Life & Health Insurance Advisor

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INSURANCE BROKERS & CONSULTANTS

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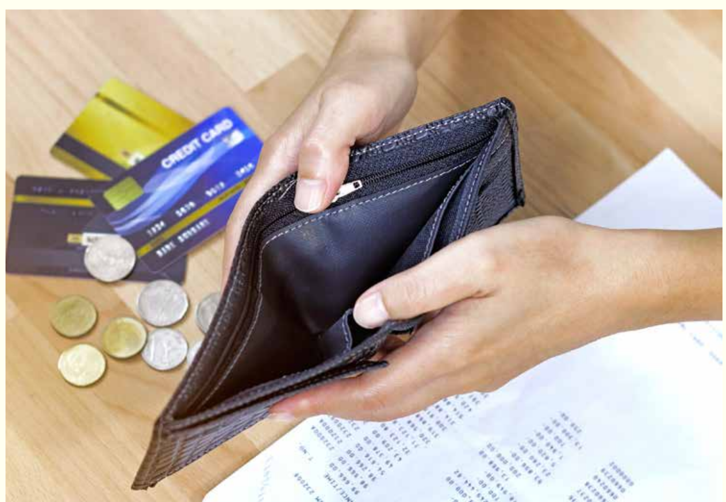
Your Options if You Lose Your Employer-Sponsored Health Care Coverage

Estimates are that more than 26 million people could become uninsured due to the workplace shutdowns.

The Economic Policy Institute estimates that because of the COVID-19 virus and workplace shutdowns, 16.2 million American workers have lost their employer-sponsored health care coverage since mid-March. The Kaiser Family Foundation estimates that 26.8 million people in the U.S. (including employees and their dependents) could become uninsured after losing employer-based insurance if they don't enroll in other coverage.

Experts at the Urban Institute



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New Challenges for Seniors Seeking Life Insurance

The coronavirus pandemic has has increased concern among life insurance carriers about the mortality risk to consumers age 70 and older.

InsuranceNewsNet, an online life insurance magazine, discovered that almost all major carriers have restricted some age groups, and at least a dozen major insurers have paused life insurance sales in March and April for consumers older than 70.

The American Council of Life Insurers explains that the mortality tables life insurance companies depend on to price products have been disrupted because the pandemic has affected older Americans disproportionally, making it more difficult to set

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think tank encourage individuals who lost their coverage not to wait to get insurance. The research and decision-making process can take time and some coverage options involve deadlines. And with the pandemic still active, some people are at a significant risk of incurring serious health problems.

If you have joined the ranks of those who lost their employer-sponsored health care coverage, be assured that you have options to protect your and your family's health. Here are some valid alternatives to getting health care coverage through your employer:

Individual Health Care Plans

Although usually you can purchase health insurance during the annual enrollment period, "involuntary loss of coverage" is a qualifying event that triggers a special enrollment period. If you lose your health care plan because you lost your job, you can enroll in a new plan if you prove that the coverage you are losing is:

- Considered minimum essential coverage (individual short-term plans don't count since they are not considered minimum essential coverage).
- Related to loss of pregnancy-related Medicaid coverage, CHIP unborn child and Medically Needy Medicaid. These are not considered minimum essential coverage, but their termination does trigger a special enrollment period.
- A grandmothered or grandfathered plan, even if it is not ACA-compliant.

Affordable Care Act (ACA) Health Insurance Marketplace

You may qualify for a Special Enrollment Period (SEP) and be able to purchase a plan on your state's marketplace. You will need to provide documentation that you have had a qualifying event within the last 60 days and are eligible for coverage. This proof could include:

- An employer letter indicating termination of employment or reduction in hours
- Marriage certificates
- Birth certificates

If you didn't lose your job, but you had a reduction in income that makes you eligible for financial assistance in the exchange, you qualify for a special enrollment period. If your income in 2020 falls between 100 percent and 400 percent of the federal poverty level, you can qualify for insurance premium subsidies. Again, you must have already had minimum essential coverage before your income level changed.

Twelve states that run their own marketplaces, as well as the District of Columbia, have reopened their open enrollment. However, most of those deadlines have passed, with the exception of D.C., whose deadline does not close until Sept.15.

