

# Life & Health Insurance Advisor



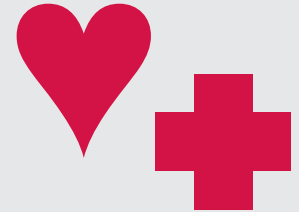
**PomeroyGroup**  
INSURANCE BROKERS & CONSULTANTS

3134 N. 7th Street, Phoenix, Arizona 85014 | (602) 265-8900 Main (602) 230-0398 Fax | info@pomeroygroup.com

Health Care

Summer 2021

Volume 14 • Number 2



## Should You Use Your Credit Card to Pay Your Medical Insurance Premiums?

There are pros and cons.

**T**empted to pay for your medical expenses and health insurance premiums with a credit card? Even though health insurance companies and providers are not required to accept credit cards, many do. Is it a good idea though? Here are the pros and cons:

### Pros

- ✦ Using a credit card can be very convenient. You can worry later about the hit to your checking or savings account.



*continued on next page*

## Do You Qualify for Partial Unemployment Benefits?

**T**he COVID-19 pandemic forced many employers to lay off employees or cut their hours in order to keep their businesses afloat. If you are still working, but have had your hours or pay cut, or if you have lost your part-time job, you may be surprised to learn that you are eligible for partial unemployment compensation.

Laws vary depending on the state. Generally, you must have worked a full year before becoming eligible. To qualify for partial unemployment, you must meet the following qualifications:

*continued on next page*

- \* Certain credit cards even let you earn cash back or other rewards — such as airline mileage or stays at a hotel. The more you spend on health costs, the more reward points you earn.
- \* As long as you pay off your credit card balance including health care premiums every month, you'll have no problems and you can maintain a good credit score. Maintaining a good credit score is important because it will determine the amount of your down payment, interest rate and monthly obligation when you borrow to make expensive purchases, such as a house or car. Potential employers may also refer to your credit score to assess your character and evaluate how well you handle financial responsibilities.

### Cons

- \* The most obvious drawback is that interest charges on unpaid balances can become unwieldy. Current interest rates for most credit cards range from 14.74% to 24.74%. Interest on one or more unpaid premiums of even a few hundred dollars can compound to the point of being extremely difficult to repay.
- \* You may also be charged an additional fee by the provider for using a credit card. They may add a percentage of your premium or charge a flat fee.
- \* As mentioned above, lenders check on whether you're mishandling your account by carrying large balances. For this they

look at your credit utilization ratio, which is calculated by adding up the balances on all your cards and dividing that number by the sum of all your credit limits. If this figure is more than 30 percent, it could affect your ability to get a loan.

- \* In addition, if you miss a payment and it becomes 30 days or more past due, you will get charged a late payment fee and may receive a negative mark on your credit report.
- \* And lastly, financial experts recommend not to put payments on auto pay. Although this is one way to make sure you don't miss a deadline, the process of switching to a different insurer can get complicated. It's also easy to lose track of how much you're being charged.

For those who do not have the immediate cash to pay medical expenses, a health care credit card or medical credit card can be helpful.

A health care credit card works like a regular credit card but is used specifically for medical expenses, such as dental care. Most health credit cards have a low annual percentage rate (APR). This is the rate you'll pay if you carry a balance over the course of a year. For instance, the card might allow you six to 18 months to pay off the balance before the regular APR takes effect.

Please call us if you have more questions about using your credit card for medical expenses. ■

- \* Your hours have been cut or you have lost your full-time job and have only been able to find part-time work. **Note: If you voluntarily reduce your hours, you will not be eligible.**
- \* You meet your state's minimum earnings or minimum hours worked requirements.
- \* You are able and available to work more hours.

State unemployment agencies can provide you with the rules on partial unemployment benefits. To apply, you will need your Social Security and driver's license numbers. You also may need your spouse's and dependents' Social Security numbers and dates of birth. To have the funds deposited directly into your account, make sure you have your bank account and routing numbers.



# Think You're Too Old for Life Insurance? Think Again!

Here's a review of the most common policies available to seniors.

**R**easons for needing life insurance vary according to age. Younger adults typically want to provide financial support for their dependents in the event they die. Senior adults often want funds for funeral expenses and outstanding debt so their heirs aren't burdened with those expenses.

For instance, according to Perfect Goodbyes, a website with resources for people seeking end-of-life advice, the average cost of a funeral in the United States in 2021 is \$6,500, although in large cities like Boston, costs average \$11,000.

