Life & Health Insurance Advisor

eHummel InsuranceServices

Eric B. Hummel, Agent Broker, info@erichummel.com
4995 Somerset Drive, PO Box 1538, Cornville, AZ 86325
Business: (928) 634-2123 • Toll-Free: (800) 452-9261

Health & Life Insurance Specialists Since 1989

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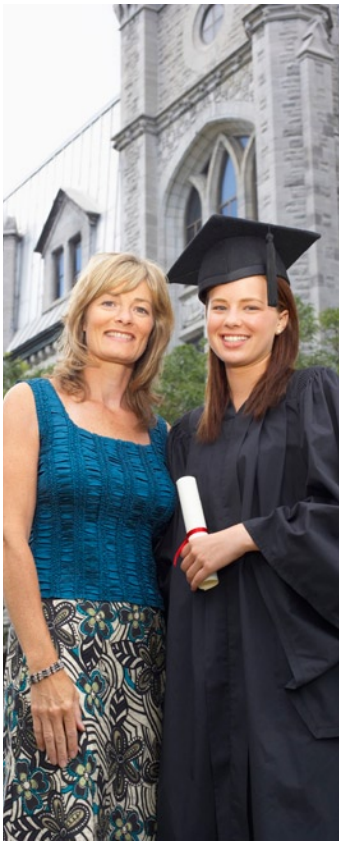


Losing coverage under a group plan

Most group plans allow parents to cover their dependent children until at least the age of 19. In Florida and New Jersey, you can obtain coverage for unmarried students who meet specific criteria until age 30. However, those are the exceptions—in many states, your dependent child's eligibility for coverage ends when his/her status as a full-time student or dependency ends, or age 24, whichever comes first. Most plans define full-time student status as being enrolled for at least 12 credit hours.

If your dependent child is about to lose coverage under your group health plan, COBRA (the Consolidated Omnibus Budget Reconciliation Act, a federal law) may apply. Generally, COBRA allows participants in a group medical plan at a company that employs 20 or more workers to continue their coverage for up to 18 months after a "qualifying event." These include becoming too old to be considered a dependent under the plan, along with other life changes, such as job termination, divorce or death of the covered employee. (For more details, see "COBRA: Coverage for Transitions" in our March 2008 issue.)

COBRA allows you to continue in the same health plan, using the same providers. More importantly, it counts as "creditable coverage" under HIPAA, the Health Insurance Portability and Accountability Act of 1996. Having creditable coverage under HIPAA protects your rights to coverage by:

- Limiting exclusions for pre-existing conditions.
- Guaranteeing access to individual policies and state high-risk pools for those who qualify.
- Guaranteeing renewability of individual policies.

However, COBRA coverage can cost a lot. Employers can charge up to 102 percent of the premium. (The extra 2 percent goes toward administrative expenses). A healthy young person can usually find coverage in the individual market for a lot less than he or she will spend on COBRA benefits. We can help your child find a policy that meets his/her needs.

If your child has pre-existing health conditions, he or she will find it more difficult to buy af-

COVERAGE—continued on Page 3

Finding Coverage for Dependents

If your children are close to "aging out" of your plan, they have only a limited time in which they can obtain new coverage to avoid pre-existing condition exclusions.

This Just In

Costly cancer treatments can lead to debt—even for those with health insurance, found a recent Kaiser Family Foundation report.

Although approximately 70 percent of cancer patients under the age of 65 have private insurance, their coverage might not be enough. High deductibles, high co-payments, limits on treatments and annual and lifetime maximums on benefits can all add up to high out-of-pocket costs. In fact, a recent analysis of 2003 healthcare costs for cancer patients found that healthcare costs for nearly one-third exceeded 10 percent of the family's after-tax income. For approximately 1 in 9, healthcare costs exceeded 20 percent of family after-tax income.