COBRA

The Consolidated Omnibus Budget Reconciliation Act, or COBRA, allows you to continue your employer's health care coverage after you've lost your job — provided you worked at a company that had 20 or more employees. This is a short-term solution and you may be required to pay up to 102 percent of the entire premium since you will be paying your and your former employer's costs. This option is best suited to those who are currently undergoing treatment for a chronic condition or who are pregnant and don't want to change health care providers.

Employer-Based Coverage

If your spouse has coverage through their employer, you might be able to get coverage through that plan. Or, if you're younger than 26, the ACA allows you to be covered under your parents' insurance plan.

premiums for senior citizens.

In addition, some insurers are not offering life insurance to applicants who have underlying medical conditions that make them more susceptible to COVID-19. These conditions include respiratory and heart conditions. Some insurers won't accept applications from individuals who have tested positive for the virus within the last 30 days.

This does not mean it's impossible to get coverage if you are a senior citizen. Talk to your broker about your options. There are still carriers who offer whole life policies to those over the age of 70.

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Short-Term Health Plans

Short-term plans are just what their name implies — they provide coverage for a limited time only. They also aren't considered minimum essential coverage and aren't ACA-compliant. They are, however, very inexpensive. Monthly premiums can be as low as $25. But they offer limited benefits. Just be sure you understand what is and is not covered because this is not the same as traditional coverage. In addition, anyone with a pre-existing condition can be denied coverage.

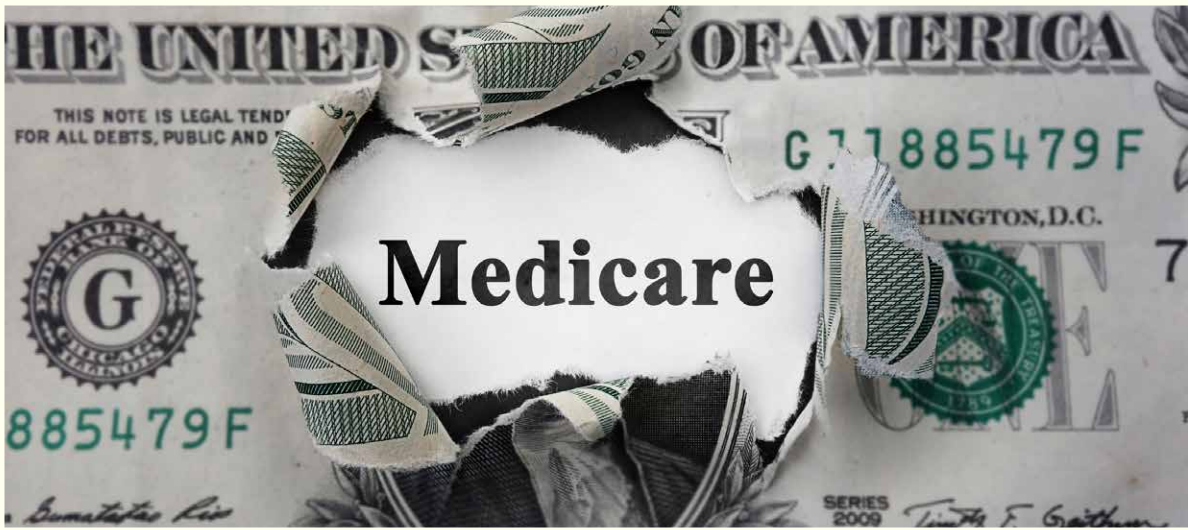
Medicaid Coverage

You may be able to qualify for Medicaid — even if you don't think you qualify. Medicaid offers free or low-cost care and comprehensive benefits to those who live in states that allow coverage for households whose monthly income is 138 percent of the federal poverty level.

Please give us a call if you have questions. ■

The Hidden Costs of $0 Premium Medicare Plans

State insurance departments are warning citizens to beware of so-called "zero premium" life insurance arrangements.



Getting ready to retire and looking for ways to cut costs to make your savings last longer? Many retirees are tempted to save money by opting for a zero-premium Medicare Advantage plan.

As the name suggests, you can get health care coverage without having to pay a monthly premium. Who could resist? But before you sign on the dotted line, make sure you understand the other costs associated with this type of health care coverage.

