



CPA MOBILIZATION KIT: FEED THE PIG

PROTECTING YOUR FAMILY WITH HEALTH AND LONG-TERM DISABILITY INSURANCE

Health insurance has become an increasingly complex and expensive item for all of us—but it plays a very important role in protecting your family’s physical, and financial, well-being. Without adequate health insurance coverage, a major illness or accident could wipe out your savings and put you into debt. While some employers provide group health insurance programs for their employees—usually some type of managed care program—others do not. Among those that do, there is often a cost-sharing arrangement where employees are required to pay for part of their monthly premiums, while the employer pays the rest. If your employer does not offer group health insurance, or if you are self-employed, individual health insurance policies are available—but be sure to shop around to find one that meets your needs in terms of coverage and cost.

TYPES OF MANAGED CARE PLANS

HMOs (Health Maintenance Organizations)

In general, these are the least expensive and least flexible policies available. In return for lower premiums and co-payments, you must see only approved doctors and will need to get permission from your primary care physician before seeing a specialist. They usually cover preventive care.

PPOs (Preferred Provider Organizations)

These offer an incentive to stay within a network of doctors by requiring smaller co-payments for these doctors. However, for a higher co-payment, PPOs allow you to see any doctor outside of their network and usually allow you to see specialists without prior approval. They often do not cover preventive care.

POS (Point-of-Service) Plans

These are similar to a PPO, with the major difference being that a POS usually requires you to use a primary care doctor to get referrals to specialists, if you want the plan to pay for them. Preventive care services are usually covered.



ADDITIONAL OPTIONS

Flexible-Spending Accounts (FSAs)

FSAs allow employers and employees to use pretax dollars to pay for certain personal expenses that aren't covered by insurance, such as out-of-pocket health care costs (i.e. deductibles and co-payments) and dependent care (i.e. day care, senior in-home care).

COBRA

Usually, if you lose your job, you also lose your health insurance. COBRA, or the Consolidated Omnibus Budget Reconciliation Act of 1985 requires most employers to give you the opportunity to continue your health insurance for up to 18 months, at your expense.

Medicare

If you qualify for Social Security, you are automatically covered by Medicare Part A, for in-patient benefits, such as hospital care, skilled nursing, home health care and hospice care. You also can voluntarily apply for low-cost Medicare Part B, which covers doctor visits, outpatient hospital care, physical therapy and medical equipment and ambulance expenses.

Medicaid

A joint federal–state program that provides medical assistance to various low-income individuals, including those aged 65 or older, disabled or blind. You must meet your state's medical and functional criteria, and there are income restrictions.

Long-Term Disability Insurance

One can never anticipate when tragedy will strike, whether it's in a car or household accident or a debilitating illness. Statistically speaking, most people of working age have a greater chance of being disabled than dying. Yet more people have life insurance than disability insurance. Long-term disability insurance replaces a portion of the salary you were earning before you became disabled. Single and self-employed individuals should seriously consider disability policies if there would not be financial support from any other source—or if you are the main breadwinner for your family. Here's what you need to know to get sufficient coverage at an affordable price.

Benefit Amount

Disability insurance typically pays 60–80 percent of your income should you become disabled.



Term of Benefits

You can choose disability coverage that pays for one year, two years, five years or all the way until age 65—or even for life. Keep in mind that premiums increase as the term increases.

Elimination Period

Policies usually have waiting periods ranging from 60 days to two years before benefits can start. The average is 90 days.

Noncancelable

While they cost more, these policies prohibit the insurance company from canceling your policy (unless they stop covering everyone in your occupation) or raising your premium.

Guaranteed Renewables

Cannot be cancelled, but the company can raise the premium by increasing rates for an entire class of policyholders.

Own Occupation or Any Occupation

Own occupation coverage pays benefits if you can no longer work in your specific occupation—this is popular with professionals such as doctors and attorneys. Any occupation pays you if you are unable to work in any occupation for which you are reasonably suited or trained. While purchasing a private disability insurance policy is your best bet, there are some government-sponsored disability benefits available.

Workers' Compensation

Disability benefits are paid to covered workers whose illness or injuries are work-related. The amount and disbursement of benefits varies from state to state.

Social Security Disability

The Social Security Administration (SSA) offers two programs. Social Security disability insurance pays limited benefits to qualified individuals under 65 regardless of income. Supplemental Security Income (SSI) pays benefits to qualified individuals with limited income over 65 or who are blind or disabled. Neither covers partial disability.

Veterans Benefits

Members of our armed forces and veterans are entitled to disability compensation for health problems associated with their military service.

Federal Employees Retirement System

Federal employees covered under the Federal Employees Retirement System (FERS) and with at least 18 months of service credits are eligible for disability benefits.