



How to
**Get Twice the
Health Care
for Half the Cost**





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By Ted Bauman, Editor, *The Bauman Letter*

YOU hear the same old story every time someone brings up the high cost of health care. Prices would drop if Americans would just shop for their medical needs.
If only it were that easy!

The unfortunate truth is that even finding a doctor is no walk in the park. Once you get a referral to a specialist, it's hard to locate another nearby with the same experience and skills.

If you do, the other guy is not taking new patients anyway. Unless you live in a big town with lots of competing hospitals, you can forget getting a break on that MRI. Emergency rooms don't negotiate one little bit. And there's no time to price ambulance services once you've already called 911.

Yet you can slash your overall spending on health care — with just a little planning and effort. I'm talking about easy strategies that cut the cost of drugs, routine exams, insurance premiums and other services, even dental and vision costs.

You don't have to be a hard-nosed negotiator. You just have to be smart about your options and willing to make a few phone calls. In some cases, the breaks are hidden in plain sight, already in use by your friends and neighbors.

Who knows: Maybe the things you learn from this report will help your neighbors, family and friends with their medical costs. It's all about being an advocate for yourself — and for your wallet.

Need to save some big money on your family's health spending? Let's get started.

Never Pay Retail for Drugs

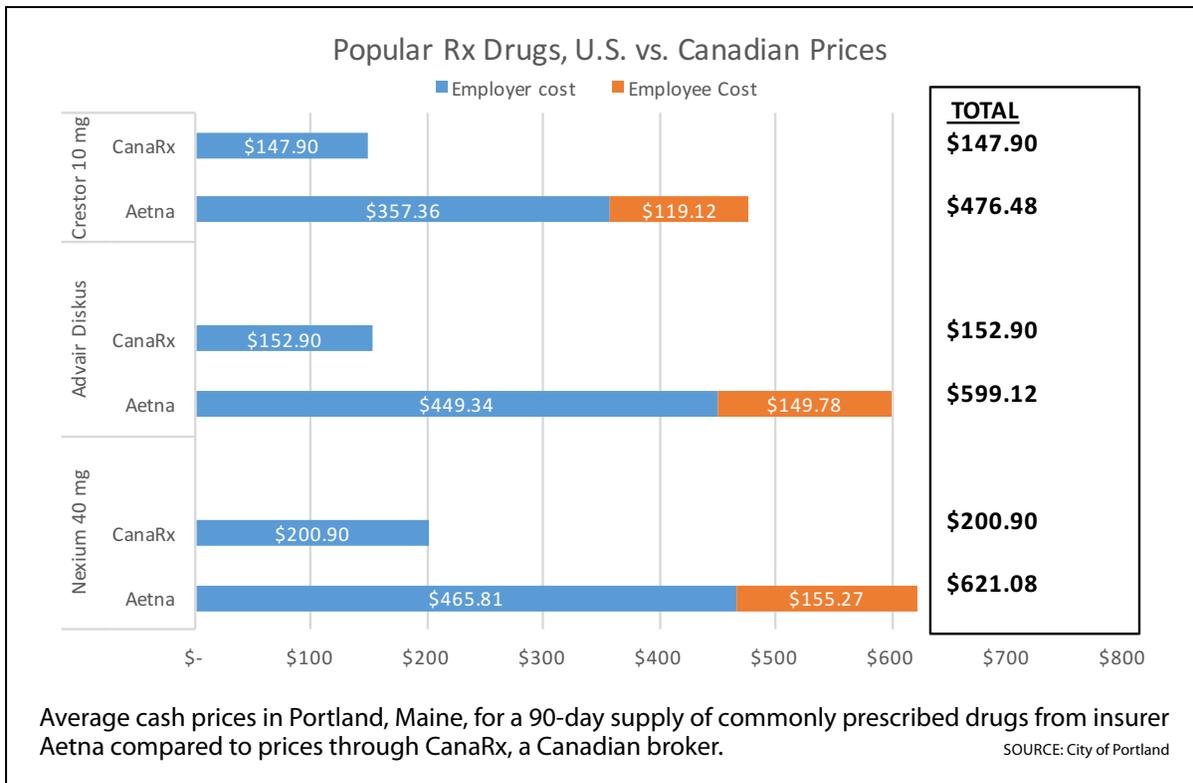
The global pharmaceutical business is pretty messed up, as I am sure you would agree. The prices we pay here in the United States are many times over what people pay abroad for the same medication.

Why is that? A lot of it has to do with how drug companies try to make back the billions they spend in developing new drugs, regulations and, of course, the money they hope to make for their shareholders.

