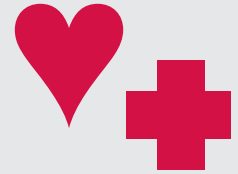


Life & Health Insurance Advisor

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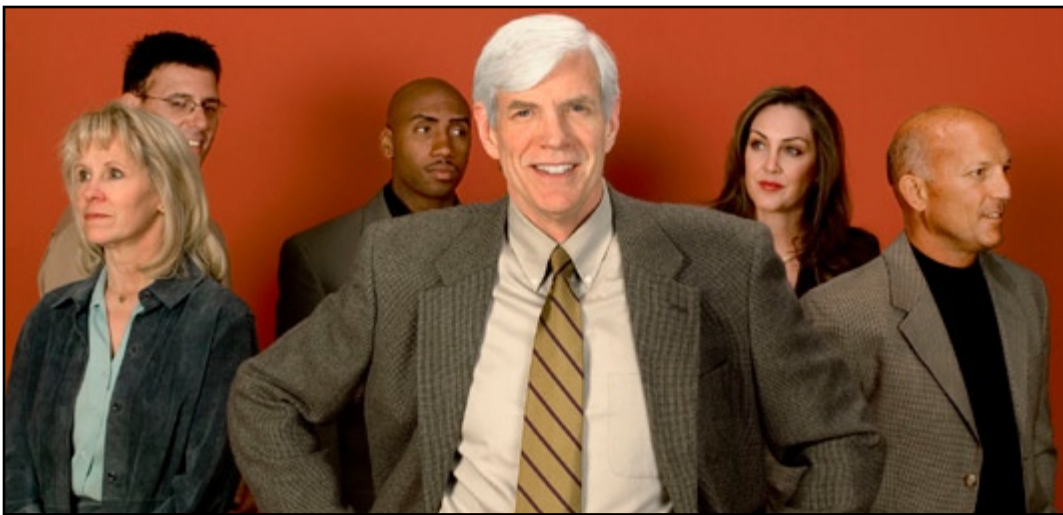


Health Insurance

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How Individual Coverage Differs from Group Coverage



Today, about five percent of Americans obtain their medical coverage on the individual market. Many of these people are between jobs, waiting to become eligible for their employer's plan, working for an employer that does not provide coverage or newly self-employed. If you're new to the individual health insurance market, here are some facts to help you successfully navigate it.

The first thing you'll notice when entering the individual insurance market is that the application is longer. Enrolling in a group plan usually requires the completion of a very brief application with just a few questions. That's because insurers write all but the small-

est group plans on a "guaranteed issue" basis, meaning the insurer will cover any eligible group member who applies, regardless of health status.

By contrast, most states allow individual plans to be medically underwritten. This means that an insurer will evaluate your age, gender, health status and other

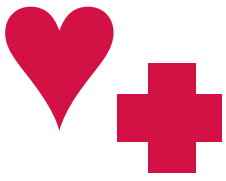
factors before deciding whether to offer you coverage, and at what cost. Therefore, you'll have to complete a more comprehensive application; in addition, you will likely have to give the insurer permission to access your medical records.

With most group plans, all members of the group pay the

This Just In

The credit crisis that shook Wall Street this fall is unlikely to have a dramatic effect on health insurers, say experts. "Health insurance isn't a capital-intensive business, and health plans tend to be 'underleveraged' and generate large amounts of cash flow from their operations," Matthew Coffina, an analyst at Morningstar, Inc. told *Health Plan Week* (Sept. 22). And shortly after the government took over insurer AIG, the Motley Fools said, "There's no clear reason why investors in health insurance companies should be panicking — at least no greater reason than investors have for every other industry. Sure AIG (NYSE: AIG) was taken over by the government, but all insurers are not the same. In fact, it wasn't even AIG's insurance business that got it into trouble in the first place."





Using the Internet to Improve Your Health

Doctors usually recommend getting away from your desk and exercising to improve your health. But if you want to improve your health, you can find some useful information online. Here is a sampling of just a few health-related resources.

