especially the weekend. It can be notoriously difficult to get lab or other test results back, and doctors may be scarce. You may feel fine but be unable to get discharged!

Check Out As Soon As You Can: Don't put your health at risk if you need to be in the hospital, but if you think you can

recuperate at home, ask your doctor if you can be checked out as soon as possible.

Review Your Bill Carefully: An estimated 75 – 95% of hospital bills contain errors, adding up to more than \$10 billion annually, according to the U.S. General Accounting Office. According to Equifax Services, the average consumer overpays by \$1300! Always ask for an itemized bill of the services you received while in the hospital and review them carefully.

Look for double-billing, charges for services or medication you didn't receive, or dates of service that don't correspond with your stay. Wrong billing codes can also result in bills for a procedure you didn't have.

Keep Good Records: Keep a health care file with a record of all bills, claims and correspondence. While in the hospital, if possible, question all medications and tests you are receiving and keep notes of what was administered, when. You may have to request copies of your medical records to verify that the charges for the services you received were correct. Don't be afraid to question any items on your bill! If you do believe you have found mistakes, put them in writing to the hospital billing department and keep a copy of the letter for your records.

Get Help: If you suspect you've been over billed but cannot sort through your records yourself, consider hiring a service that audits medical bills. These companies usually only charge you a percentage of any savings. Type "medical bill audit" into a search engine for listings of companies that perform this service.

Part Two: Cutting the Cost of Health Insurance

While it can be difficult to afford health insurance these days, it can be very risky, both financially and health-wise, to go without. In fact, just over half of Americans who file for bankruptcy list medical bills as a significant reason for filing. And putting off routine medical care may lead to more serious (and expensive) health problems down the road. Health insurance is one way to help pay for the care

you need, and perhaps even keep your family out of bankruptcy.

An estimated 43 million American families today, many of them middle class, are going without health insurance, because of rising costs. Even those who get health insurance through their employer may find they have to pay more out-of-pocket expenses. For example, one study by the Kaiser Family Foundation and Health Research and Educational Trust found that workers now pay \$2,412 a year toward the premium for family coverage and \$508 toward the premium for single coverage on average. While there's no easy solution to the health insurance dilemma, there are strategies you may be able to use to help make it more affordable. Here are places to start:

Shop Frequently: Websites such as www.healthinsuranceresearch.com www.ehealthinsurance.com or www.insweb.com can be good starting places. You should also talk with an experienced local insurance agent who is knowledgeable about programs in your local area. It can also be helpful to call your local Chamber of Commerce to find out if they have a health insurance committee that can provide information or referrals. And ask friends and relatives about their health insurance. They may be able to refer you to a company or insurance agent who can help you find a better plan.

Understand Your Coverage Options: You'll likely have the choice of major medical, HMOs, PPOs or POS plans. It's important to pick one that fits with your budget and medical needs. Generally, the more flexibility you have in choosing doctors and facilities, the more you'll pay. Weigh the cost and benefit of those choices.

Don't Go Without: Do what you can to avoid a gap in coverage, or you may lose the protection of the Health Insurance Portability and Accountability Act of 1996. HIPAA places limits on the ability of health insurance companies to exclude pre-existing medical conditions. To be eligible, you must have been part of a group insurance plan and meet other requirements to qualify. Even if you can't go from one group policy to another, a short-term individual policy may be helpful to keep up with any unexpected medical expenses. If necessary, look into a short-term medical policy until

you start another job or can find other insurance. You may not get the best coverage, but it may be better than no coverage at all.

Consider COBRA:

Generally, if you're employed at a company with 20 or more workers and you:

- Leave your job
- Your hours are reduced (making you ineligible for employer-paid insurance)
- You're terminated other than for gross misconduct
- You get divorced and lose coverage under your spouse's plan

You can likely elect to continue your insurance coverage under COBRA if the above situations apply to you. You'll have to pay the full amount of the premium plus an administrative fee of 2%. Without your employer kicking in, that can be expensive! But you may want to hang onto it while you find other coverage.

You generally have up to 60 days after losing your employer coverage to elect to be covered under COBRA, and coverage is then retroactive. But don't wait that long to either sign up or find other coverage. Remember, if you go 63 days without coverage, you lose important rights under The Health Insurance Portability and Accountability Act of 1996 (HIPAA). Get information about COBRA as soon as you leave your job so you can make an informed decision. If needed, you can elect to keep coverage only for your spouse and other dependents who were covered under your employer-sponsored plan. Let's say, for example, your husband has a health problem but you and your child are healthy. The two of you may look for a cheaper individual plan while electing to continue COBRA coverage for your husband who would have a hard time finding health insurance.

Get detailed information about COBRA coverage at insure.com.

Try the Blues: Blue Cross/Blue Shield members are large insurance companies, and may offer programs for consumers who can't get insurance elsewhere. Visit their main website www.bluecares.com for information on a Blue Cross/Blue Shield program in your area.