However, not all seniors need life insurance. Individuals who are debt free and have ample savings might not need a life insurance policy. However, life insurance can help with other costs, such as covering estate taxes for those who have a high net worth.

For seniors in their late 50s to 70s who are just now considering getting life insurance, options are limited — but still available — although at much higher premiums to account for the increased risk. Those who are over 80 will likely have difficulty finding even term life coverage.

Keep in mind that many insurers have changed their products and policy applications during the COVID-19 pandemic, so make sure you have the most recent information when shopping for a policy.

Here are a few of the most common types of life insurance policies available to seniors:

## Term Life

Term life is the cheapest option because it only provides coverage for a limited number of years. If you outlive your policy, your heirs will receive nothing when you pass away.



Term life insurance for seniors also usually has a low death benefit, such as maximums of \$100,000 or \$300,000.

This option is best for those who are in good health because term life policies usually require a medical exam. Also, maximum age limits may apply.

## Guaranteed Universal Life

Guaranteed universal life insurance provides permanent coverage and is a good option for those whose existing term life insurance policies have expired or are about to expire. While this type of coverage remains in force for the entire life of the policyholder as long as premium payments are made, it doesn't build cash value like whole life insurance and other types of permanent coverage.

This option appeals to many seniors because the premiums are usually affordable and can be fixed at a certain age, however the applicant must pass a medical exam, so it might not be the best choice for seniors in poor health.

## Whole Life

Whole life insurance for seniors is similar to a guaranteed issue policy because the policy holder doesn't need to take a medical exam to qualify. However, the downside is that the premiums are likely to

be high and the death benefit low.

For instance, a 60-year-old nonsmoker who gets a \$10,000 policy and lives to be 80 will have paid almost \$10,000 in premiums and will need to keep paying every month just so their heirs get the death benefit.

One upside is that many policies earn a cash value.

### No Exam or Final Expense

No exam life insurance for seniors is similar to whole life — it's guaranteed issue — but with low premiums and low coverage. However, seniors up to 80 years old can get coverage to help with final expenses. These policies usually are marketed to elderly individuals who don't have many assets.

The premium for this type of coverage never increases and remains in force as long as premiums are paid each month. Some final expense policies also build cash value.

Many of these policies have a graded death benefit, meaning there is a two-year waiting period before full benefits are available unless the policyholder dies from an accident. If the policyholder dies from an illness before the waiting period is up, their beneficiaries may not receive the full death benefits.

### Funeral

Funeral insurance plans typically are purchased from funeral homes and the payout goes directly to the funeral home to cover specific burial expenses.

Please contact us for more information and help with your situation. ■

## Take Control of Prescription Costs

Prescription drug costs have become so expensive many patients are having to decide between filling a prescription or not taking it all.

The U.S. Department of Health and Human Services (HHS) reports that almost half of Americans take at least one prescription medicine and one in six are taking three or more medications. Of those taking medications, nearly one in four Americans find it difficult to pay for their prescriptions, according to 2019 KKF Tracking Poll researchers.

If you're tired of waiting for Congress or drug companies to lower costs, the good news is there are steps you can take now to control the expense of prescriptions.

### Insurance

First, check your insurance company's formulary — a list of drugs your insurance company will cover on your plan. If the drug is not covered and you cannot afford the cost, call the insurance company and ask if there is a similar medication that your plan covers.

Don't assume purchasing a drug through your health insurance will be cheaper, in



some instances the out-of-pocket cost may be less than your co-pay.

### Split Pills

Ask your doctor if a higher dosage pill can be split. Some insurance companies charge based upon the quantity of medications — not the strength. Doubling the strength of a medication and cutting it in half means you only will be charged for half the tablets. However, coated pills and time-release drugs usually should be taken whole.

## Generic Drugs

Ask your doctor to write a prescription for the generic version of the medication if the brand name is expensive. Many generic medications have the same active ingredients as brand-name drugs, but usually at a much lower cost. You also can ask your pharmacist about generic alternatives. Some pharmacists will automatically fill the prescription with a generic if it's available.

Generics can be even more affordable through mail-order programs or through grocery stores and big-box retailers — some of which offer \$4 generics.

Although generics usually are cheaper, there are exceptions. It pays to do the research.

## Larger Supply

When you know you'll need to take a medication for at least three months, ask if your doctor will write you a prescription for a 90-day supply. You usually can save money by purchasing the medication in larger quantities. Some retailers offer a 90-day supply of generics for as little as \$10.

