

## views you can use

Insurance & Benefits – By Paul Breslau



# Freedom, Risk, Innovation

**We** Americans cherish our freedom, find risk exciting, and innovate like a pack of puppies. Acknowledging these American traits will aid us in understanding the health insurance dilemma that is politically hot and has everyone talking. Embracing these traits may also help us find solutions.

### 40+ MILLION SMART PEOPLE

As the estimated number of people who have no health insurance grows, one can wonder how so many people can be dumb. These 40-plus million people do not want to pay exorbitant premiums or taxes for comprehensive health insurance. Most will only use a fraction of the services included on a health plan.

These uninsured people prioritize expenses. Food, rent, transportation, and fun take priority over health insurance premiums and potential medical expenses. Americans will not want to pay high taxes. An estimated 40-plus million Americans are exercising their freedom not to have health insurance. They have recreated the days of our great grandparents before health insurance was invented. I don't think this is smart, but it is a fact.

### RISK EXCITEMENT

Americans find activities that involve risk exciting and are attracted to them. Common sports like football cause injury, but our children participate and we fill stadiums and watch on TV. Common investments such as real estate and common stocks are risky, yet millions participate. Common activities such as drinking and smoking are known to be risky but we still see millions participating. Apparently 40-plus million Americans are OK with the risk of having no health insurance. You would think these risky activities would be avoided in any way possible. Now, for as long as we can remember, risk is an exciting part of our lives. However, in my opinion, not having any health insurance is not an acceptable risk if there are any low cost alternatives.

### INNOVATION

Americans innovate like a pack of puppies. Competition drives

us, improvement is expected, and we don't look back. Innovations often evolve, turn against us, produce unexpected consequences, and are replaced by new innovations. With health insurance, the World War II innovation of linking health insurance to employment struggles to serve a modern and mobile workforce. Also, the late 1970s' innovation of Health Maintenance Organizations (HMOs) raised expectations for extremely low cost and very comprehensive health care.

HMOs are dying out and over the last decade have been replaced with cost sharing plans. These newer plans most common in Arizona have a \$1,000 deductible, 80 percent co-insurance, a \$20 primary care \$40 specialist co-payment, and \$15 generic, \$30 formulary, and \$60 brand prescription coverage. This typical plan will be replaced with the newer innovations including Health Savings Accounts, Health Reimbursement Accounts, limited benefit plans, and others as well as continued increases in co-pays, deductibles, and coinsurance cost sharing.

### WHAT IS GOOD FOR YOU?

First, if at all possible, avoid the risk of no health insurance. Most people can be helped by some form of low-cost health insurance in the private market, employment-related benefits, or a government program. Second, examine each proposed innovation or government program and ask who will it benefit - the doctor, the hospital, the government, the employer, or you? Third, expect changes both private and public and expect to need to adjust to these changes. Also, expect to pay more since high medical inflation combines with the impact of aging cause medical costs to increase dramatically each year. Finally, support programs that encourage freedom, risk, and innovation.

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