That means different prices for different buyers, so many drug buyers in the "rich world" countries pay more as a result. Even Canada is much cheaper!

But that doesn't mean you have to pay the full cost for every drug your doctor prescribes — or even buy a drug at all.

Start with your doctor, right there at the moment he writes the Rx. Ask him: Is this drug really the



only solution to my problem? It’s counterintuitive, but many of our modern ailments are “solved” by drug consumption, but aren’t necessarily “cured.”

Take heartburn medications. Would a change in diet mean less need for heartburn meds? Would losing 10 pounds or quitting coffee reduce or eliminate the need for a costly drug? Would moderate, daily exercise offset your need for a pricy blood-pressure med, with all of its side effects?

Join These “Secret Health Savings Clubs”

Wouldn’t it be nice if shopping for healthcare was like shopping for so many other products and services – the kind that come with price discounts? I mean, when was the last time your doctor, dentist, pharmacist or hospital said “We’re having a 20 percent off sale this month”?

Believe it or not, it’s possible to get just such discounts with little-known health savings clubs. Usually you’ll find them marketed as “health discount programs.”

But first, let’s get a couple things straight...

- Health discount programs are NOT health insurance.
- There’s no reimbursement of your healthcare providers, either. You get the discount when you pay for the service or product in question.
- You pay a monthly premium, and in return, the administrator of the health discount program negotiates with your doctor and other healthcare providers to accept a reduced fee.

What would a doctor or hospital perform agree to that? Because the health discount program brings them an increase in business, in the same way that coupons help boxes of cereal and other items fly off your local grocery’s shelves.

You can usually save up to 20 to 30 percent on a provider's services (but beware any health discount program claiming to offer discounts of 50 percent or more – chances it's either a scam, or just plain lying about the real savings you might get from the plan).

So where can you find a good health discount program? Chances are, if you have a health insurance plan already, then your provider may offer a discount program too. Call up their customer service people and ask, or look through the plan's guide book sent to you when you signed up for the policy.

What if you don't have health insurance (or your provider doesn't offer a discount program)?

First, DO NOT buy a health discount program over the internet without doing a lot of research. The Federal Trade Commission warns that while some medical discount plans provide legitimate discounts, others take your money and offer very little in return.

Experts say the right way to find a health discount program is to first visit your personal physician's office and talk to a responsible person in the office's billing unit. Or if you've done some internet research already, and are interested in a particular company's health discount program, bring the sales pamphlet or printouts with you to the doctor's office.

The billing person there will be able to advise you on the discount plan, whether its provider is legitimate or not, and whether you can get the advertised discounts from the doctor's office.

Yes it takes a little extra work, but it's well worth it when you consider the savings involved on just a few visits to a doctor (dentists, hospitals, pharmacists and other healthcare providers, too).

Save 80% With Generics

If you must take a drug, absolutely ask for generic options first. Generic drugs are identical to their name-brand versions and can be up to 80% cheaper. If you have a very high insurance deductible, you will pay out-of-pocket 100%, so make sure to get generics whenever possible.

Your cost of coinsurance will be lower, too, on generic drugs. You are likely to pay coinsurance equal to 50% of the cost of a branded drug, but as low as 10% of the cost of a cheaper generic alternative.

The insurance company also will to steer you toward these lower cost options — choices which might not be obvious until you ask.

Doctors prescribe non-generics out of habit, or because they have been sweet-talked by a "pill pusher" from the drug's maker. The visiting salesperson (often a young woman) showers the office with coffee and donuts and plies male doctors with free travel to "conferences" in tropical locations.

One drug marketing firm exclusively hires former college cheerleaders for this job! It's your money, so push back. Tell the doctor you want generics in every case possible and get his honest reaction.

You are likely to find, too, that your insurer simply won't pay for some name-brand prescriptions at all because of the high cost. In this case, be sure to ask your doctor if using the name brand is absolutely crucial.

