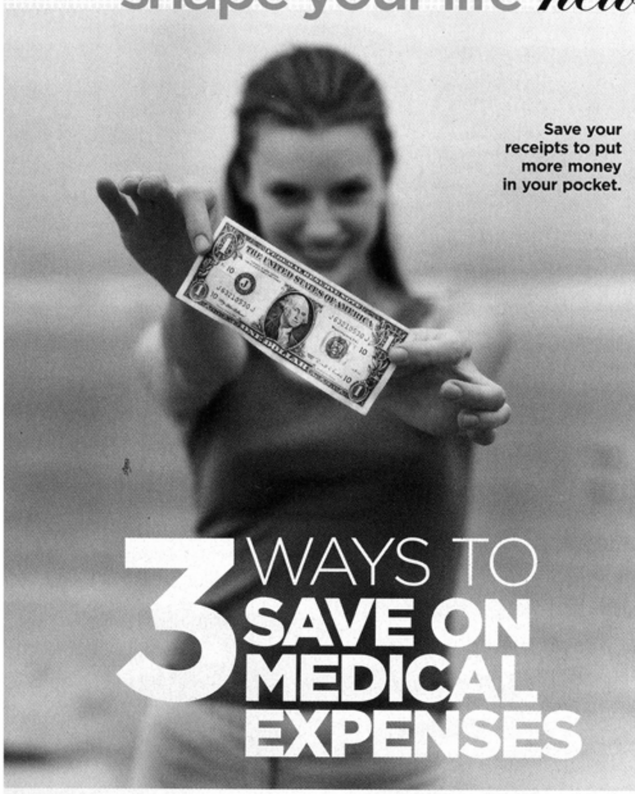
SHAPE MAGAZINE – MAY 2006

shape your life *news*



Save your receipts to put more money in your pocket.

3 WAYS TO SAVE ON MEDICAL EXPENSES

Here's a scary statistic: Medical bills are responsible for half — yes, *half* — of all bankruptcies, according to a recent Harvard University study. Researchers found that in the event of a medical emergency, someone with insurance will *still* spend an average of $13,000 for out-of-pocket costs like co-payments, deductibles and uncovered services.

A financial intervention now could save you bundles later. Here, three ways to get started saving:

1 **Question your statements.** Nine out of 10 medical bills contain errors, according to the Medical Billing Advocates of America, a consumer-advocacy group based in Salem, Va., and one study found that *more than 75 percent* of post-service health insurance coverage appeals are won. Always ask for an itemized bill so you can be on the lookout for overcharges, duplicate bills for the same service or charges for services you never received.

To back up your claim, make sure you've saved *everything* — co-pay receipts, pre-certification letter and explanations of benefits, says Martha Priddy Patterson, a director of Human Capital Services at Deloitte Consulting in Washington, D.C. To protect your credit rating, remind the billing department *in writing* that you're disputing this bill.

2 Anticipate out-of-pocket costs.

A recent MetLife survey found more than 40 percent of men and women 18 and older had saved less than $1,000 for medical expenses — most likely *not* enough. If you think you will be responsible for medical expenses that aren't reimbursed by your insurance plan, consider contributing into a Flexible Spending Account (FSA).

Here's how they work: Before the beginning of the year, your company asks you what portion of your paycheck you'd like to hold monthly to put into a tax-free account that you can then use to pay for those medical expenses — anything from over-the-counter medicines to emergency care and X-rays. FSA contributions aren't taxed — they're deducted from your paycheck *before* taxes, meaning you save about 30 cents for every dollar you deposit.

One drawback: Any funds left in your FSA after the end of the year will be forfeited to your employer. Use last year's medical bills to help estimate your out-of-pocket costs for this year.

3 Know the alternatives.

If you're burdened with sky-high insurance premiums, look into a High Deductible Health Plan (HDHP). Your premium will most likely be less than $100 a month, plus with an HDHP, you'll be eligible to open a Health Savings Account (HSA) to use for any legitimate medical expense (ask your employer about switching plans or check out *hsafinder.com*).

"This is especially good for people in their 20s and 30s because the earlier you start, the more money you'll save,"

says Sally Pipes, author of *Miracle Cure: How to Solve America's Health Care Crisis and Why Canada Isn't the Answer* (Pacific Research Institute, 2004). HSA contributions are tax-free, and some offer interest rates to boot, so you can save even more money. And unlike flex spending, your HSA account balance rolls over from one year to the next and can be taken with you if you change jobs. —STEPHANIE BOOTH