Medicare is a federal health insurance program for seniors age 65 and older (unless you qualify because of a disability). You're automatically enrolled at age 65 if you're already receiving Social Security or Railroad Retirement Board benefits.

Original Medicare has two parts – A and B. Part A provides health insurance for $0 premium for people who have worked at least 10 years and have paid Medicare taxes. Part B pays medical insurance for a monthly premium.

Medicare Advantage plans, also known as Medicare Part C, are an alternative way to get Part A and

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Part B benefits. The plans are offered by private insurance companies and must offer the same benefits as original Medicare. Insurance companies offering Medicare Advantage plans receive a fixed monthly amount for each Medicare beneficiary in their plans. The insurance companies must follow Medicare's regulations, although they do have some flexibility in setting their costs and they often offer additional benefits such as prescription drug coverage and routine vision or dental services.

$0 Premium Plans

Some areas of the country have Medicare Advantage plans with no monthly premiums. That doesn't mean that the plans are totally free. There typically are other costs associated with the plans, including co-payments, deductibles and the Medicare Part B premium. Here are the details:

- **Annual deductible:** This is the amount you have to pay for certain medical services each year before the plan pays its share. Deductibles vary among plans.
- **Coinsurance:** This is the percentage of a covered service that you'll pay, while the plan pays the rest. For example, some plans might require you to pay 20 percent of the costs of a service or procedure.
- **Co-payment:** A co-payment is a set dollar amount you may have to pay for a covered service, such as a doctor visit.
- **Prescription drug costs:** Each Medicare Advantage prescription drug plan has a list or a formulary of prescription drugs it will cover, as well as information about what you will be charged.
- **Out-of-pocket maximum:** Unlike Original Medicare, Medicare Advantage has an out-of-pocket limit on your annual spending. Once you've spent a certain amount of your own money on medical services within a calendar year, the plan may pay all your covered costs for the rest of that year.
- **Out-of-network costs:** Many plans require you to receive care from in-network providers. If you get care outside the network, your out-of-pocket costs could be more expensive.
- **Medicare Part B:** You will still need to pay your Medicare Part B premium.

Here's the bottom line: do your research. Some Medicare Advantage plans may charge a monthly premium, although they may be cheaper in the long run because they offer a lower deductible, lower copayment amounts and more comprehensive drug coverage than a $0-premium plan.

What You Need to Know About Getting Health Insurance for Yourself — and an Employee

Yes, you can get health insurance coverage if you only have one employee (unless that employee is your spouse).

Wondering if you can get group health insurance coverage if you only have one employee? The answer is yes — as long as that employee is not a spouse — and with proof that you are a small business.

Although small businesses are not required to offer health benefits, purchasing group health insurance may allow the owner and staff member to save money on premiums and get better benefits.

Insurers usually offer lower premiums and deductibles for groups — even two-person groups — than they would for an individual. For instance, premiums generally are 7 percent lower per person and deductibles 31 percent lower in group plans compared to individual ones.

Just as importantly, group health insurance can save you and your employee money on taxes.

When an employee needs individual health insurance, they must use post-tax dollars to buy it. But when an employee buys health insurance through a group plan, they pay for the insurance with pre-tax dollars. That can save them up to 30 to 45 percent on their health insurance premiums.

