

ESSENTIALS BY DEBI & JIM BOWMAN

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Total Benefit Services

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Looking Back

As we say so long to 2002, it was another dismal economic year. Stock markets declined for the 3rd year in a row, investments eroded and unemployment continued. It made us all reevaluate our priorities and goals. Hopefully, we all came to appreciate what we do have and to give thanks. Surviving tough economic times is not new, yet each time it seems tougher than the last one. Somehow, we do come through, the future gets bright again and our lives move on. It is with this hope and faith, that Debi, Jeanette and Jim wish you a Happy New Year. We trust your holidays brought you family, friends and joy. That you were able to slow down from life's hectic pace and reflect on the true meaning of Christmas and the holiday spirit.

This was mainly driven by the large number of layoffs in the DFW area due to the sluggish economy. We were able to insure many individuals and families on individual policies in lieu of taking the more costly COBRA benefits. It is our wish for 2003 that this part of our business not increase anymore, which would mean area employment is on the rise.

Our goal this past year was to focus on benefits for individuals, families, self-employed, and small business. This proved to be very successful. We added many new lines of business to our product list (see page 3). We also have added new insurance carrier to the ones we represent so that we are better able to compare plans and prices.

Another growth area was in the use of the internet. More and more people are applying on-line, printing applications and forms, looking up things with the respective carrier. Most insurance companies now have a member section to track all kinds of things, including claims. www.bowmanbenefits.com received a face lift this year making it more flexible and adding many more links to other websites. We have archived past newsletters and added links to several government sites. If you have not toured it yet, we invite you to take a look.

THE MAIN REASON we continue to grow, is each of you taking time to refer a friend, co-worker or family member to us. We **thank you** for doing this, for the trust you have in our services and we look forward to continuing to working with you.

Insurance Rates

As everyone is aware, health insurance premiums have been increasing rapidly. It looks like this trend may be slowing down now that many people have chosen higher deductible plans and/or higher office visit co-pays. With the downturn in the economy, people are going to the doctor less, using more generic or lower cost prescriptions (or even using over-the-counter medicines) and considering how to use their tight funds within the healthcare system.

In the 1980's health insurance was primarily a high-deductible plan, with NO office visit co-pays and NO prescription drug card (there were some exceptions). The cost for insurance was much lower then. The 1990's brought us the age of managed care and HMO's, low cost office visit co-pays and low cost prescription drug benefits. This caused more people to use the system since it was very cheap and highly available. Eventually, the cost of running these high (ie. rich) benefit plans cost more than the premium the insurance companies collected. This started the premium rate escalation era we are now in. Many HMO's have gone out of business because they could not increase their rates and membership enough to cover the costs billed to them by the healthcare providers. The PPO's plans have had to adjust their rates, because usage of the system has outpaced the premium collected.

Basically, most people were/are unaware of the cost of healthcare because of low priced co-pays combined with previously low priced health plans. For example, an individual paid a \$5 office co-pay, but it costs the insurance company \$70 to \$100 per visit. If this person's premium is being paid as part of a group plan, the individual is shielded from the cost of the insurance premium and the cost to use the healthcare system. This same scenario would be true for those taking brand name medication(s) (ie. a low cost co-pay for a \$70-\$100 medication).

Lately, with the huge amount of layoffs and resulting COBRA, employees (and families) are seeing exactly what insurance premiums cost. It is eye opener for many. Premiums are high, often times providing rich benefits people rarely use. In this scenario, a high deductible plan with much lower premium may just be the answer.

Here is an interesting thought. We all have car insurance with deductibles applicable in cases on an accident or loss. We do not expect our car insurance to pay for oil changes, tire rotation, inspections, tune-ups, etc. (the maintenance type stuff). Somehow, health insurance has come to mean that everything should be covered, including the maintenance type stuff. Can you imagine how much higher your car insurance would be if the maintenance were covered?

In order to moderate premium costs, it appears as though we are returning to plans more similar to the 1980's where the individual pays for office visits, has a deductible and may or may not have a prescription benefit. All major costs would be covered after the deductible. It is with this trend that rate adjustments should be more moderate in the future.

Another cause for increased medical bills is the increased cost for liability insurance that providers must have. On average, liability coverage doubled this past year, causing providers to adjust their rates to help pay this added cost. This has brought tort reform (ie. amount of maximum monetary award) into focus with Congress. It is also of concern, because it may reduce the number of caretakers due to the cost of liability coverage in a particular state.