Insure for the Worst: Major medical or "catastrophic"

insurance features high deductibles and covers expenses like a stay in the hospital, surgery, intensive care, diagnostic X-ray, and lab tests. If you can't afford the kind of coverage you'd like, it may make sense to consider insuring just for the worst – a serious illness or accident.

Major medical policies often offer high deductibles of \$500 to \$2000 or more. That means the plan pays no benefits until you've reached the deductible amount. Still, it could be a lifesaver; helping your family get the medical care it needs if the worst should happen.

Ask Your State for Help: Some 29 states fund "risk pools," or high-risk health insurance plans. These plans are generally available for consumers who cannot obtain health insurance because of pre-existing medical conditions. To see whether a risk pool is available in your state, contact your state insurance department.

Join the Club: Check with trade or professional associations, alumni associations, or local Chambers of Commerce, all of which may offer health insurance programs for their members. But just because an association endorses a program, doesn't mean it's good. Some large associations have been duped by fraudulent health care programs. Make sure you check out any group plan. (see below)

Check out Medicaid: If your income is low, or you've been unemployed for a period of time, you may be eligible for Medicaid. Medicaid is a program under the Social Security Act that provides medical assistance for certain individuals and families with low incomes and resources. Medicaid is the largest program providing medical and health-related services to America's poorest people. While there are national guidelines that the Federal Government provides, each individual state establishes its own eligibility standards; determines the type, amount, duration, and scope of services; sets the rate of payment for services; and administers its own program. Thus, the Medicaid program varies considerably from state to state, as well as within each state over time.

Get Uncle Sam's Help: As of 2003, self-employed consumers

can often deduct 100% of their insurance premiums. If you're operating a small business, either on the side or full-time, you may want to talk with your accountant to find out whether you can deduct your premiums. Also keep track of your out-of-pocket expenses, mileage to doctor's offices, even meals (if you travel for certain types of medical care). If your medical expenses are high in one year, you may be able to deduct those that exceed 7.5% of your gross income. Ask a tax specialist for more details.

Consider An MSA: Known as a "medical IRA," a medical savings account ("MSA") can give you the benefit of saving for health care expenses along with valuable tax deductions. These policies are usually available both to self-employed individuals as well as groups of one. MSA's combine a high deductible plan with a savings account. For example, you may have a policy with a deductible of \$2000 and you may contribute \$100 a month to the plan to build up your savings account throughout the year. Your contributions to this savings account are tax deductible, and your earnings in the account are tax deferred. If you use the money in the savings account to pay for qualified medical expenses, those withdrawals are tax-free. If you don't use the money, it accumulates in an account where it can be saved for retirement. Shop for an MSA just as you would another type of health plan – by contacting local insurance agents or searching online. You'll find helpful details about MSA's from AARP.

Watch Out For Scams! Before you sign up for a health insurance plan, make sure you check it out thoroughly. Thousands of consumers have been ripped off by health insurance scams that often look very real. These companies often employ slick marketing brochures with names that sound like trusted companies. It can be difficult to identify these companies but the first place to start is with your state insurance department.

In other cases, consumers signed up for health insurance plans that were real, but generated numerous complaints because of billing problems or slow payments of claims. That's the last thing you need when you're sick! A few steps can help here:

- Call your state insurance department to check out the insurance company you're considering and find out whether it is licensed, and what kinds of complaints have been received. Don't do

business with a company that is not licensed, or through an agent that is not licensed.*

- Check the insurance company's financial stability rating with an independent company like A.M. Best www.ambest.com or Standard & Poors. This can help evaluate the company's ability to pay claims.
- Try an Internet search under the company's name, perhaps also adding the word "complaints" to bring up any news releases or articles about the company.

*Note: Self-funded health insurance plans (meaning the employer assumes the risk for the plan) are regulated through the U.S. Department of Labor, not individual states.

Know What You're Getting: Some consumers sign up for cheap programs they think are health insurance. In fact, they may be discount health plans that offer discounts on services from participating medical providers. While these can be helpful in reducing your costs, they are not health insurance. Instead you'll have to pay for the services you receive and you'll have to use a network of participating providers.

Still, if you can't get insurance they may help to keep routine costs down. These discount companies usually are not regulated by the state, so you'll have to be extra careful in researching their track record.

Know the Rules: Read your plan carefully so you understand what is covered, which facilities you must use for the lowest co-payment, and procedures for receiving certain types of services such as inpatient or outpatient services or referrals to specialists. Fail to follow the rules and you may find yourself paying more out of pocket. If you don't understand the policy or procedures, ask the insurance company.

This is one case where it really is better to be safe than sorry.

Watch the Ceilings: Make sure your policy has a ceiling for out-of-pocket expenses for catastrophic illnesses. This is called a "stop loss" provision, and many insurance policies don't have them. In addition, look for a maximum lifetime benefit of at

