Getting your Health Insurance for free is a reality…

Some of the best ***insider*** tips that your own agent never even told you about! *Why not?*

HSA's Revealed! Hold The Secret of Getting Your Health Insurance for FREE, or Pretty Darn Close to FREE!

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FREE Health Insurance???

Now, we all know there is no such thing as a FREE lunch. I keep hearing that Health Insurance isn't affordable. Can you imagine that the government knows it is affordable and they are giving you incentive to go buy your own insurance?

HSA (Health Savings Account) is designed and introduced to reduce the health care cost for both employers and employees since their inception in 2003 by Congress as defined in section 213(d) of the Internal Revenue Code. HSA is tax privilege savings plan offer to tax payers in the U.S. to deposit money to cover current and future medical expenses. HSA provides tax-free savings account for medical expenses and introduced to reduce the current healthcare costs.

Your HSA account can be used for a wide range of medical goods and services. Of these expenses they do have to be "Qualified" medical expense. Here is a list of some, but limited to, "Qualified" medical expenses:

- Acupuncture
- Artificial Teeth
- Car Modifications
- Chiropractor
- Contact Lenses
- Eye Surgery and Glasses
- Guide Dog
- Legal fees to authorize treatment of mental illness
- Long-term care
- Non-prescription medications
- Nursing home and services
- Oxygen
- Prescription Medication

If you want a full list Qualified and non-Qualified medical expense refer to your HSA coordinator, Health Insurance Specialist or an on-line search for recourses.

Not all HSAs are the same

You can't just set aside your HSA contributions in a shoe box, or even a safe deposit box or in an ordinary bank or other account—the money has to be set aside in an account specially designed for this purpose.

An institution that holds your balances for your, receives and records contributions and processes distributions. In general, an insurance company or a bank can be an HSA trustee or institution, as can any entity already approved by the Internal Revenue Service (IRS). However, be warned, not all of theses companies will provide the same level of service or support. Many banks that offer HSAs know little about the health care side of these accounts, while insurance companies may lack knowledge about the banking aspect. Do your homework about the quality of products offered before you sign up with a provider. This includes Set up fees, transaction fees, maintenance fees, other fees and your interest rate based on the balance in the accounts.

Why now?

Health care costs are escalating to an all time high for many reasons, including new medical technologies that increase life expectancy, medications that increase quality of life, increasing number of patients with chronic illness, over-utilization of health care and administrative waste. Everyone is challenged by health coverage rates increases, and is searching for reasonable ways to control costs. Changes in the practice of medicine, as well as consumer preferences, also affect the way health care dollars are assigned and spent.

This type of plans eliminates any type of Co-pays, Service Deductibles and has only one family deductible vs. multiple family deductibles like your current policy. This has an advantage due to the entire family accumulating to one deductible (and possibly co-insurance). Once the deductible and co-insurance maximums are met it's 100% for the remainder of the year (Calendar or policy year, read your policy or check with your Health Insurance Specialist) for the entire family.

2008 IRS HSA requirements for an HSA:
Annual HDHP Deductibles
    Minimum's: Single $1,100 and Family $2,200.

Maximum OOP (Out-of-Pocket) Single $5,600 and Family $11,200.
Maximum HSA Yearly Contributions:
Single $2,900 and Family $5,800

NOTE: Not all plans are HSA qualified. This is typically a High Deductible Health Plan (HDHP) that is filled with the department of insurance meeting all the mandated requirements set in place to be HSA qualified. Check with your health advisor to make sure you find one that is qualified in addition to the things listed previously in this report.

That's not even the good part. Everyone needs Health Insurance to cover medical expenses, future as well as current. The good part is you get a tax break of the amount you put into your account equivalent to your tax bracket. Another words, the more you make, the more you can deduct from you over all taxes. This concept is very similar to an IRA. Now if you are self-employed, you know you have the ability to deduct your health insurance premiums. Thus, bringing your over all Health Insurance costs down to a more manageable level or in some cases get it for FREE, or pretty close to it.

Here is an example: Family of 4, 40 year old male non-smoker, 38 year old female non-smoker and 2 kids, paying $3,600 per year. For a family the max you can contribute to your HSA account is $5,800 for the year. If you were in a 30% tax bracket (most who read this will be in a higher one) this is giving you a tax benefit of $1,740.00 for the year for your contributions. If you are self-employed and deducting the premiums as well this will give you an additional $1,080.00 per year. This brings your total yearly savings to $2,820. Your net cost on paying $3,600 on your premium is $780.00 per year for the entire family. If you break it down it would be $65.00 per month, or $2.17 per day. That's the cost of a can of pop and chips per day. Wouldn't you say that's affordable? There is no excuse why your family shouldn't be without insurance.