With state governments mandating coverage, each new benefit which is required to be covered costs money, and corresponds to higher premiums, whether you use the benefit or not. Now the federal government has added their mandates as well.

The aging population is increasing health care costs. There are more people over age 50 than there are school age. The 50 and older crowd has average medical bills higher than school age individuals.

Lastly, technology is advancing medical care. Conditions are treatable that previously were not. Life can be extended, but at a price. People are living longer now (and not always for the better) because the advances in medical science have made it possible.

New for 2003

We now offer Vision plans for groups of 2 or more. Senior Dental Plans. Small group health plans using the new "health spending account" concept. A group retirement Medicare Supplement plan for groups of 3 or more.

We have added 3 new individual health insurance carriers to broaden our quoting capabilities. Plus, we now offer an individual "short term medical" plan that is good for up to 3 years. Previous limits were 6 months with one renewal possible.

We now offer foreign travel medical plans for most ages. This **includes** foreign nationals traveling to the US.

Social Security checks are increasing 1.4% for 2003. Part B Medicare premiums will be \$58.70 per month. Medicare hospital deductible goes to \$840 per admittance.

DONATE BLOOD

Carter Blood Care has a program called Four Seasons blood donor. This means you donate during each season of the year. Current usage is over 400 people a day need blood. Most need more than 1 pint. To meet the transfusion needs our the DFW area takes 800 volunteers per day to donate blood. Can you be counted as one of these?

Although the current economy made giving gifts difficult to do, a gift of blood costs nothing. Giving the gift of life requires 30 minutes of your time. It is never too late to donate. Contact Carter Blood Care at: Richardson 972-437-4483, Plano 972-612-2098, Lewisville 972-219-1666, Irving 972-259-4303, HEB 817-283-4787, Arlington 817-274-0812, Dallas 214-351-8111 or 214-823-4483, Fort Worth 817-335-4935 or 817-263-5810, Grand Prairie 972-988-6051 and Mesquite, 972-270-2185.

HIPAA & PRIVACY RULES

In 1996, Congress passed a federal law called HIPAA (Health Insurance Portability and Accountability Act). Although we have all been following the guidelines associated with this law, in April 2003, the privacy portion of the bill strengthens. Protected Health Information (PHI) must be safeguarded and not shared with anyone, except among "covered entities". These "covered entities" include the insurance company, claims clearinghouses, providers of health care and business associates (ie. agents).

Therefore, many of you will be asked by us or the insurance companies to sign an authorization giving specific permission to the insurance company to allow us at Bowman & Bowman Consultants, Inc. to discuss your PHI regarding any issue regarding your policy. This includes, underwriting, claims, additions & deletions, and changes in personal status.

This law will come into play when we are dealing with your health care provider regarding billing issues, claims and medical records.

Supplemental Plans

With most of us electing plans with higher deductibles such as \$2500 and \$5000, having a supplemental plan for cancer, critical illness and intensive care can help bridge the costs. We especially recommend a cancer policy if cancer runs in your family and you have not had any occurrences. The same for critical illness. Money is paid directly to you, not to the health care provider.

Having a Disability Income replacement plan provides income for lost income/wages. Money is paid income tax-free directly to you.

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How to Avoid Spam Email

There is a very easy way to stop unwanted email from getting on to your computer. Of course, you must have received this email before the following procedure will work .

Once your email is open, highlight the email you wish to block. Then click on **Message**. From the list of items displayed click on **Block Sender**. That's it. A better way is to use the **Create Rule From Message** option under **Message**. The #2 section allows you to select various rules. If you do not want to receive the email, choose "do not download it from the server" and click OK.

Websites of Interest

Visit www.hoaxkill.com to view various false virus messages. There is a section for virus hoaxes and chain letter hoaxes. For free computer tips, sign up for the weekly "Simply Put" newsletter at www.seniortechllc.com. This is not limited to seniors.

Winter 2003 Class Schedule

January 27 *Plano Senior Center* (16th St. & Central Expressway)
10-11:30am Class comparing Long Term Care funding and coverage options.

January 29 *Richardson Civic Center* (Arapaho & Central Expressway)
1 – 2pm Golden Rule Long Term Care client event.

Please RSVP to us at 972-578-5095

This newsletter intends to offer factual and up-to-date information on the subjects discussed, but should not be regarded as a complete analysis of these subjects. Professional advisors should be consulted before implementing any option presented. It is meant for educational use only.