



FINANCIAL PREPAREDNESS

"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen

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Health and Dental Insurance

When I left the Army and reentered the civilian world in 1994, I obtained a traditional indemnity health insurance policy that allowed me to choose my own doctor and refer myself to specialists. The premium was \$50 per month. Although the premium increased in line with health care costs—about 20% per year—I was able to keep that policy for over 21 years until The Affordable Care Act (ACA or Obamacare) went into effect in 2016.

At that point, my carrier exited the market (because it was no longer sufficiently profitable and/or too risky), and I had to find a new carrier. After just a year, my new carrier exited the market, so I had to find another one, which also exited the market after a year. By that point, the only options that were left for a self-employed person in metro Atlanta were an HMO (which has a financial incentive to deny you care) and PeachCare, which is Georgia's Medicaid program (health care for the poor). If I lived in Georgia but outside of metro Atlanta, my only option would have been PeachCare. So much for the ACA expanding the marketplace for health insurance.

Many people work as an employee primarily so they can have (group) health insurance. But many if not most of these plans are HMOs instead of PPOs (I'm pretty sure traditional

indemnity insurance is now extinct). The plan provided by the employer usually changes every year as the employer desperately tries to reduce skyrocketing health care costs, which means that employees have to find a new doctor if their current one isn't in the network. "If you like your doctor, you can keep him," right? That's what proponents of the ACA said before it was passed. What a joke.

Additionally, having your health insurance tied to your job (a consequence of wage controls imposed during the New Deal) reduces job mobility, effectively reduces your health insurance options, and requires you to find new health insurance (and probably a doctor as well) if you lose your job, which, if you have a preexisting condition, could be difficult if not impossible.

The irony is that health insurance doesn't necessarily get you health care (because of high deductibles and copayments), and health care doesn't get you wellness. In the U.S., we conflate having health insurance with having wellness.

At the height of this madness in 2017, we (a healthy and relatively young family of three) were paying \$1,124 per month for a PPO policy with an individual deductible of about \$5,000 and a family deductible of about \$13,000. Of course, the insurance company decides what is a "reasonable and customary" charge in your area, which is usually about a third of what you were actually charged. So if you were charged \$1,000 for a procedure, only about a third of that would be applied towards your deductible, making your actual deductible far higher.

I got tired of shoveling thousands of dollars into the maw of health insurance companies and getting virtually nothing in return, so in 2018 we switched to a [health care sharing ministry](#) (actually, two of them, one for me and one for the rest of my family, based on our situation). These are "organizations in which health care costs are shared among members with common ethical or religious beliefs in a risk-pooling framework in some ways analogous to, but distinct from, health insurance." They're similar to the mutual aid societies that existed in the U.S. before they were regulated out of existence during the New Deal; some have been around since 1981.

You pay a monthly gift, and then when you incur a large, out-of-the-ordinary expense, you file a claim for reimbursement. It's not insurance, so it's not "guaranteed," but then neither is insurance. At least five of these ministries are 501(c)(3)s, so costs are lower than with for-profit insurance companies.

In the ministry that I belong to, some members who choose not to pay for unlimited coverage end up incurring medical expenses that exceed their maximum coverage. Those people have the option of appealing to other members for help by having their name and need listed in the monthly newsletter. Incredibly, other members donate millions of dollars to help pay for their medical expenses. Try that with a for-profit insurance company.

Because these ministries have a much longer relationship with their members (compared to health insurance companies) and want to reduce the amount of medical expenses that

their members incur, they tend to take much more of an interest in helping you improve your health. For example, if you're overweight, you might be assigned a counselor who will help you set some goals and work with you each month to attain them. Once you reach your goal, they might reduce your required monthly contribution.

The ACA's "individual mandate" that required everyone to buy health insurance was repealed in 2017, but prior to that, health care sharing ministries were exempt.

Replacing our health insurance with a health care sharing ministry reduced our "health insurance" expense by almost half. My annual deductible is now only about \$500 (I pay for routine office visits and smaller expenses myself, as it should be), and I have unlimited coverage, with no copays. It can take several months to be reimbursed for a claim, but we've been very pleased. I can also keep seeing the same doctor I've had for over 20 years, who knows me and my situation very well (he uses a "concierge" model, so I pay him a quarterly fee to keep him on retainer).

Due to the exorbitant cost of health care these days, you can no longer afford to get sick, so one of the best ways to reduce your health care costs is to lead a healthy lifestyle (see Issue #7). Use the money you save on health insurance premiums for quality food/water and a gym membership.

One of the consequences (unintended or not; I believe it was intended) of the ACA was that it destroyed the market for health insurance by making it unprofitable and too risky for insurance companies, leaving only the federal government's Medicare and Medicaid programs. They'll say that this was a "market failure" and then expand Medicare (the federal program that is by far in the most dire financial straits) to everyone. Health care costs will explode even more, and care will be rationed (which is another reason you can no longer afford to be sick). Health insurance is dead, or it will be very soon, which is why I don't invest in those few remaining insurance companies that provide it.

As far as dental insurance, it's basically a scam. Running an insurance company is kind of like running a casino: on average, over the long term, the odds are stacked in favor of the house. If you think you're going to save on dental expenses by having an insurance company pay your bills, think again. Dental insurance has the same overhead and paper shuffling costs as health insurance, but on much less dollar volume, so the profit margin needs to be even higher. The vast majority of dental expenses are small enough that you could afford to pay them yourself. And virtually all dental insurance policies have limits to what they'll pay that are not very generous. As a general rule, you should skip dental insurance and pay for your own dental expenses.

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Generally, I don't have time to answer questions about your specific situation, but if you

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