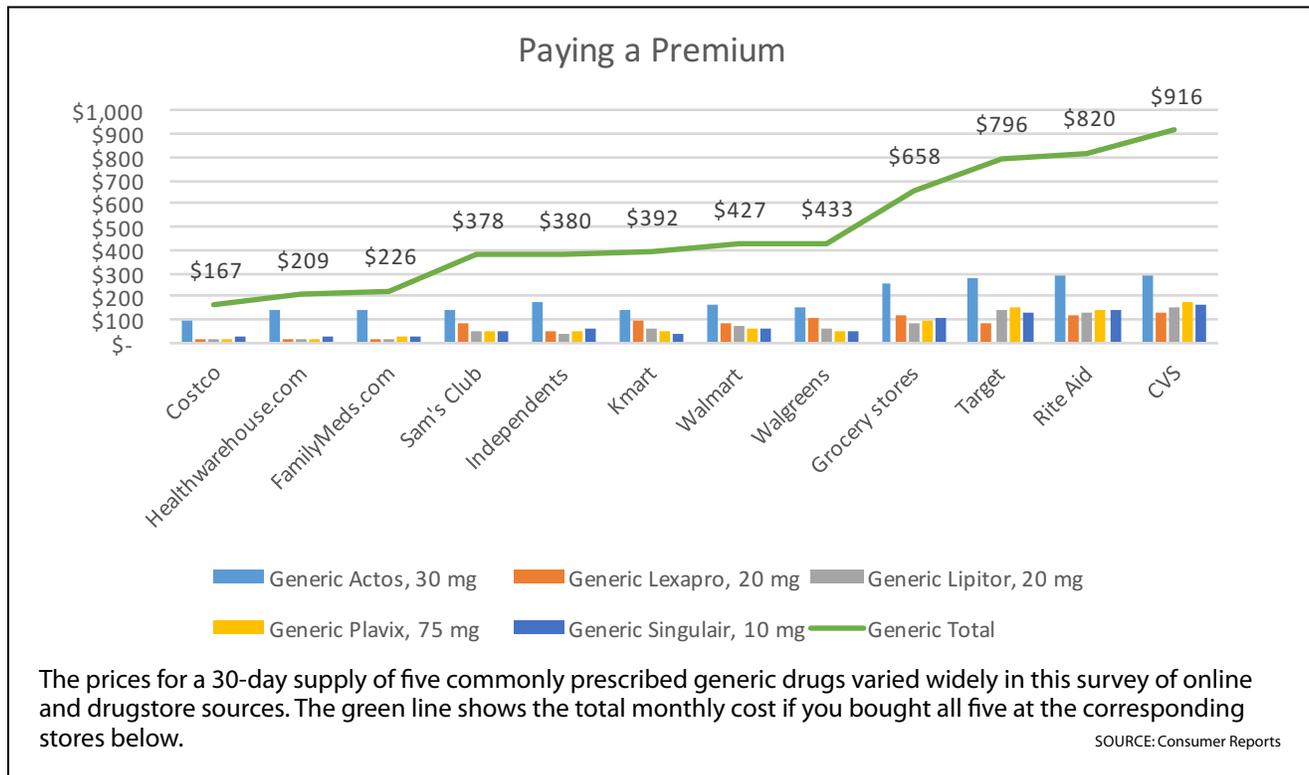
He might cite reasons why the name brand is preferred — reasons you might agree with. In all other cases, generics will be fine, and you will save big just by switching.

Grab Deep Rx Discounts

Don't stop there. Big-box retail chains such as Wal-Mart, Target and the warehouse stores typically offer volume pricing on generic drugs.

If you know you will take a specific medication for a long time, you can find them in these pharmacies much cheaper than at your normal corner drugstore. Discount stores are up to 60% cheaper for commonly prescribed drugs for cholesterol, high blood pressure and other chronic ailments.

Your insurance company also may have a deal to drive your business to Costco or a similar warehouse store where you already shop. Low-cost drugs are a “loss leader” for them, a way to get people into the store.



Don't Pay the “Convenience Markup”

Another way to look at it: Using a “non-preferred” drugstore is probably going to cost more for the same drug — sometimes much more. Most people just go to the drugstore on the way home from their doctor’s office. They unwittingly pay a premium for that convenience.

It’s the difference between buying milk at a gas station versus at a grocery store. Which do you think will be more expensive? The faster and more convenient option, for sure.

Don’t go from the doctor’s office straight to buy your prescription, unless your physician instructs you to do so. Go home, fire up the Internet and research prices first.