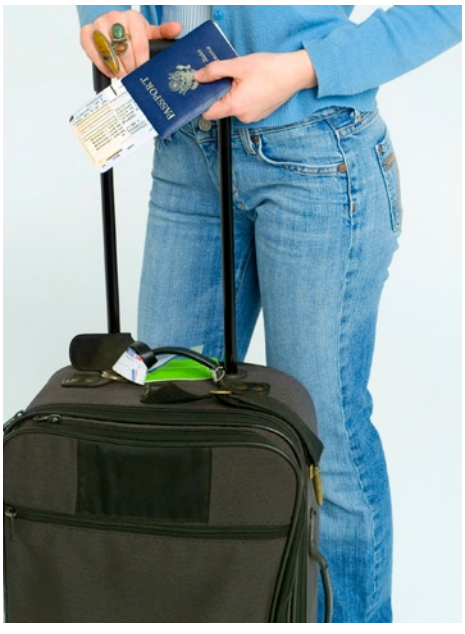
Some cancers can be fairly simple to treat if caught early, while others require complex surgeries, chemotherapy and radiation. To ensure you have enough insurance coverage to treat cancer or other catastrophic illness, check the annual and lifetime maximum limits of your health insurance policy. Look for at least $1 million in coverage. Make sure you can truly afford the deductibles you've selected. And consider buying a cancer insurance policy or critical illness policy to supplement your coverage. For more information, please contact us.

Staying Healthy Overseas: Things to Know Before You Go

If your summer travel plans include a trip overseas, here's a list of things to check long before you check your bags!

1. **Country-specific travel warnings.** Certain foreign destinations can pose unusual safety risks for American travelers. The U.S. Department of State issues travel warnings to describe long-term, protracted conditions that make a country dangerous or unstable. The government also issues warnings when its ability to assist American citizens is constrained due to the closure of an embassy or consulate or because of a drawdown of its staff. See the list at http://travel.state.gov/travel/cis_pa_tw/tw/tw_1764.html.
2. **Country-specific health conditions.** The U.S. Centers for Disease Control offers healthcare information by country, including travel notices (current infectious diseases), security and safety, recommended vaccines, malaria information (if pertinent), list of medications to bring, cautions on food and water at wwwn.cdc.gov/travel/destinationList.aspx.
3. **Individual-specific health information.** If you have a pre-existing medical condition; allergies; reactions to certain medications, foods or insect bites; or other unique medical problems; consider wearing a "medical alert" bracelet. You may also carry a letter from your physician explaining required treatment should you become ill. You may want to have information on hospitals and physicians on hand; U.S. embassies and consulates abroad maintain lists of hospitals and physicians, many of which are posted on the embassy or consulate Web site.
4. **Prescription drugs.** Keep any necessary medications in your carry-on baggage, rather than checked baggage, in their original containers with legible labels. Check with the foreign embassy of the country you are visiting to make sure it does not consider any medications you require to be illegal narcotics. (A listing of foreign embassies and consulates in the U.S. is available on the Department of State's website at http://www.state.gov/s/cpr/rls/dpl/32122.htm.) Information on filling a prescription abroad and other health issues may be found at http://travel.state.gov/travel/tips/brochures/brochures_1215.html.
5. **Eyeglasses and contact lenses.** Bring an extra pair and a copy of your prescription in your carry-on.
6. **Insurance coverage.** Obtaining medical treatment and hospital care abroad can be expensive, and medical evacuation to the U.S. can cost more than $50,000. Hospitals and other medical providers outside the United States generally do not accept U.S. health insurance coverage. Even if your policy does cover emergency care outside the U.S., you will likely have to pay upfront and apply for reimbursement—and under many plans, you'll obtain lower reimbursements for using providers outside the preferred provider network. Further, most domestic health insurance plans do not cover medical evacuations.