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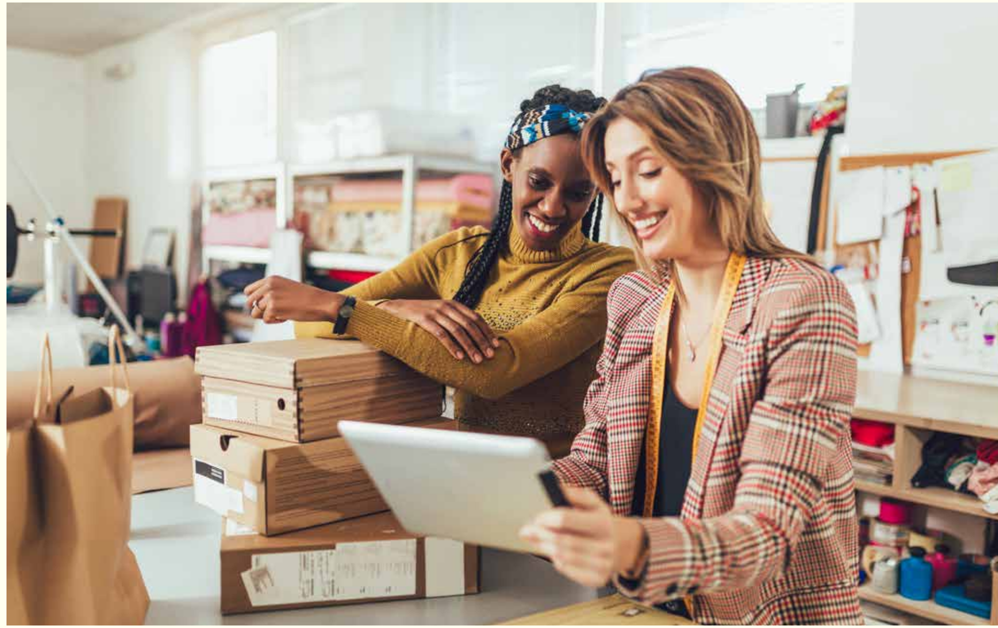
For employers, the tax benefits are many:

- Employer contributions are tax-deductible
- Employer payroll taxes are reduced by 7.65 percent of employee contributions
- Employer workers compensation premiums are reduced

In addition, paying for health benefits instead of higher salaries can save employers money because they don't pay payroll taxes and workers compensation premiums on money used towards health benefits.

Group health insurance also allows you to ensure that the plan's coverage and preventive services match the unique risks of your business.

Offering benefits is a great way to entice new employees and keep valued employees, and good health insurance is considered the most important benefit. A survey by Glassdoor, a job and recruiting site, indicated that employees feel that health insurance is, by far, the most important benefit they receive from their employer, followed by vacation, paid time off and a pension, 401(k) or other retirement plan.



Requirements

In 2015, former president Barack Obama signed into law an amendment to the Affordable Care Act which defines "small employers" as anyone with one to 50 employees. Specifically, a small business usually is defined as having at least one employee, which means the owner of the company and one full-time equivalent employee or common law employee.

According to the Internal Revenue Service, a common law employee is someone who works at least 30 hours per week and is not the owner's spouse. In addition, the work done by a common-law small business employee and how it's done must be controlled by the employer — even if the employee is not directly supervised. However, this definition does not include contract employees.

Spouses are not included in the definition of small business employee, but in most cases other family members may count as employees.

If you think you qualify as a small business owner, you must be able to provide proof that yours is a small business. The main way to prove this is to show your annual revenue. Insurance companies will probably also request certain documents, such as:

- Current business license
- Articles of incorporation
- Recent business tax return

If you're ready to explore the possibility of moving from individual health insurance coverage to group coverage for you and an employee, contact your insurance broker to explore your options.

How Your Credit Score Reveals Your Suitability for Life Insurance

A good credit rating can open a lot of doors. Not only can it make it easier for you to borrow money at a reasonable interest rate, but it can positively affect your ability to rent or buy a home, apply for a credit card or even get a job.

What surprises a lot of people is that some of the information associated with a credit report could affect whether you can get life insurance or what rates you pay.

Credit bureaus like Experian and TransUnion perform credit ratings on individuals and determine the likelihood of whether a loan will be paid back. The factors that affect credit ratings include:

- Payment history for loans and credit cards, including late payments
- Credit utilization rate
- Type, number and age of credit accounts
- Total debt
- Public records
- Number of new credit accounts
- Number of inquiries on the individual's credit report

While life insurance companies are not interested in your credit score, they are interested in credit attributes on the report, such as bankruptcy. If you have declared bankruptcy, the insurer will want to determine whether you got into financial difficulties because of bad decisions or because of medical bills, which could indicate a health problem. This doesn't mean you will be automatically rejected. An insurer might require you to wait 12 to 24 months before getting a policy or offer you modified rates.

Other factors that may affect whether you get life insurance or low rates is your medical, driving or prescription drug history, as well as your criminal record if you have one. However, the most important factors are age and health.

Remember that underwriting guidelines vary from company to company, so ask your broker to shop around for a company that will offer you the coverage you want at an economical rate.