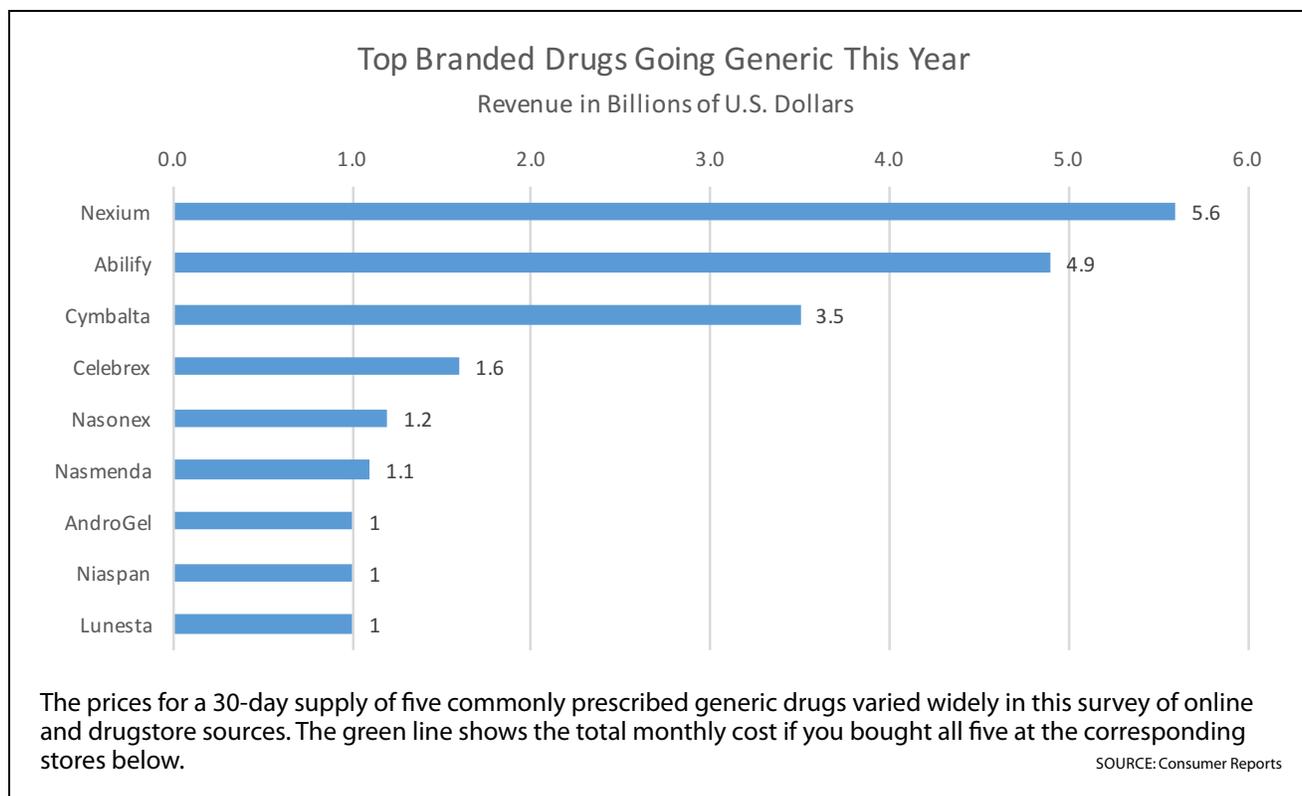
If you know you’re going to take a drug for the long term and you have to start it right away, go ahead and buy that first month’s supply. But then look into pharmacies by mail, where prices for a 90-day supply are often the same as the cost for just 30 days’ supply at the corner chain drugstore. Many insurers have special relationships with pharmacies by mail or through a “preferred” pharmacy.

Be an Online Sleuth

Remember, many of your friends and neighbors likely already take advantage of these price breaks. Ask around! The drugstores have no incentive to advertise lower prices, nor do the drug companies.

Your doctor won't even bring it up. So you have to do some sleuthing to find the best price, particularly if you expect to take a drug for a long period of time.

If you do end up taking a name-brand drug, set up a Google alert online for the drug's brand name, plus the words "generic" or "patent expiration."



Many drugs have a specific window of time before they are forced to release the drug's formulation to generic providers. Go to www.google.com/alerts and follow the simple instructions there. You will get emails daily or weekly as news stories feature your chosen keywords.

Your costly prescription drug might be on the verge of dropping in price!

Some insurers, too, will send you email alerts on your meds, precisely to tell you when prices fall, but you have to set that up online, too. Check with your provider.

Find "Super Doctors" for Super Preferred Prices

Increasingly, healthcare is becoming a lot like other types of businesses where more volume (meaning more patients) for a medical provider means lower prices. In the last few years, this has led to a new concept among health insurance companies, pointing their members toward so-called "super preferred providers."

What exactly is a "super preferred provider"?

Sometimes it's a doctor's office known to the insurance company as providing good consistent medical services for a price lower than other providers in the insurance company's network. Other times, the insurance company is trying to drive more business toward certain in-network providers and medical facilities.

