

Health Notes

Health Savings Accounts: Consumer-Driven Insurance

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To offset the skyrocketing costs of health insurance, many people and small businesses are turning to Health Savings Accounts {HSAs}. One report I read stated that over 1 million Americans have chosen HSAs, up 600,000 from just last September.

An HSA is considered a consumer-driven health plan. It has a high deductible health insurance policy, your choice of usually from \$1000 to \$3,000. After the deductible is met, the health insurance plan kicks in with coverage. The beauty of this plan is that the high deductible insurance policy also includes a tax-free savings account. You put money in the account. What you don't use to cover your deductible or other medical expenses incurred *after* the deductible has been met is yours to keep for future use. You are able to invest a specified amount of money into this account each year. The money is tax-free as long as it's used for health-related expenses.

For an individual or small business owner, an HSA can also be used to accumulate money as an "IRA-like" fund. Remember you can invest in this each year, accumulating money each year in an interest-bearing account as long as not all the deductible has been used up. The money in this fund could be drawn upon at any time, but would then be subject to taxes, just like an IRA.

An HSA is consumer-driven because it puts the patient in control of how and where the first \$1,000 to \$3,000 dollars of their health costs will be spent. The patients will look for satisfaction and value because the money is coming out of their pockets. When a doctor suggests an unnecessary test because in the past "the insurance company pays so who cares," the patient (or "consumer") will think twice. The doctor will now have to examine and educate the patient as to why the test is necessary, which does not happen often enough today. The patient can use the deductible for chiropractic, dentistry, optometry, acupuncture, and podiatry, all forms of healthcare often restricted in today's HMOs and managed care.

There are two things holding back more people from signing up with HSAs. One is an uninformed America. People either know nothing about this option or don't know enough about it to switch to it. The second is a limited choice in HSA-eligible health insurance plans, but this is rapidly changing.

Are HSAs really on the verge of extraordinary

growth? You bet they are, and can't see it happen quickly enough. In fact, a feature article in Money Magazine's November 2004 issue has predicted that HSAs are going to change healthcare as much as HMOs did 20 years ago.

So why is a chiropractor happy about the HSAs? Easy answer... patients won't need a referral, or treatment plans reviewed by unlicensed chiropractors. The patients will be able to choose the doctor of their choice. There are numerous studies that state chiropractic patients are more satisfied with chiropractic care than any other form of health care, well over 90% satisfaction. That's how chiropractic has survived; patients or "consumers" want us. Doctors of all disciplines will have to educate their patients as to why they should be the doctor of choice. The health care industry will have to keep their fees respectable and competitive.

When a patient has the choice as to how and where their money will be spent, they will choose value and effective care. Patients will think twice about a \$250 office visit to a specialist to wait for two hours to be seen, never touched by the doctor, and given a script for the catch-all diagnostic tool, a \$1500 MRI. Look for the drug companies to fight the trend of HSAs tooth and nail. If HSAs take hold, the drug companies will be forced to "reel back the prices," as one large retailer use to chant. There are a lot more pharmaceutical reps driving Mercedes than pharmacists, but that's another article.

The immediate savings for people choosing an HSA is when you are fortunate enough **not** to have to spend the whole deductible. With an HSA you still have a health insurance premium but can accumulate the unspent deductible. Freedom of choice, almost a July 4th celebration!

For information regarding HSA-eligible health insurance plans, plus a state-by-state locator, go to:
www.HSADecisions.org



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