OVERSEAS—continued on Page 3



Prices for travel health insurance vary considerably, depending on what the policy covers, whether you have any pre-existing conditions and how long you'll be away. Questions to ask about a travel health policy:

- **Does this insurance policy cover emergency expenses abroad, such as returning me to the United States for treatment if I am seriously ill?**
- **How does this policy handle medical evacuations? Some policies will pay to bring you to the "nearest appropriate hospital," at the insurer's discretion, while others will cover evacuation to the hospital of your choice.**
- **Does this insurance cover high-risk activities such as parasailing, mountain climbing, scuba diving and off-roading?**
- **Does this policy cover pre-existing conditions?**
- **Does the insurance company require pre-authorizations or second opinions before emergency treatment can begin?**
- **Does the insurance company guarantee medical payments abroad?**
- **Will the insurance company pay foreign hospitals and foreign doctors directly?**
- **Does the insurance company have a 24-hour physician-backed support center?** ■

COVERAGE—*continued from Page 1*

fordable individual coverage, which might make COBRA the best option. After he or she exhausts COBRA coverage (or if COBRA does not apply), the Health Insurance Portability and Accountability Act requires the group plan insurer to make available an individual "conversion plan." HIPAA portability applies only to those who have had coverage under a group policy and who have maintained "continuous coverage" with no break of more than 63 days.

Losing coverage under an individual family plan

Individual plans may have more generous standards for who fits the definition of a "dependent," depending on which state you live in. For information, see the chart Definition of Dependency by Age, 2009, compiled by the Kaiser Family Foundation, at www.statehealthfacts.org/comparetable.jsp?ind=601&cat=7

For children aging out of a parent's individual family plan, neither COBRA nor HIPAA will apply. In that case, they will need to either find a job with an employer that provides group coverage or apply for their own individual policy. For a healthy young adult, finding affordable coverage on the individual market should pose no problem. However, finding coverage for a child with pre-existing medical conditions can pose serious challenges.

Some states require family plans bought on the individual market to cover dependent adult children with disabilities. California, Idaho, Oregon, Rhode Island and Utah have laws that require insurers to make individual policies available to those who meet certain eligibility criteria on an ongoing basis, while other states require insurers to "guarantee issue" individual policies during a specific enrollment period, usually 30 days, each year.

If finding coverage on the individual market proves impossible, the National Association of State Comprehensive Health Insurance Plans reports that 35 states operate high-risk pools. (See www.naschip.org for a list.) These pools "provide a means for guaranteed access to insurance that enables individuals to protect themselves from catastrophic medical bills," says NASHIP. Criteria for coverage under high-risk pools varies by state; for information, contact your state's program.

We can help you and your dependents apply for health insurance coverage on the individual market. For more information, please contact us. ■

Benefit Countdowns

COBRA

60 days: The amount of time a qualified beneficiary has to notify the plan administrator of a "qualifying event"—divorce, separation or a child's ceasing to be covered as a dependent under plan rules.

14 days: The plan administrator must send plan participants and beneficiaries an election notice within this time after receiving notice of a qualifying event.

60 days: The amount of time individuals have to decide whether to elect COBRA continuation coverage.

18 months: The typical maximum period of coverage under COBRA; certain disabled individuals can qualify for an additional 11 months of coverage.

HIPAA

63 days: The maximum amount of time an individual can go without health insurance coverage and still qualify as having "creditable coverage" under another employer's group plan or to qualify for individual conversion coverage (if COBRA does not apply, or after exhausting COBRA benefits). ■

OVERSEAS—*continued from Page 2*

If you have coverage through Social Security, Medicare or Medicaid, you're really out of luck—none of these programs provide coverage for hospital or medical costs outside the United States. (However, some Medigap policies do provide coverage.)

If your insurance policy does not cover you abroad, it is a good idea to consider purchasing a short-term policy that does. There are health insurance policies designed specifically to cover health care you might need while traveling, including emergency services and medical evacuations. We can help you find a policy to meet your needs. For more information, please contact us. ■

UNDERWRITING—*continued from Page 4*

8 **Amount of coverage desired.** If you are applying for unusually high limits relative to your finances, an insurer may offer you a policy with lower limits or decline coverage, since those who are overinsured tend to die earlier than actuarial tables would predict. An underwriter will also consider other life insurance policies you have in force to determine whether you are overinsured.