The more patients they can point toward a particular office, the cheaper they can provide the services in that

office. Often, the insurer will offer additional incentives, such as a lower co-pay or coinsurance rate, to help convince you to visit these “super preferred” providers.

Office “Hide and Seek” with Surgeons and other Specialists

These days, healthcare specialists often practice their craft in a variety of settings: their practice’s offices, one or more local hospitals, as well as outpatient clinics. He’s doing the same thing at each place, but the costs could vary widely.

Here’s an example: let’s say you’re told by your doctor that you need a colonoscopy. He might automatically schedule the session at a local hospital where he has privileges. Why that hospital? It might have nicer offices and better equipment. Or perhaps it’s just closer to his practice’s office or personal home.

Most of the time, that’s where the conversation between specialist and patient ends: show up at the appropriate time, have the procedure performed, and look for the insurance company to send you the bill.

As a patient though, you’re well within your rights to ask: is there someplace cheaper where you can have this procedure performed? A hospital is an expensive place for a routine medical procedure. Another hospital might be cheaper. An outpatient clinic might be even cheaper. Ask for options, and chances are you’ll find there are cheaper alternatives available.

Get Coupon Deals on the Spot

Increasingly, big drug companies are under fire for “one-size-fits-all” pricing in the U.S. health market. That has driven people to import cheaper-version drugs, sometimes illegally, from foreign countries.

No need to go to that extreme. You can fight high prices easily enough just by using your smartphone or Internet at home. Online coupons are out there and they can help you avoid paying full price for many highly prescribed drugs.

GoodRx (goodrx.com) and LowestMed (lowestmed.com), for instance, are two services that let you look up a medication on the spot and get a coupon that can drop the price drastically. Their smartphone apps even show you which local pharmacies have the best deal at the moment.

Drug companies want to avoid more regulation, so offering coupons and financial assistance programs helps them blunt the urge from Congress to force them to lower prices across the board. It also blunts the growing drug-import business.

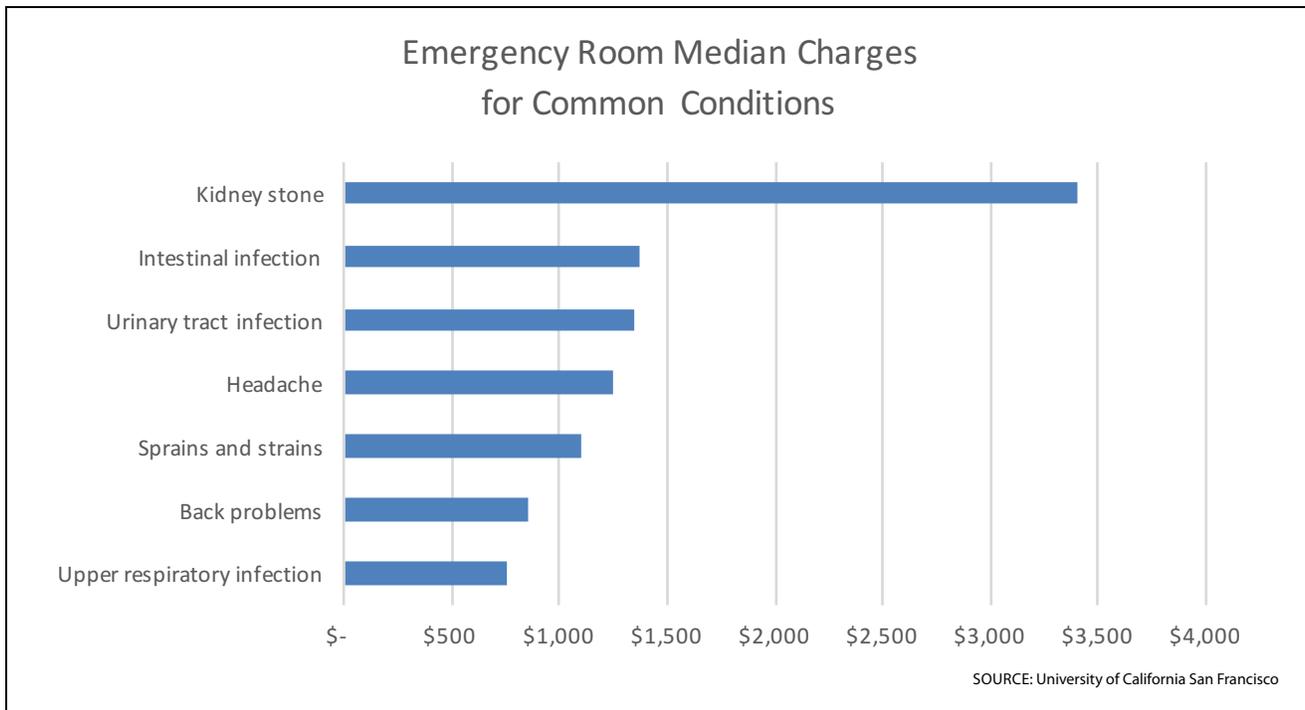
The catch: You won’t be able to apply the discounted drug’s cost to your insurance deductible. Yet if the price drops from \$300 a bottle per month to \$15, you might not be that concerned about your deductible anyway.