## Compare Prices

Not all pharmacies charge the same amount for a medication, so call various pharmacies, big box retailers and grocery stores to find the best price.

## Discount Savings Programs

You can often find discount coupons online. Just type in the name of the prescrip-

tion, set your location, and search nearby pharmacies and see if they have a free discount prescription card.

## Coupons

Often manufacturers of brand-name drugs will offer rebates. To determine whether there's a rebate program for a medication you take, go to the medication's website or do a web search for the name of medication and manufacturer's rebate.

## Financial Assistance

You may qualify for state or local government prescription drug assistance. Some stores and pharmacies offer their own free prescription drug programs and you may be eligible to receive free antibiotics or free medications for high blood pressure and diabetes.

## Medicare Part D Prescription Drug Plan

Those who are enrolled in either Medicare Part A or Part B (or both) can purchase a Medicare Part D prescription drug plan as a stand-alone policy to reduce their out-of-pocket expenses.

## Mail Order Pharmacy

Check with your insurance company to see if they have a partnership with a mail order pharmacy. These services often have less overhead compared to a local pharmacy and therefore can afford to sell medications at a cheaper price. They also can be convenient

because they can deliver your prescriptions to your front door.

Many health insurance companies also work with a pharmacy benefits manager (PBM). A PBM helps employees get prescription savings — usually through a mail-order program.

## Samples

Did you know that drug sales representatives often leave samples with doctors to give to their patients. If your doctor doesn't offer samples, ask!

## Free Prescriptions

Some retailers offer free antibiotics with a prescription as a way to entice shoppers. Since you're not required to purchase anything besides the drug, you end up getting two for one.

## Expanded Access or Compassionate Use

To help people with serious or life-threatening conditions gain access to experimental medications, the Food & Drug Administration has an Expanded Access (Compassionate Use) program. The applicant must meet various criteria, including having a serious disease or condition or whose life is immediately threatened by their disease or condition. There also must be no comparable or satisfactory alternative therapy to diagnose, monitor or treat the disease or condition.





# Why It Pays to Report Insurance Fraud

**F**raud costs the insurance industry more than \$40 billion annually, according to the Federal Bureau of Investigation (FBI). To cover these losses, insurance companies pass costs along to consumers. The FBI estimates that the annual average increase in rates due to fraud is \$400 to \$700 per family.

## Popular Scams

The main types of fraud are either committed by consumers or agents. Here are examples:

### By Consumers

- \* Listing an incorrect residence address to obtain cheaper insurance
- \* Inflating medical bills
- \* Falsely claiming a medical disability
- \* Questionable death or disability life insurance claims
- \* Stealing or falsifying identity information to obtain a policy
- \* Stealing or falsifying payment information used to secure a policy

### By Agents

- \* An insurance agent fails to send premiums to the underwriter and keeps the money.
- \* Selling insurance without a license, collecting premiums and then not paying claims.
- \* Theft of insurance company assets during an acquisition or merger.

### How to Report

Once you suspect a problem, gather as much information as possible. The more information you can provide in the form of relevant documents, names and dates, etc., the more likely agencies will take your report seriously.



If you are the victim, call your insurance company first. Most insurance companies have departments which investigate reports of fraud or errors. If you aren't the victim, you can still make a report to the insurance company.

Organizations dedicated to combating fraud include:

- \* Local law enforcement agencies.
- \* Federal Bureau of Investigation's local field office.
- \* National Insurance Crime Bureau at [www.nicb.org](http://www.nicb.org) or (800) 835-6422.
- \* Your state's insurance fraud bureau.
- \* U.S. Department of Health and Human Services Office of Inspector General for Medicare fraud cases at <https://tips.oig.hhs.gov> or (800) 447-8477; or to the Center for Medicare and Medicaid Services at (800) 633-4227. Substantiated reporting of Medicare fraud may earn you a \$1,000 reward.
- \* National Association of Insurance Commissioners (NAIC) at [www.naic.org](http://www.naic.org). ■



The information presented and conclusions within are based upon our best judgment and analysis. It is not guaranteed information and does not necessarily reflect all available data. Web addresses are current at time of publication but subject to change. Smarts Publishing does not engage in the solicitation, sale or management of securities or investments, nor does it make any recommendations on securities or investments. This material may not be quoted or reproduced in any form without publisher's permission.

All rights reserved. ©2021 Smarts Publishing. Tel. 877-762-7877. <http://smartspublishing.com>.