Now take a single male, Johnny, striking it on his own on his Million dollar idea. Let's say he is 31 years old non-smoker. His yearly premium is $1,020. The max an individual can contribute to your account is $2,900. This will give him a deduction of $870.00 on his contribution and $306.00 from his health insurance, for a total savings of $1,176 per year. Johnny's net expenses is $-156.00. In other words, the government is allowing him to deduct a qualified tax expense and get his Health Insurance for FREE! Now he can run his business without the fear of losing it if something happened to him and he was stuck with the medical bills.

But what about my co-pay?

Believe it or not, I just saved you approx. $2,800 for the year on your family's health insurance and someone is worried about the Co-pay. "But, what if my doctor visit is $1,000. Or my lab work was $2,000." If your doctor visit or lab work is that much, either you have something serious going on or you have to FIRE your doctor and find one that isn't over charging for services. Believe it or not people have said this to me. Most of them have no idea what doctors charge. The average adult goes to the doctor less than 2 times per year (unless their employer is paying for it giving you incentive to use it by not seeing what it truly cost for those benefits. Go back to my example in "Sucker's Bet" and reread. Children may go a few more times than the adults. The average doctor visit in America is approximately $100-120 per visit, depending on where you live. If we used $100.00 for my example, if the parents go 2 times each and the kids go 4 each, that's only $1,200 for the year. Keep in mind, this is being deducted from your calendar deductible. Also, if you really needed to you can use a portion of the $5,800 that you contributed to your HSA account.

INSIDER TAX TIP: If your tax advisor isn't informing you on these tax advantages, FIRE your tax guy and hire me as your Health Insurance Specialist. I'll then refer you to some of the best tax advisors.

NOTE: Save all the receipts for your medical expense while on the HSA. When the amount gets big enough to be worth while, maybe $1,000 or a couple $1,000, reimburse your-self and use the money for things that are more important, i.e. Vacation with the family, college funds, retirement funds, etc.

MY BEST ADVICE: Fully fund your account every year. DO NOT wait until April 15th, tax day, to contribute for the previous year's tax return (the government allows you contribute up to tax day for the previous year). The reason for this is you are missing out on your TAX-FREE growth of your account due to it being interest bearing.

CAUTION: Once again, I have yet to find a typical Blue Cross and Blue Shield agent or Time Insurance (previously known as Assurant/Fortis) agent that fully understands this concept. Make sure you work with a true Health

Insurance Expert. An Expert familiar with all programs in the market place and knows how to get all the advantages for your situation, as I listed above.

INSIDER TIP: Only one plan that I'm aware of takes their policies one step further than this. One: If any member of the family as an accident or an injury they waive the deductible for you. If you picked a true Health Insurance Expert he/she would have advised you to go with the 100% co-insurance option. This means that you would have 100% coverage for any accident or injury.

INSIDER TIP: This same company took the step further and included an option called "Embedded Deductible". Which means instead of having one single family deductibles (which HSA Plans are) and if something happened to only one of the family members they are only required to meet half of the family deductible.

Example: One of my more recent clients, Jim S., a very successful real estate agent and developer, had a policy from Assurant for years. Without knowing any better he stayed with them, increased deductibles as time went on to reduce the premiums. When I was finally referred over to him he was paying about $1,300.00 per month on his premium with a $5,000 deductible. He was paying out of pocket for most of his medical expenses. I was able to put him into a plan with $10,000 family deductible with the embedded deductible of $5,000 for individual. We also went with the 100% co-insurance option. The same plan has the automatic benefit of waiving the deductible in the event of an accident for the family member(s). This brought his monthly premiums down to $300.00 per month. **THAT'S A $12,000 IN YEARLY SAVINGS!!!** Did we jeopardize his coverage for his family? **ABOSOLUTELY NOT!** In fact, we ***INCREASED*** his family's coverage and reduced his OOP expenses while reducing his premiums. He also gets additional tax savings benefit that he didn't have before bring his net cost down to approximately $780.00 per year vs. the net cost of $10,900.00 on his previous plan (assuming he writes his health insurance premiums off being self-employed).

And you say health insurance isn't affordable?

Now, let's not get a head of ourselves here with the savings we have here. You may have saved over all monthly premium compared to your previous plan by switching to an HSA. This could be as much as Jim's savings. I wouldn't recommend going out and buy a new car, new fishing boat or spend it on a luxury vacation. I would recommend investing it in your family.

First, take your spouse (and your kids if you want) out to a wonderful dinner to share the joy of the savings you are getting. Remember in previous pages about "Critical Illness Insurance"? You got it! Granted, even on the HSA plan you cannot deduct Critical Illness Insurance or Life Insurance premiums for tax purposes or use your Account to pay for the premiums. More important than tax savings you are protecting your INCOME and your ASSETS. Your income and assets are what supports your family's lifestyle. I'm not saying to invest $12,000 a year in Critical Illness Insurance by all means. Maybe possibly invest a little more to secure your family in the event of the 'Big One'. The remaining premium savings should go towards other long term investments such as college funding, IRA or other Retirement Portfolio and whatever else you need to help your family to live more comfortable and secure.

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