Split Your Pills

If you look closely at your medications, you will notice that some have a tiny line across the middle. These are manufactured specifically to be split in half.

Check with your doctor. He might have written you a prescription that only comes in one dosage, but a smaller dosage could be adequate for your needs. He could easily say, “Sure, let’s try it at the half-dose and do a follow-up visit in a month.”

Nobody has exactly the same reaction to medications, and illnesses progress differently on each patient. Your



doctor also may choose to write a prescription for a double-strength tablet at the same or similar cost that you can then split. If the pill doesn't come with a line on it, you can get a pill splitter at any drugstore for as little as \$3.

If you can split the pill, that's an automatic 50% savings, since your 30-day supply will now last 60 days instead!

Note: *Never* underdose yourself without a doctor's advice. Medications should be managed carefully, especially if you take more than one drug at a time.

Finally, the National Council on Aging serves as a clearinghouse on patient-assistance programs sponsored by big drug manufacturers. You can learn more about breaks based on income at their web site, www.benefitscheckup.org.

Or go to the website of the maker of your drug and search for "patient assistance" to locate powerful coupons.

Doctor Shop the Right Way

Gone are the days of the family doctor, right? Not so fast. Your physician probably hates dealing with insurance companies, too. That can be a good thing.

You need insurance, of course. Nobody wants to face untold thousands in medical bills without it. But you don't necessarily need insurance just to get good medical care at the right price.

Many doctors now accept payment in cash and offer serious discounts for paying on time. Some even have converted to all-cash practices and don't even file insurance claims.

Since what they can charge is negotiated anyway, the cost and delay of going through your health plan only just adds to the cost of running their business — why hire a full-time medical coder and insurance specialist at all?

Before you sign on with a new doctor, check around with a few general practitioners. If any of them are

working outside insurance on a cash basis, you will hear about them soon enough from people in the community.

Then ask if the practice is accepting new patients and get a price list of common services in writing.

Pricing Cash-Only to Your Reality

If you're the kind of person who sees the doctor once a year and occasionally needs help with a sprain or a cold, a cash-only practice might be the ticket. That way, you can opt instead for catastrophic health insurance with a lower premium and a high deductible.

You'll never hit that deductible going to a cash-only practice, but that's okay if your health care needs are so light that it's unlikely you'll meet even a moderate annual deductible.

If you have a family insurance policy, it's probable that you will spend at least \$1,000 a year dealing with ordinary crises and illnesses.

Think back over the past year and write down all the visits and medications you took — then compare it to the cost of going cash-only.

You can compare costs, too, by looking closely at prices negotiated by the insurance companies serving your market.

It varies dramatically state by state, but generally you can find out the “allowable” charges for a variety of ordinary procedures on the website of the largest insurer in your state. The more you know about prices, the more you can compare.

Count the Faces in the Room

When it comes to procedures and exams, remember that the doctor is just part of the total cost. You pay for the equipment, the technicians, the nurses — everyone who comes and goes during your visit.

If your physician wants you to get scanned or have an X-ray, ask about alternatives. An MRI at a major hospital could cost you thousands of dollars, but just a few hundred at a stand-alone radiology center. Getting minor surgery at an outpatient clinic almost certainly will cost you a fraction of going outpatient in a large hospital setting.

Many states require hospitals to treat anyone who walks through the door, regardless of their ability to pay. That's why you see crazy hospital bills listing Tylenol at \$50 a pill. The hospitals have to make up the losses somewhere on the people who get treated in the ER and then skate, never paying a cent.

Decide Before You Go

Think about your occasional, non-routine health problems like a soldier in the field, triage-style. What is the appropriate course of action for the real problem?