U.S. Centers for Disease Control: www.cdc.gov. This government agency has several missions: health promotion, prevention of disease, injury and disability, and preparedness for new health threats. As such, it has a complex web site, but it does provide a variety of valuable information for consumers. Highlights include:

Information on specific diseases or conditions, listed alphabetically: www.cdc.gov/DiseasesConditions/.

Many individuals, adults as well as children, are not up-to-date on their immunizations. To see which vaccines your family members might need, take the quiz at www.cdc.gov/vaccines/spec-grps/default.htm. The site also provides other information on vaccines, such as safety, adverse effects and contraindications.

If you are traveling abroad, find the latest information on disease outbreaks at your destination, as well as recommended vaccinations and pointers for safe water and food at www.cdc.gov/travel.

For information on wellness and improv-

ing your health, see www.cdc.gov/HealthyLiving/.

WebMD, www.webmd.com. This advertising-supported site promises “credible and in-depth medical news, features, reference material, and online community programs.” The home page features current health-related news, such as the findings of recent studies. As with the CDC site, you can look up specific health-related conditions by name. It also has specific sections by demographic group: women, men and children.

PDRHealth, www.pdrhealth.com. Created by the publishers of the venerable *Physician's Desk Reference*, PDRHealth is the free online version, written for laypeople. Look up by name any drugs you are taking, including brand name and generic prescription drugs, over-the-counter drugs, vitamins and supplements, and common herbal remedies. The site provides information on the uses of the drug, how to take it, possible interactions and side effects, warnings and contraindications.

The Mayo Clinic, www.mayoclinic.com. The Mayo Clinic, the “world’s largest not-for-profit group medical practice,” provides a variety of useful information for its patients and others online. In addition to information on specific diseases, the site provides a “symptom checker,” which provides possible reasons for pain and other symptoms you might be experiencing.

Those looking to improve their health will want to check out the “Health Tools” section, which provides valuable self-assessment tools, such as a BMI (body mass index) calculator, calorie calculator, heart disease risk calculator, alcohol use self-assessment, and more.

The American Heart Association: www.americanheart.org

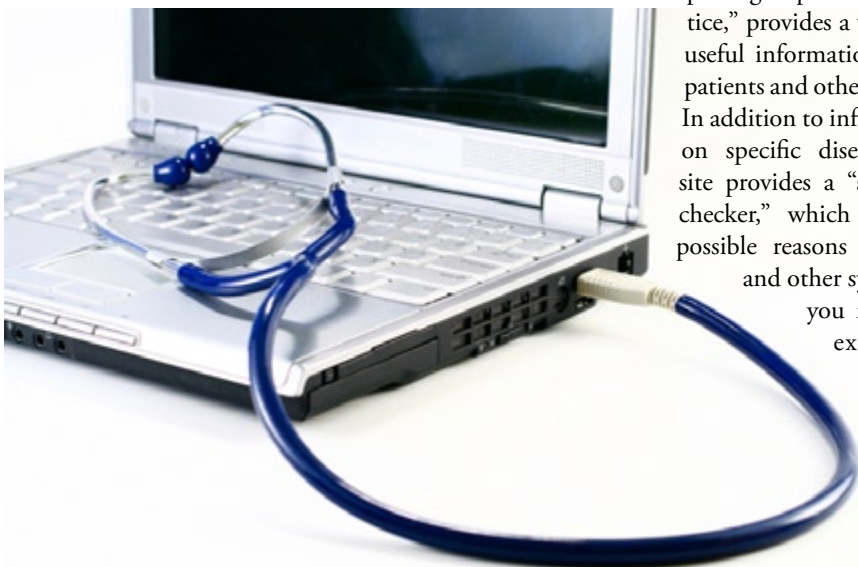
As you might expect, this site provides a wealth of information on a variety of heart conditions. It also provides a lot of useful prevention and wellness information, including information on healthy diet and nutrition, weight loss and fitness.

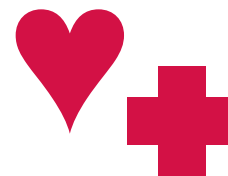
You can also find information on CPR classes offered near you—being prepared could help you save a loved one’s life some day.

