

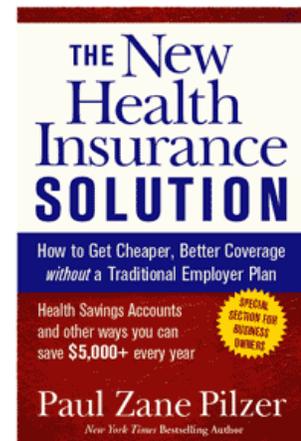
FREE NEWSLETTERS OF ECONOMIST/ENTREPRENEUR/PROFESSOR  
**PAUL ZANE PILZER**

NEW YORK TIMES BESTSELLING AUTHOR

### Three Newsletters on The New Health Insurance Solution

This issue is part of a triptych of three different newsletters related to my new book, *The New Health Insurance Solution* (Wiley, 2005). All three newsletters are available at [www.paulzanepilzer.com](http://www.paulzanepilzer.com)

1. *How Americans can now get quality affordable lifetime health insurance for themselves and their employees*
2. *How U.S. consumers are financing the \$1 trillion wellness revolution*
3. *The Economic Impact of the New Health Insurance Solution on the U.S. Economy*



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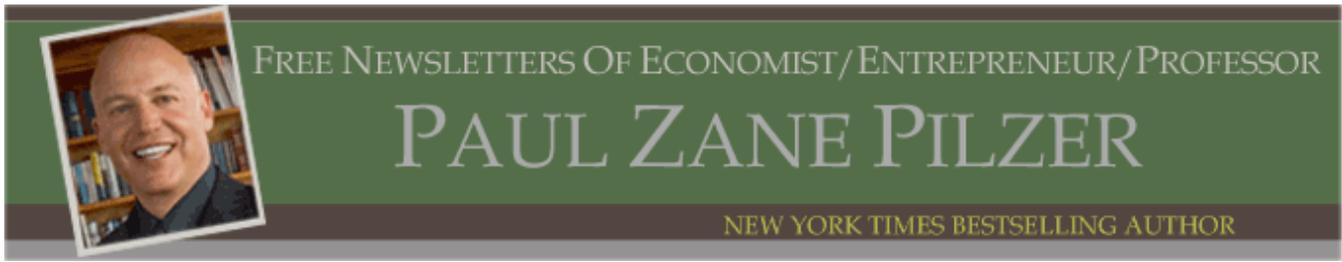
## The New Health Insurance Solution Newsletter

### How Americans can now get quality affordable lifetime health insurance for themselves and their employees by Paul Zane Pilzer October 1, 2005

In 1999, my wife and I were elated to learn that she was pregnant, but our joy turned to panic that same month when we lost our employer-sponsored health insurance. If our baby was born prematurely, it could cost up to \$60,000 a day for four months. And this amount didn't include care that a preterm child might need afterward, or any medical care for my wife.

Fortunately, our baby was born healthy, and I found a new way to buy affordable health insurance for my family. But in the process of researching our health insurance options, I discovered that I had been wasting thousands of dollars a year by getting health insurance from employers instead of purchasing health insurance myself.

I solved my crisis by buying an "individual/family" policy directly from the Blue Cross Blue Shield carrier in my state. The policy not only cost \$4,000 less than we had been paying for the employer-sponsored coverage that got cancelled, but was also far superior. Specifically, I learned that individual/family policies are:



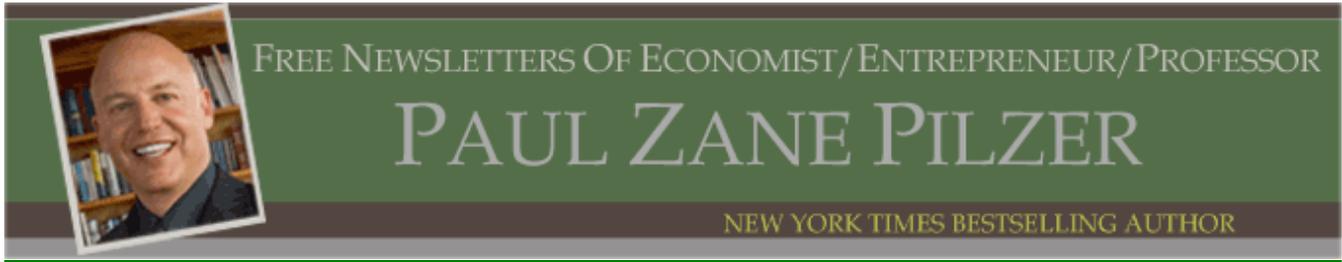
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- Much safer - Our individual/family policy was "real insurance." Unlike employer-sponsored policies that you lose when you become ill and can no longer work, you can keep an individual policy when you quit or lose your job. Illness is the greatest financial risk to American families today with employer-sponsored coverage--more than 1 million U.S. families file bankruptcy each year due to medical bills, and 75% of these families owned a home and had employer-sponsored health insurance when they became ill.
- Permanent Coverage - Unlike employer-sponsored policies where the premium goes up each year based on last year's claim experience, the premium on individual policies may not be raised, nor may the policy be cancelled, because of your illness or claims experience.
- Much Cheaper - Individual/family policies cost about half the price of group employer-sponsored policies for the same coverage, even from the same carrier. Carriers only accept for individual/family policies the 85-90% of applicants who are healthy, while employer-sponsored plans must take everyone regardless of their health issues (e.g. obesity) or lifestyle (e.g. skydiving).
- More Flexible - Unlike traditional "defined benefit" employer-sponsored plans where your employer defines the benefit (i.e. doctors you can use, drugs, hospital), with an individual/family policy you choose which network (PPO, HMO) you desire and the type of care (e.g. osteopaths, chiropractic, dentistry) you want. Moreover, you can choose the best Health Savings Account (HSA) and other features that allow you to save tax-free for the future what you don't spend today. And you can choose policies that offer prevention and wellness coverage like weight loss and smoking cessation programs.