If it's the onset of a minor cold or flu, you will spend a lot less money seeing an on-call doctor or nurse practitioner at a chain drugstore, such as a CVS “Minute Clinic.” If it's a weekend sports injury with no bleeding, an urgent care center can see that and cost you a small fraction of the cost of the emergency-room physician.

If it's a more mysterious symptom, however, that's when you probably need to see your own doctor, someone who can track the course of your concern and possibly refer you to a specialist, if necessary.

Use the Phone First

An increasingly common alternative is to seek the advice of a live physician or nurse over the Internet, known as telemedicine. Usually, these services are offered by health insurance providers and are meant to help you understand when a more in-depth visit is required. The cost is about half that of a normal office visit. The on-call professional can call in a prescription for you, too.

Basic advice can be had for nothing, even. BlueCross and BlueShield, for instance, operates a 24-hour “nurse line” free to its members, as do UnitedHealthcare, Kaiser Permanente, Anthem and Humana.

Once you have determined that you truly need an exam or a procedure, say, outpatient surgery or an MRI, take the time to figure out what the right price is before you book the appointment.

You can look up what your own insurer considers an allowable price for a number of common procedures on their website, or use Healthcare Bluebook (www.healthcarebluebook.com) to find up-to-date cost estimates.

Then call up the provider and ask them the price of your procedure before you go. If you plan to file through your insurance company, say so. You will learn quickly whether the provider works with your insurer or not, and that’s a big deal. If they don’t, the “off-the-street” price could be much higher.

Get Costs in Writing

A heart MRI, for instance, is listed on Healthcare Bluebook at \$649, including both the technician’s work and the doctor’s time. Through the site, you can print a binding agreement to take to your doctor that holds them to the quoted price or asks them to make a counteroffer in writing.

If you don’t plan to file for your insurance and instead will pay cash, say so. You are more likely to be offered an instant discount for paying cash on the day of service. Always ask for the whole price of procedure, including any specialists, technicians, radiologists or support nursing staff who might bill you separately.

It might be embarrassing to say so, but if you happen to have a low income, mention that. Some service providers offer deep discounts to a portion of their patients on a pro bono basis.

Hit the Road for Better Pricing

Consider how far you might be willing to travel to lower your cost of health care. A surgery center in a big city that has a line out the door will be in no mood to negotiate over prices, while a perfectly good center across the state line might be empty and hurting for business. It could be that the cost of a tank of gas and a cheapo business hotel would be more than covered by the discount on the service itself.

Some folks even go abroad for care. Health tourism, as it’s called, is common in Mexico and the Bahamas, and not just for plastic surgery. Highly qualified doctors and dentists in Mexico will set up shop in small border towns near to U.S. border cities and set up all-day clinics for a variety of common procedures.

In Mexico City, for instance, there are nearly a hundred accredited hospitals performing procedures as simple as checkups and preventive care and as complex as cancer treatments and heart surgery.

Get More Out of Health Insurance

Often, people misunderstand the role of insurance in health care, to their own financial detriment. The job of insurance is not to make health care free, but to transfer financial risk away from your family.

Think of it like car insurance. You don't expect having auto coverage to protect you from an accident or even cover the cost of your fender bender. Most small repairs fall well within annual deductibles.

You do expect a car policy to help you replace or repair a big loss, should that happen. Health insurance is not different; it's just much more complex.

The first and most important rule in insurance is to stay in your network. When you go to see a specialist, make sure they are "in network" and recognize your plan's benefits.

Insurance companies put doctors under a contract to work at a specified rate, usually a difference of 20% to 40% cheaper, depending on the service. There are even "super preferred" providers that insurance companies rate as highly efficient and who will drop your costs even more.

Choose Your Own Specialists

Where this gets tricky is when you have a complex procedure done that involves more than one doctor or specialist. The time to ask is before you show up at the clinic. An out-of-network radiologist might review your records ahead of surgery at the doctor's request because he happens to be at the hospital at the time.

Then the bill comes and you find higher, out-of-network charges that you did not expect.

The out-of-network price is higher because the in-network providers agree to the insurer's negotiated rate, but outside providers can charge any price they want. You also will pay a higher deductible for out-of-network care and higher annual out-of-pocket expenses.

Before you visit a doctor or have a procedure, ask both your insurer and the providers if they're included in your plan's network. If you're having surgery, check on the surgeon, the anesthesiologist and the facility.

Your insurance provider often will ask you to work with them to plan a hospital stay ahead of time, precisely to lock down who will see you and at what cost. Work with them in order to avoid surprise bills in the mail months later.

