

# Our Lady of Hope Clinic

## Health Insurance Information for Benefactors

[www.ourladyofhopeclinic.org](http://www.ourladyofhopeclinic.org)

Our Lady of Hope (OLH) Clinic will provide outpatient primary care, including some basic lab tests; as a benefactor you need to be insured for health expenses that are not provided through OLH Clinic. Hospitalization, outpatient surgery, physical therapy, specialty consults, prescription drug coverage, MRI, mammograms, home health care, durable medical equipment, are some, but not all, the items that should be covered on your health insurance policy.

High deductible health plans can cover those items not provided through OLH Clinic. Known as HDHP (high deductible health plans), these plans have much lower insurance premiums and many provide comprehensive coverage for outpatient and inpatient medical expenses as well as prescription drug coverage. When you have this type of plan, you can also benefit from a HSA (Health Savings Account) which is described more in detail later on.

As opposed to the HDHP, catastrophic health plans should be avoided if at all possible. Catastrophic plans normally don't cover most outpatient services – physical therapy, medical equipment & supplies, mental/nervous disorders, substance abuse, diagnostic testing – xrays, lab work, etc. nor prescription drugs. As these items ARE NOT covered they also DO NOT count towards the deductible. Many people realize too late that their catastrophic coverage won't help cover most of their critical illness or major injury outpatient treatments, therapies and prescriptions.

Benefactor examples:

Example A:

John (59) and Mary (57) are self-employed and spend half of the year in Wisconsin and half in Arizona. They embraced the idea of the clinic, but how would it work for them? They were paying \$928/month (\$11,136/year) with \$2 million lifetime coverage (minimal coverage for severe illnesses) with a \$5,800 family deductible and no “first dollar” benefits (“first dollar” means the deductible does not apply – the benefit is paid right away).

With a little help, they found a better plan that worked for their particular situation. Their new HDHP policy is with a major, well-financed health insurance company whose network includes all of their specialists in Wisconsin and Arizona for \$474/mo with \$8 million lifetime coverage and \$7,000 family deductible. The policy also includes first dollar PSA test, mammogram, Pap smear – savings of \$385, plus the savings on premiums \$5,448 = \$5,833 saved per year. The down side, the deductible went up \$1,200 per year, however if they don't have any major illnesses or injuries, this is a non-issue. As John pointed out, they only met their old deductible once in the past ten years when he was hospitalized for one day for surgery – and that bill was just over \$25,000. After meeting the deductible, the insurance paid the rest. They are now saving \$5,833 per year, enough to support the clinic (\$2300 per couple) and still have plenty of money left over.

John and Mary also use a Health Savings Account ( "HSA" ) to put the family maximum of \$5800 per year into their HSA account and an additional \$900 each as they are both over 55 years old. They can use the HSA account to pay for many medical expenses and even vision and dental expenses plus long term care premiums. If there is money left in their HSA account at the end of the year, it rolls over to the next year. They can deduct the total amount of what they put into their HSA account up to the family max of \$5800 (individual \$2900) plus the \$900 extra each as they're at least 55 years old. At age 65, they have a nice nest egg that has accumulated with tax free dollars.

Example B:

Shane (35) and Jane (32) are self-employed and have 3 beautiful children. They are also planning to get pregnant again soon. They think the clinic is an awesome idea, how will it work for them? How can they cover their upcoming pregnancy?

Their old insurance that Shane kept from a previous employer was costing them \$1500/mo, it had many benefits they hardly ever used and \$250 deductible for the family, they were paying \$18,000 a year for 5 people. They found new coverage for \$650 per month, which includes maternity, wellness, prescriptions and full benefits with a \$1,000 deductible each and maximum of \$2,000 for the family. Their old policy was \$18,000 plus \$250 deductible = \$18,250 -- the new policy is \$7,800 plus \$2,000 max = \$9,800; a savings of \$8,450 per year – not bad! They could join the clinic, get to have a great doctor who actually knew who they were and what their concerns were AND have cash left over.

Here are some more examples:

Example C:

- Matt and Maggie both 43, Josh and Joe age 15 & 13
- They pay 100% of their health insurance that has a \$2,500 deductible per person, \$845/month – they hardly ever meet their deductible
- Switch to \$5,800 family deductible, new premium \$345/month saves \$500/month
- Savings of \$6,000 per year
- Benefactor fees of \$2,300 couple + \$500 per child = \$3,300
- \$6,000 savings less \$3,300 in benefactor fees, = \$2,700 left over in savings or to use for other expenses
- They are very happy they can now use the clinic, see the same doctor every time and finally get personalized care – plus they're also helping out others who are less fortunate

Example D:

- Bob and Sue 35 & 33, Bobby – Dennis - Beth age 7, 4 & 3
- HMO GHC \$1060/month \$0 deductible, employee & employer pay 50% each which is \$6360/yr by employee & \$6360/yr by employer
- The Alternative: Employer funds \$5800 non-tax dollars EVERY YEAR to the employee's HSA account – (Health Savings Account – not taxable)
- Employee switches to \$5800 family deductible insurance, covered 100% by HSA, new insurance \$296/mo which is \$3552 per year
- \$6360 - \$3552 = savings of \$2808 per year for the employee
- Benefactor fees \$2,300 couple + \$500 per child = \$3800
- Employee now has \$5800 in HSA for medical expenses, including dental and vision – money left in the HSA account rolls over year after year.
- Where else could you spend \$1000 and get \$5800 back AND help others??

Benefactors may need coverage for these optional items based on their individual need.

Maternity	\$8,000 to \$20,000+
Colonoscopy	\$3,000
Mammogram	\$240
Bone density	\$700

To cover maternity, one plan has a \$175/mo extra charge that provides maternity benefits at 100% after meeting a \$2500 deductible and complying with a six month waiting period: (\$175 x 6 for the waiting period = \$1050, \$175 x 10 for the pregnancy = \$1750, \$2500 deductible) = \$5,300 spent, average maternity/labor/delivery is \$8,000 to \$20,000; you can easily see the benefit of having maternity covered.

When changing current health insurance, choosing the right network is VERY important – choosing the wrong network can lead to medical bills not being covered. There are many excellent networks available in our area – speak with an independent insurance agent or broker to find the best options.

Because of privacy laws, the names in our examples have been changed, but the actual numbers are real. Your information is confidential and we take that seriously. **Thanks for your support of Our Lady of Hope Clinic. Please share our mission and our website with your closest friends, sister, brother, co-worker, hairdresser, day care provider, neighbor or any one that you feel could benefit from being a benefactor for Our Lady of Hope Clinic.** [www.ourladyofhopeclinic.org](http://www.ourladyofhopeclinic.org)

### **HSA information:**

Health Savings Accounts (HSAs) were created by Public Law 108-173, the "Medicare Prescription Drug, Improvement and Modernization Act of 2003," signed into law by President Bush on December 8, 2003. Health Savings Accounts will change the way millions meet their health care needs because they are designed to help individuals save for qualified medical and retiree health expenses on a tax-advantaged basis.

Any adult who is covered by a high-deductible health plan (and has no other first-dollar insurance coverage) may establish an HSA. Tax-advantaged contributions can be made in three ways:

1. the individual or family can make tax deductible contributions to the HSA even if they do not itemize deductions;
2. the individual's employer can make contributions that are not taxed to either the employer or the employee; and,
3. employers sponsoring cafeteria plans can allow employees to contribute untaxed salary through salary reduction.

Amounts contributed to an HSA belong to the account holder and are completely portable. Funds in the account can grow tax-free through investment earnings, just like an IRA.