

Health Insurance SOLUTIONS

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8 Ways to Reduce Your Health Care Costs

There's no denying it: health care costs have risen substantially, particularly since the beginning of 2014 when the Affordable Care Act (ACA or "Obamacare") went fully into force.

We can carp all day about high health insurance premiums, but they are almost entirely (with the exception of a small percent of the increase's being caused by some additional taxes added by the ACA) due to escalating health care costs. What's causing those costs to rise is another topic for another day.

What we need to address is how to keep your health care costs down to a manageable level.

Here are some tips that should help as we move toward the Annual Enrollment Period for 2016 – set to start on November 1st:

- 1) Go with the highest deductible you can comfortably afford. Most reasonably healthy people don't even come close to reaching their full deductible most years. Yes, accidents and surprise illnesses do occur. But unless you (or a family member) are already dealing with costly health issues, it usually pays financially to assume the best rather than the worst.
- 2) Understand what the "Maximum out-of-pocket" is on your health plan and what it means. Usually that number is different from your deductible, so know how to interpret it. It's part of what you'll need to calculate how much risk you're assuming on a given plan.
- 3) Are you paying for a plan with copays that you rarely or never use? Consider getting rid of them during the next Annual Enrollment Period. Which brings me to my next tip...
- 4) In this new world of health insurance, it's absolutely CRITICAL that you re-shop your health insurance every year during the AEP! Yes, EVERY year. Plans change, premiums change, carriers enter and leave the marketplace, provider networks change, your health status can change...you get the picture. If you're receiving a subsidy, that will change every year, too, even if your income and household size

remain the same. The plan that is a good deal this year could well NOT be a good deal next year. Which (again) leads right into my next tip...

- 5) Be sure you're using an agent who is contracted with ALL the carriers available in your area. Some agents or financial advisors sell plans from only one or two carriers, often because it's really not their primary business. Or it may be that they have an exclusive arrangement with one insurance company in return for a higher commission. How can you possibly know all your options and feel you've done your due diligence if you're only being given a small piece of the full health insurance picture?
- 6) If you have an older, pre-ACA plan on which you're paying additional (usually very expensive) maternity premiums, consider switching to an ACA plan. Maternity benefits are automatically included on all ACA plans. It makes sense to run the numbers.
- 7) Don't "marry" your doctor(s). Of course I mean that euphemistically! The more flexible you are about providers, the more options you'll have to lower your monthly premiums. Insurance companies are narrowing their provider networks in order to control costs. They pass that savings along to you if you'll play along.
- 8) If you have flexibility in how you receive your income, use it to your advantage to increase the amount of subsidy to which you're entitled. This can work especially well for retirees who can choose how much they withdraw from taxable retirement accounts. The same goes for the self-employed who can delay unneeded business income or shift business expenses. Obviously, I am NOT encouraging you to hide income or do anything else illegal. And of course it's a good idea to run your income strategy by your tax advisor.

For assistance in lowering your health care costs, contact:

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