

## **Health Insurance for Everyone - A Lesson on Health Savings Accounts**

*By: Dr. Ted Suzelis, N.D.*

Health insurance has become a major stumbling block for many individuals in recent years. For those who can afford it, they are often limited to only seeing doctors in their provider group, they pay larger and larger deductibles, and many types of healthcare are not covered in their insurance plan, like chiropractors, naturopathic physicians, massotherapists, etc. For those who cannot afford to pay for insurance, especially because they are self-employed or work for small businesses, they are forced to go without health insurance and spend a great deal of time worried about getting sick or hurt. Fortunately, there are solutions to some of these problems in the form of Health Savings Accounts (HSAs).

In 1996, as part of the Health Insurance Portability and Accountability Act (HIPAA), a new type of health insurance plan was created, called Medical Savings Accounts (MSAs). During a four year pilot program, self-employed individuals and small groups were allowed to purchase an inexpensive high-deductible emergency medical plan and add on an MSA, which allowed them to put tax-deductible money into a special savings account to be used for healthcare costs. This program was extended to December 31, 2003 and then changed in January 2004 to be known as HSAs.

The way these plans work is that you purchase a high-deductible medical insurance plan to cover large medical expenses, with a deductible ranging from \$1000 to \$2,600 for singles and \$2,000 to \$5,150 for families. They are basically only intended to cover trips to the hospital that exceed your deductible. The second part of this plan is to pay into an HSA, which is a tax-deductible savings account, that you can accrue interest on your money and either save it until you turn 65 and take the money out tax-free or you can use the money to pay out-of-pocket medical expenses. Most HSA accounts provide you with a check book or credit card to pay for your medical expenses.

For a typical family of four, you can expect to pay around \$250/month premiums for your high-deductible medical insurance plan with a total family deductible of \$5,150. That same family would be eligible to open an HSA account and choose to pay in any amount monthly up to \$429.16, collecting 5% interest tax-free. The same family of four would expect to pay at least \$600/month premium for a traditional PPO plan with office visit co-pays. If the family decided to purchase a high-deductible medical insurance plan and put \$350/month into an HSA, they would be paying the same \$600/month premiums, but would have \$350/month to use for any doctor they choose to and that money would be tax-deductible. The above example premiums were taken from [ehealthinsurance.com](http://ehealthinsurance.com) for a couple in their mid-40's and 2 teenage children, actual rates will vary widely depending on providers.

As a naturopathic physician, I find HSAs a good option for some people, because it allows them to pay for many holistic services that often would not be covered under a traditional health insurance plan. This type of health insurance plan also allows some individuals the ability to purchase health insurance that they would otherwise not be able

to afford. I would like to thank Sandy Rosenbluth of JP Russell & Associates, a small business consultant and insurance agent, for taking the time to educate myself and the rest of the Health Choices Network on the benefits of HSAs. For more information on how to obtain this type of health insurance plan, you can contact Sandy Rosenbluth at 216-464-6580 or on the web at [www.smallgroupoptions.com](http://www.smallgroupoptions.com). For other internet resources on HSAs, go to [www.ehealthinsurance.com](http://www.ehealthinsurance.com) or [www.medicalsavings.com](http://www.medicalsavings.com).

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