Based on these factors, the insurer will categorize you as either "super preferred," preferred, standard or rated. Super preferred applicants are the healthiest and pose the lowest mortality risks; they qualify for the lowest rates available. Those who are "rated" have health conditions that increase their mortality risk above the norm for their age and gender. They pay rates in addition to the standard rate, which vary with the severity of their health condition or the risk they present.

Before applying for life or health coverage, please contact us. We can steer you towards the companies most likely to cover you at reasonable cost, considering your personal characteristics and health, and help you evaluate policies offered by many leading companies. ■

So What Is "Underwriting," and How Does It Affect My Policy?

When you apply for insurance, the insurer will underwrite your application to determine whether to cover you—and for how much money. Knowing what underwriting is, and what insurers look for, can help you get the best rates possible on your coverage.

Group life and health policies are not individually underwritten—just being a member of the group qualifies you for coverage. Instead, the insurer looks at the "experience," or claims, of the group itself or of groups similar to yours to determine pricing. But when you apply for individual life or health insurance, your application will undergo the underwriting process. An underwriter, aided by software, will identify and calculate the risk of loss your business would represent, decide whether to offer you coverage, determine the appropriate premium and write a policy to cover you.

All insurance depends on the laws of probability. With life insurance, insurers look at the odds of mortality or death. They can't predict who will die in a given year, but they can predict with reasonable accuracy how many people out of a given population will die. Over the years, insurers have developed mortality tables that calculate the odds of dying based on a person's age, gender, health and other factors. The factors listed below affect your mortality risk:

1. **Age.** The younger you are, the lower your mortality risk and the lower your premium will be.
2. **Gender.** In general, women live longer than men.
3. **Family health history.** If family members have genetic diseases or conditions with a hereditary component, such as high blood pressure or diabetes, your chances of getting these conditions increases. The insurer might put you in a higher rate class or exclude coverage for that condition.
4. **Personal health history.** If you have a history of a serious or life-threatening disease, the insurer will either decline to cover you or exclude coverage for death resulting from that condition. An insurer may request attending physician statements and copies of your medical records in addition to the information on your application.
5. **Paramedical exam findings.** In a paramedical exam, a nurse or physician's assistant will take your height, weight, blood pressure, blood and urine samples and review your application with you. You might also have to take a stress test.
6. **Occupation and hobbies.** Do they pose any unusual risks of injury or death? A Hollywood stunt actor will have a harder time finding coverage than a librarian, no matter how healthy.
7. **Lifestyle/habits.** Drinking an excessive amount of alcohol, smoking or failing to get adequate exercise can have a negative effect on your health—and your insurance application.

UNDERWRITING—continued on Page 3

Although you have no control over your personal characteristics and certain health factors, you can take steps to make your life insurance application stronger.

- If you need a paramedical exam, schedule it for the morning. Blood pressure and heart rates are generally lower in the morning.
- Avoid alcohol within 24 hours of your exam, smoking within eight hours and exercising that morning—all can increase blood pressure.
- Fast for at least eight hours before your exam, unless you are diabetic or have another health condition that prevents fasting. Failure to fast affects cholesterol levels in your blood.
- If you are a smoker or use other forms of tobacco, you must quit seven to 10 days before your exam to prevent nicotine from showing up in your bloodstream.
- Get plenty of rest and fluids the day before your exam. If you do not feel well that day, reschedule your exam.
- Pay attention to what you wear and carry. Shoes, cell phones, heavy wallets and belt buckles can add several unneeded pounds! And Mom is right—stand up straight—the taller you are relative to your weight, the lower your body mass index (BMI).
- Answer all questions completely and truthfully. If you make a misrepresentation on your policy, the insurer retains the right to challenge payment of benefits within the policy's first two years. After the policy has been in force for two years, the policy becomes "incontestable." At that point, the insurer would have to prove that you knowingly made misstatements or intentionally omitted material information to get coverage. ■