

One of the most important issues on any politician's platform these days is the rising costs of healthcare. There is a new revolution taking hold though.

Health Savings Accounts (HSA) are a new innovation for health insurance. There are two parts to this version of coverage. First, you must have a high deductible insurance policy for catastrophic coverage. Second, a Health Savings Account is opened and any money contributed to the savings account is tax deductible. You can use this money for any qualified medical expense. A great website with the details is at www.hsaed.com.

How does this save you money? First the high deductible health plan is usually 10-30% cheaper than a standard co-pay policy. Second, the Health Savings contributions are tax deductible, offering another savings of approximately 25-30%.

Now, there are some differences in this type of insurance. The insured is responsible for first dollar expense up to the deductible they have chosen. This means when going to the doctor, you are responsible for paying the cost until you reach plan's deductible, and the deductible is an aggregated annually. Traditionally when going to the doctor, you would pay the stated copay of \$20-40 depending on the plan. This is the main reason your insurance premium is cheaper. The insurance company does not have to pay every time you get sick, only in the case of emergencies.

The savings account piece usually earns interest or can be invested in some mutual funds, depending on the custodian of the account. Some custodians are offering debit cards and checkbooks for payment, but you can still reimburse yourself for medical expenses. For any monies not used during the year, they roll over and can be used in future years.

This type of coverage is also great for small businesses looking to control healthcare costs. The small business owner can provide an avenue for their employees to obtain health coverage and can contribute to their Health Savings Account if they would like.

I hope this helps with getting better health insurance coverage for you and your family. If you have any questions for this article or would like to talk about your current situation, please call me at (866) 447-7483 or scottboyles@brightscape.com. You can also get some health insurance quotes on my website at www.fairwaterinsurance.com.