

## Are You Adequately Insured?

*Make sure your health crisis isn't also a financial one*

**A recent study from** Harvard University found that about half of all personal bankruptcies are triggered by an illness. And here's the surprise: Most of the people in the study who declared bankruptcy were insured.

### Uninsured and underinsured

"Not only is it common to find yourself in a health-related financial crisis, it's becoming increasingly more common in the economic crisis we're in now," says David Knowlton, a health-care expert and board member of the HealthWell Foundation, a nonprofit that provides financial assistance for out-of-pocket health costs. "There are people who are uninsured who, six months ago, never thought they'd be uninsured in their lives."

### Long-Term Care Insurance

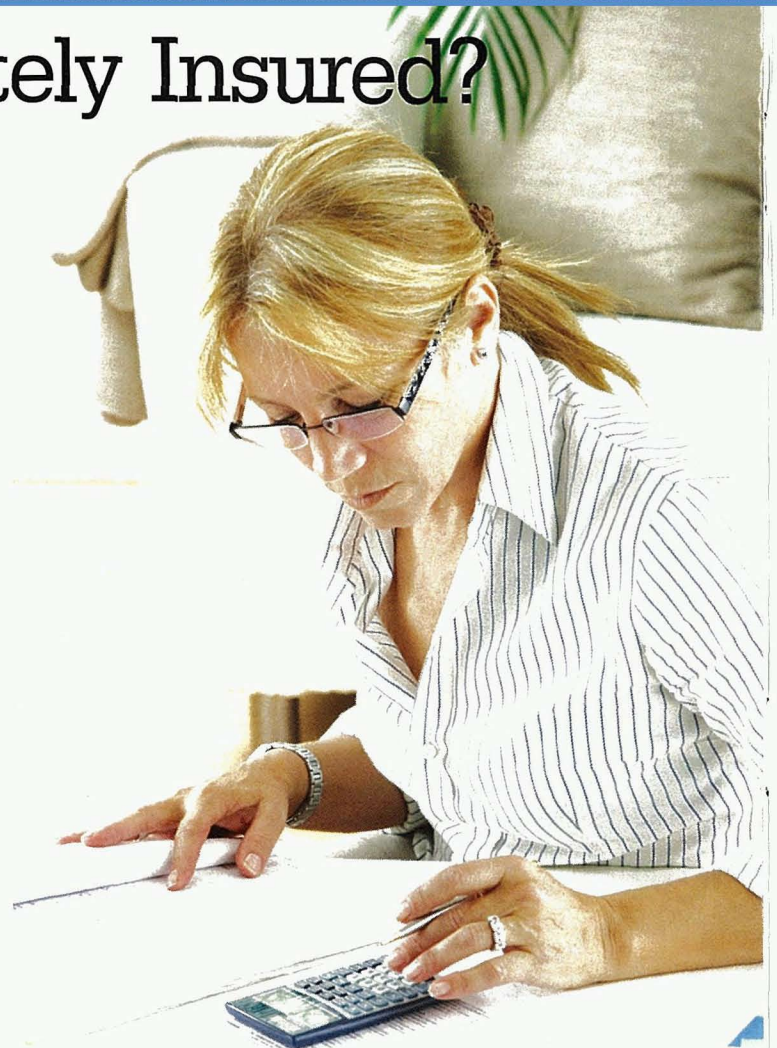
A relatively new offering on the market, long-term care insurance helps protect your assets and pay for services you may need if you have an ongoing illness and require extended medical care. Consider these factors before buying LTC insurance:

- What triggers coverage?
- How long will benefits last?
- What's the lifetime maximum coverage?
- What increases might you see in premiums over time?
- How much is covered each day?
- What is the inflation protection (if any)?

The best time to start thinking about getting this type of policy is during middle age. You may not be eligible for coverage once you're older, and premiums will be higher as you age.

Long-term care can be an important component of protecting yourself and your family financially should you need ongoing nursing care, but it can also be expensive. Like any other insurance coverage, it's important to understand the benefits provided and to ensure that the insurance company is reputable and highly rated.

For more information, visit the Insurance Information Institute online at [www.iii.org](http://www.iii.org).



There are also many people who are underinsured and do not know the extent of their financial risk.

Don't make the mistake of thinking you can skip the insurance or let it lapse and simply save up enough to pay for any future medical bills. "It's unlikely that you can save anywhere near enough money to cover a medical crisis," says Knowlton. "Creating a safety net begins with having some element of insurance coverage." Even those with coverage need to take a careful look at their insurance: What are the co-pays, what do you pay and what does the insurance company pay? What might your liability be if you or someone in your family suffers a serious accident?

### Coverage basics

Healthcare consultant Frank Erwin of Erwin and Associates, Inc. in Nashville, Tenn., suggests these basic guidelines:

- Coverage should include a lifetime benefit maximum of at least \$2 million and an affordable out-of-pocket maximum.

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- \$3 to \$5 million lifetime maximums are the recommended amount for adequate protection.
- Ideally, out-of-pocket maximums should be equal to your deductible. That way you know exactly what your financial risk is for any given year and you can save accordingly.
- Remember that what may appear to be a small co-insurance or co-payment – say, 10 to 20 percent – could equate to hundreds of thousands of dollars with a serious medical problem.

Another option is having a large deductible with low monthly payments. The key is to save enough money to cover that high deductible. Erwin recommends a Health Savings Account (HSA) compatible plan: “The tax benefits are usually too good to pass up and can help ease the pain when setting aside that money for the deductible.”

If you do find you can't afford your healthcare costs, relief may be available. Be open with the financial staff at the facility where you are treated. Explain your situation and ask about resources. The hospital might be able to point you to local charities or state resources such as Virginia's Uninsured Medical Catastrophe Fund.

Preparing for a potential catastrophe is never pleasant, but being able to cover yourself financially in a medical crisis can prevent bankruptcy. And that will let you focus on what's really important – getting well.

## Peace of Mind

*What if you or a loved one lives alone? Are you prepared for an accident or medical emergency?*

**When Susan's husband** slipped and fell in their kitchen, she had to call the fire department for help.

“He was hurt and couldn't stand up, but I couldn't lift him by myself,” she says. “I didn't know what else to do. I'm just glad I was there when it all happened.”

But what if you or a loved one lives alone? How can you be prepared for an accident or medical emergency? For protection, consider installing a personal emergency response system (PERS), an innovative, wireless technology that can alert local emergency personnel when assistance is needed.

**Your H2U benefits include special discounts on personal emergency response systems.**

of mind as it is for her.”

A PERS can monitor activity from virtually any room in any home, day or night. Users wear a necklace or a wristband with a waterproof button that can



“My mother lives in a different state,” says Kathy. “We bought her a personal emergency response system, which assures me she has immediate access to help if anything happens. It's as much for my peace

of mind as it is for her.”

be pushed in the event of an emergency. Professional help is just minutes away. The system even works as a two-way intercom for added protection and convenience.

ADT's Companion Service is a PERS available to H2U members at a discounted monthly rate of \$32.95 and only \$49 for installation. That's more than a \$70 savings in one year. Call ADT at (877) 238-4656 and tell them you're an H2U member.