The President’s Council on Physical Fitness and Sports, www.fitness.gov. Just how fit are you? Take the adult fitness test at www.adultfitness.org. The site evaluates two types of fitness: performance-related fitness linked to athletic performance, and health-related fitness components that may lower risks, such as high blood pressure, diabetes, or low back pain.

The activities featured on the adult fitness test give you an estimate of your aerobic fitness level, muscular strength and endurance, flexibility and body composition. Results provide you with a starting point from which you can track your progress.

U.S. Department of Health & Human Services: www.healthfinder.gov. Many sites offer online menu planners or fitness plans, but will charge you a membership fee to access them. This government site provides links to other sites that provide these tools at no charge: click the link to “personal health tools.” These tools are developed by other government agencies (such as the Dairy Council of California) and nonprofits. You’ll





COVERAGE—continued from Page 1

same premium for the same coverage. Except in states that require insurers to use “community rating” (see sidebar), that’s not true of individual plans. If you have a pre-existing condition that affects your health, an insurer may still offer you coverage, but at a higher than average premium (a “substandard rate”) and/or exclude benefits for your condition or for specific body parts (called an “exclusion-ary rider”).

Most employer plans have a waiting period between the time of hire and the time you become eligible to enroll in the plan — usually three to six months. If you decline to enroll when first eligible, you must wait to enroll until the next annual “open enrollment” period, which is usually in the fall. With an individual plan, you can apply for coverage and enroll at any time.

Another difference you’ll notice is the cost of coverage. If you’ve had employer coverage, you will likely pay more under the individual market. According to America’s Health Insurance Plans, an insurer trade group, in 2006-2007 premiums for family coverage on the individual market cost an average of \$5,799 per year. During the same period, family health coverage under group plans cost an average of \$11,480, according to a Kaiser Family Foundation survey. However, most employers subsidize their employees’ coverage, leaving workers with an average annual cost of \$2,973 toward their family medical coverage.

You might wonder why employers paid so much more for their coverage, on average,

than individuals. That’s because you’re usually not doing an apples-to-apples comparison. Employer plans are often “richer” and include other benefits, such as prescription drug coverage, that individuals must buy separately.

“State mandates” also apply more frequently to group plans than to individual plans. Because states regulate insurers, your state can require group plans to include certain benefits or cover certain treatments, such as maternity benefits, substance abuse treatment, fertility treatments, etc. Naturally, these mandated benefits push up the cost of coverage. With individual plans, you can often select whether you want such “optional” benefits or not, thus controlling your insurance costs.

Individuals with employer-sponsored coverage enjoy some tax advantages not available to those with individual coverage. For example, workers covered by employer plans can often pay their share of premiums with pre-tax dollars through payroll deduction, lowering their actual costs. If you have individual coverage and are self-employed, you may be able to deduct, as an adjustment to income, 100 percent of the amount you pay for medical insurance for yourself and your spouse and dependents. Others, however, may deduct only the amount by which their total medical care expenses (including health insurance premiums) for the year exceed 7.5 percent of adjusted gross income.

When you have coverage under a group plan, you can turn to your employer’s bene-

Community Rating

Under “community rating,” all members of a given geographic community, regardless of gender, age or health status, pay the same rate for their coverage. States that require community rating of individual health insurance policies include Maine, Massachusetts, Michigan (for Blue Cross and HMOs), New Jersey (for plans that do not include all of the mandated benefits of the standard community-rated plans, called “Basic and Essential”), and Oregon. Source: Health Insurance Regulation by States and the Federal Government: A Review of Current Approaches and Proposals for Change (Georgetown University Health Policy Institute, www.allhealth.org/briefingmaterials/HealthInsuranceReportKofmanandPollitz-95.pdf)

fits administrator or human resource manager when you have a question or problem with your coverage. Under an individual plan, you don’t have access to this “middleman.” That’s one reason why you should evaluate an insurer’s service and accessibility in addition to the cost of coverage. We can help you find the individual health policy that provides the right balance of coverage, cost and service. For more information, please call us. ■

INTERNET—continued from Page 2

find tools to help you learn whether you are getting enough physical activity, set your physical activity goals, enter and save your physical activity on a calendar and view a graph of your progress. You can find similar tools to help you plan and track your dietary intake.