Your Estimated Tax Savings			
Without HSA		With HSA	
Gross annual pay (estimate)	\$60,000	Gross annual pay (estimate)	\$60,000
Estimated tax rate (30%)	- \$18,000	Maximum annual family coverage HSA contribution	- \$6,750
Net annual pay	= \$42,000	Adjusted gross pay	= \$53,250
Estimated current + future healthcare expenses	- \$6,750	Estimated tax rate (30%)	- \$15,975
Final take-home pay	= \$35,250	Final take-home pay	= \$37,245
Take home this much more			\$2,025

All figures in this table are estimates and based on an annual salary of \$60,000 and maximum contribution limits to the benefit account. Your salary, tax rate, healthcare expenses and tax savings may be different.

Get All the Free Care You Can

Remember, too, that the Affordable Care Act has changed the game, both positively and negatively. One of the big positives is that preventive care is now free, regardless of your plan, premium or deductible.

That means you can get screenings for blood pressure, diabetes and cholesterol, mammograms for women, vaccinations and annual checkups at no cost. The only restriction tends to be at what age you can request a screening.

For instance, colorectal cancer screening starts at 50. Most basic exams, however, have no restrictions or are dependent only on your risk as assessed by your own doctor.

Find a list of free care services at www.healthcare.gov. Medicare recipients also benefit from a long list of free screening services, which you can find at www.medicare.gov.

Lower Your Insurance Costs

One frequently misunderstood feature of the health care law is cost-sharing. Put simply, if your income is low enough, you get federal money to offset the cost of health-insurance premiums, copayments and out-of-pocket expenses.

Your state health insurance exchange web or healthcare.gov will have up-to-date information on these programs.

You might think “No way I’ll qualify,” but don’t assume anything. Even a small break can mean you might choose a different, possibly cheaper, plan under health care law.

Since the subsidy calculation is part of your tax filing to the IRS, you might have a year in which your income falls dramatically, say, you lose your job or retire in the first months of the year.

If that happens, you can still be insured but might qualify for a cheaper plan, a bigger subsidy or both.

Go off the Exchange

If you don’t qualify for a break and don’t like the health care exchanges, consider buying one off the exchange directly from an insurance provider. Many states are still open markets and off-exchange plans can be cheaper and still qualify under the law, meaning you won’t be penalized by the IRS for using it.

This is especially important if you leave a job and decide to keep the company health plan. Under federal law (known as “COBRA”), you can stay with your former employer’s plan for up to 18 months.

The problem is, employers are not required to subsidize COBRA coverage, so the cost of keeping that insurance is often prohibitively high — 70% higher than just buying your own coverage. If you are a member of a union or professional organization, too, you might be able to join a cheaper group plan through them.

Use Your “Secret IRA” to Save

“But I make too much money!” you protest. OK, the government has you covered there, too. It’s called a health savings account (HSA), but high-earners sometimes call it their “secret IRA.”

That’s because an HSA works just like an IRA or a 529 college savings plan. You set aside money from your paycheck — pre-tax — up to a specific limit. The money can be invested, just like an IRA, and then used later tax-free for health care purposes.

It can't be used to pay insurance premiums, but anything else. Doctor's visits, hospital stays, medications — just about anything.

The money rolls over year to year, so there's no "use it or lose it" provision. The only requirement is that you have to have a high-deductible insurance plan to use an HSA.

The limits are generous, up to \$6,650 per year for a family and another \$1,000 a year if you are 55 or older. The money is pre-tax, so that reduction is taken at your highest level first.

It might even push you down into a lower tax bracket. Like with a 401(k), some employers will even match your contributions to an HSA. Free money!

Tax Breaks Rule

Think of an HSA like this: If your tax bracket is 25% and you save \$5,000 a year into the account, that's \$1,250 in tax savings every year. If you spend less than that seeing doctors, you come out ahead, and by even more if you invest the money you don't spend now.

Get an HSA-eligible plan by December 1 and you can make a full deferral for that year. The deadline for the contribution is your normal tax deadline in April.

If you are self-employed, all you have to do is declare the contribution on your return. Remember, health insurance premiums are deductible if you are self-employed, too.

Kind regards,

A handwritten signature in black ink, appearing to read 'Ted Bauman', followed by a long horizontal line extending to the right.

Ted Bauman, Editor
The Bauman Letter



The Sovereign Society

55 NE 5th Avenue, Suite 200

Delray Beach, FL 33483 USA

USA Toll Free Tel.: 866-584-4096

Email: <http://sovereignsociety.com/contact-us>

Website: www.sovereignsociety.com

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