Today 14 million Americans have such individual/family policies vs 151 million who have inferior coverage from employer-sponsored plans. So, what's the catch; why wouldn't every healthy American want a superior individual/family policy for half the price or even less? And why wouldn't every employer simply give employees the money to purchase their own health insurance--like they do with life insurance, auto insurance, and homeowners insurance?

The catch is, or was, that:

- Until recently employers were prohibited from reimbursing employees for premiums on individual/family policies. This meant that employers would have to give employees \$2 pre-tax for them to have \$1 left over after taxes and FICA to purchase their own health insurance. But, the law changed—beginning in 2005, thousands of employers are giving employees tax-free allowances to buy their own health insurance. This effectively halved the price of individual/family policies by giving them tax parity with employer-sponsored plans.
- Until 2005, individual/family policies were not universally available because private insurance carriers only accepted the 80-90% of applicants who were healthy and likely to stay that way. This has changed now that all 51 states (including D.C.) must



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offer "state-guaranteed" coverage for applicants that are either rejected for private health insurance or offered coverage at an uprated price because of preexisting medical conditions. State-guaranteed coverage typically costs 2-3 times the price of normal coverage, but you purchase it only for the one family member with a preexisting condition, so the blended family price is typically only about 25-33% higher for a family of four.

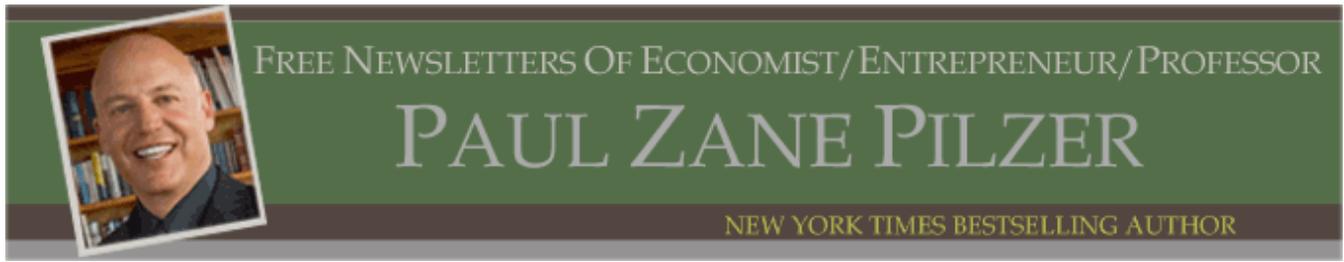
So, now what's the catch? Why wouldn't every American want their own permanent, safer, and cheaper individual/family health insurance policy? And why wouldn't every employer want to terminate their group health plan and give employees tax-free allowances to purchase their own health insurance?

The catch now is that:

- Most Americans know don't that individual/family policies exist, or think they cost twice the price versus half the price of employer-sponsored plans--because they were much more expensive before health insurance carriers were allowed to offer substantial discounts to healthy applicants.
- Your employer doesn't want you to know about individual/family policies--especially if you contribute to the cost of adding your healthy spouse and/or children to your employer's group plan, as most Americans do. You may be able to purchase the same coverage for your family at half the price your employer is charging you, and this \$300-\$600 a month savings comes directly out of the pocket of your employer.
- Only a few Americans know where, or how, to purchase their own individual/family health insurance policies.
- Many Americans have a member of their family with a preexisting condition and don't know that state-guaranteed coverage now exists—and your state is not going out of their way to advertise their new federal obligation to provide affordable coverage for their unhealthy upper- and middle-class citizens.

For all of these reasons and more, I wrote *The New Health Insurance Solution: How to Get Cheaper, Better, Coverage without a Traditional Employer Plan*. This book explains everything you need to know about health insurance, including:

- How to maximize the benefits from your employer-sponsored plan, while getting your spouse and children better coverage for half the price.
- How to accumulate \$500,000+ in your HSA and use the money, tax-free, for retirement.
- Why you should fully fund your HSA before putting even \$1 in your IRA or 401K.
- How to slash prescription drug and doctors bills now that you get to keep the savings.
- How to get health insurance during retirement, how to squeeze every dollar you deserve out of Medicare (including the new Part D Prescription Drug Benefit), how to get your employer to pay for your health insurance even during retirement, and much, much, more.



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I urge you to get *The New Health Insurance Solution* as soon as possible. I believe every purchaser of this book can save \$5,000 a year or more on their health insurance while getting much better, safer coverage for their family.

The book is now available at bookstores nationwide and at 25-43% off list price at major online retailers--see <http://tnhis.com/buy.htm> for your favorite bookseller.

Best regards,

Paul Zane Pilzer  
October 1, 2005