Prevention Magazine, www.prevention.com. Those starting a walking program might like this site’s “Walking Calculator” and “My

Walking Calendar” features. If you plan to join a gym, search for the article “Find the Right Gym for You,” which provides pointers on finding a gym that fits your needs and budget.

Runners World, www.runnersworld.com. Check out this site for reviews of shoes and gear; information on training, injury prevention and motivation; and to search for races in your area.

Yoga Journal, www.yogajournal.com.

Think yoga might be more your style? Visit this magazine’s web site for information on the health benefits of yoga, a list of yoga poses and how to do them, and other information for beginning or advanced yoga students.

Improving your fitness level can help you improve your finances by lowering your healthcare costs. Here’s to your good health! ■





Life Insurance for “Empty Nesters”

Most people think of buying life insurance when they have children. If you have none, or they are grown, do you still need life insurance? Maybe — here’s why.

Commission says, “A traditional funeral, including a casket and vault, costs about \$6,000, although ‘extras’ like flowers, obituary notices, acknowledgment cards or limousines can add thousands of dollars to the bottom line. Many funerals run well over \$10,000.” Life insurance can make the funds available to pay for a funeral shortly after you provide documentation of the death.

- 1** If you die prematurely, your spouse may still have financial obligations (i.e., a mortgage) that would be difficult to meet on one income.
- 2** The need to plan and pay for a funeral can come up suddenly; settling an estate can take many months. The Federal Trade
- 3** Your survivor can use it to pay final medical expenses. Increasing health care costs, along with higher health insurance deductibles and copayments, could saddle your estate with serious medical costs if you are hospitalized before your death.
- 4** Your surviving spouse may have to provide physical and financial support for elderly parents or an adult child who becomes disabled. Life insurance can help pay these costs.
- 5** You can use it to provide bequests for your heirs or charitable causes. (See our September 2008 issue for details.)
- 6** You and your spouse can use the accumulated cash value in a whole or universal

life policy as a rainy day fund for retirement. After you pay into these types of policies for a certain number of years, you will have paid for your life insurance coverage; premiums then go toward building cash value.

- 7** Your surviving spouse can receive additional income until he/she is eligible for Social Security survivor benefits. Social Security pays your survivor nothing between the time your youngest child leaves high school and survivor benefits begin at age 60.
- 8** Your spouse’s retirement benefits will be lower if you die prematurely. Life insurance can offset this loss.
- 9** Your surviving spouse might have difficulty finding a good job if he or she has stayed at home to raise children or care for elderly parents.
- 10** If you let your policy lapse now and decide to buy coverage later, you’ll pay higher rates based on your age.

For a review of your life insurance policies and needs, please call us. ■

Vaccines Can Reduce Your Health Costs

A study by CVS Caremark found that people who had received a flu vaccine experienced a 24 percent drop in hospitalizations for influenza and pneumonia-related causes and a 19 percent drop in hospitalization for all causes, compared to those who did not receive vaccines. The study involved patients of all ages with a variety of chronic conditions, including asthma, diabetes, coronary artery disease, heart failure or chronic obstructive pulmonary disease (COPD).

Anyone wanting to reduce their chances of getting the flu can get a vaccine. However, people who have a high risk of flu complications and those who live with or care for high-risk individuals should get vaccinated every year. This group includes children age six months and older, their household contacts and caregivers; pregnant women; those age 50+; people with certain

chronic medical conditions; residents of nursing homes and other long-term care facilities; health care workers; and household contacts of high-risk persons.

If you haven’t gotten your vaccine yet, you still have time. The U.S. Centers for Disease Control (CDC) says outbreaks can happen as early as October, but influenza activity usually peaks in January or later.

If you have a severe allergy to chicken eggs, have had a severe reaction to an influenza vaccination or have developed Guillain-Barré syndrome (GBS) within six weeks of getting an influenza vaccine, check with your physician before getting vaccinated. Children less than six months of age should not get vaccinated, and people who have a moderate to severe illness with a fever should wait until they recuperate. ■