



# Put Money Back in Your Pocket

Tips for Saving Your Health Care Dollars

By **Karen Doss Bowman**

Many Americans are feeling the pinch of high health care costs these days, especially those living with chronic diseases. For Cheryl Plank of Harrisonburg, VA, finding ways to cut health care costs has become a personal quest.

The 54-year-old has two chronic conditions—multiple sclerosis (MS) and postural orthostatic tachycardia syndrome (POTS)—that require her to make frequent doctor’s visits, undergo testing, and take numerous medications.

But Plank, who currently takes five prescription drugs daily, has found some simple ways to save money. Several years ago, for example, when her doctor prescribed expensive daily injections to slow down the progression of her MS, she did a little research and learned that the drug’s manufacturer offered discounts—even to insured patients.

“Part of my mission is to learn as I go—to educate myself and not rely on my physicians’ advice alone,” Plank says. “It’s a cooperative effort between my physicians and me. To know your body well, to be a partner with your doctor, and to be proactive, that really does give you a sense of empowerment and makes a difference in your life, not just physically and emotionally, but financially at times.”

Overall, Americans pay higher health care costs than people in other developed nations. In 2010, Americans spent nearly \$8,000 per person on health care, according to the Organisation for Economic Co-operation and Development. That’s about \$2,500 more than Norwegians, the next highest per capita health care spenders.

Though some expenses can’t be avoided, savvy consumers will find that even small savings add up.

## Understand Your Benefits.

Before choosing an insurance plan, it’s important to know your family’s health care needs. Take into account the cost of any ongoing prescriptions, scheduled primary care or specialist visits, upcoming medical tests, and monthly premiums.

“You can plan your projected costs based on any fixed costs in your life,” says Andrew Schrage, co-owner of the online personal finance site MoneyCrashers.com. “It can be a difficult task, but one strategy is to use your past health costs as a barometer for projecting future potential expenses.”

Select a cost-effective plan that will meet your needs. Your insurance provider’s online portal may offer valuable information about your benefits, such as what doctors are in your network and which prescription drugs are covered. Knowing your coverage options will help you avoid pricey mistakes. Seeing in-network doctors and staying in hospitals that your insurance carrier has contracted with also is important. Unless it’s an emergency, going out-of-network can leave you on the hook for the difference between what your insurer typically pays and what the out-of-network provider charges (often times higher fees). Always check first to make sure the doctor or hospital is in your insurance provider’s network.

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### Consider an HSA.

Health savings accounts (HSA) are medical savings accounts available to people enrolled in high-deductible health insurance plans—at least \$1,200 for individuals and \$2,400 for families. They may be used to pay for qualified medical expenses, and any money left in the account at the end of the year can be used in the next year. These plans offer a variety of tax benefits, Schrage says, “including the fact that funds contributed are not subject to federal income tax, and the account has the ability to bear interest.”

Ankeny Minoux, president of the Foundation for Health Coverage Education, recommends starting the HSA with the same amount as your insurance plan’s deductible. As the account grows, you can raise your deductible to reduce monthly premiums. Though HSAs may not be a viable option for people with chronic conditions, they’re a great cost-saving option for healthy individuals.

“When people are able to sign up for an HSA or high-deductible plan, it’s a great way to maximize their monthly dollars,” Minoux says. “If you’re healthy, it’s a great way to save, and the fund can just keep growing and growing.”

### Set Up an FSA.

Flexible Savings Accounts (FSAs) are a great way to save on health-related expenses. These tax-free accounts can save you 25-40 percent on eligible out-of-pocket medical expenses such as prescription drug costs, prescribed over-the-counter medicine, medical, dental, and vision and hearing expenses (for you and/or other dependents).

When you incur a health care expense, such as a \$20 doctor visit co-pay or prescription eyeglasses, you simply submit a claim as instructed by your FSA administrator for reimbursement.

FSAs are worthwhile because the contributions made to your account are first deducted from your paycheck before they are taxed. This decreases the amount of taxes you pay from each check and can potentially increase your take-home pay. There is a downside to FSAs: Any money you haven’t used by the end of the year is forfeited and cannot be refunded. When signing up for this benefit, consider the expenses that you will incur in the upcoming year and contribute only what you know you can use.

### Go with Generic.

Whenever possible, ask your doctor to prescribe generic drugs over brand-name ones. According to *Consumer Reports*, the cost of most brand-name drugs is about three times higher than the generic version. Generics are usually equally effective and are safe, says Nancy Davis, RPh, pharmacy manager for Walgreen’s in Glencoe, IL.

“Each (generic) drug has to go through the same testing as the brand,” Davis says. “They have to be absorbed at the same rate, and they have to stay in the body for the same amount of time so that when you switch from one manufacturer to another, you’re going to get the same results.”

Everyone’s body responds differently to medication, however. If the brand-name version of the drug works best for you, go with it and find other areas where you can cut costs.

“You don’t want to be penny-wise and pound-foolish,” Davis says. “If it’s the right fit and you’re not having side effects, it might be more beneficial to get the more expensive brand product.”

### Buy in Bulk.

If you have an ongoing prescription for a chronic condition, such as high blood pressure or asthma, you can save significantly by ordering a 90-day supply. Your insurance company can provide a list of approved mail order companies.

A word of caution: Do not purchase drugs manufactured outside the US, recommends Nilam Gandhi, PharmD, MBA, pediatric pharmacy manager at the Children’s Hospital at Montefiore in New York City. You can’t be sure of their quality and safety.

“In the US, every drug is tested through the FDA (US Food and Drug Administration), but we don’t control how other companies outside the US make their drugs,” Gandhi says. “They are not regulated by other countries, and a lot of times those drugs aren’t even tested. They may not even have an active ingredient. So check with your insurance company and order through a reputable company.”

### Look for Discounts.

As Plank discovered, drug manufacturers typically offer prescription assistance programs for people who are uninsured or underinsured. Many pharmacies offer in-house savings programs. And in an effort to promote overall wellness, some health insurance plans offer discount weight-loss programs, tobacco cessation programs, or memberships to fitness centers.

“Sometimes with being a member of a health plan, you’ll be able to go out and shop with discounts for these types of health care benefits,” says Wendy Shanahan-Richards, MD, MBA, a national medical director for Aetna and co-author of *Navigating Your Health Benefits For Dummies* (Wiley, 2006).

### HOW THE ACA WILL SAVE YOU MONEY

When the Affordable Care Act (ACA) goes into full effect in 2014, many of its provisions will save money for individuals and women in particular. For instance, one provision of the ACA makes it illegal for insurers to deny or charge more for health coverage to those with preexisting conditions. The ACA already allows families to keep their adult children on their policies until age 26. While this may cost money in the short term, it will cut down on costs if that child needs medical care. The ACA also requires insurers to cover mammography, immunizations, FDA-approved contraceptives, and other women’s health preventive services without co-pays or deductibles. Under the ACA, insurance plans will no longer be allowed to charge women higher premiums than men for the same insurance plans.



### Live Well.

Make healthy choices by eating a balanced diet, exercising every day, getting plenty of sleep, and reducing stress. And if you smoke, it’s important to quit. Studies cited by Aetna found that “70 cents of every health care dollar is spent on problems that could have been prevented.”

So be sure to have appropriate checkups and screenings, such as mammograms and colonoscopies. Most insurance plans cover 100 percent of these preventive care services.

“One of the biggest cost drivers in the US for medication costs are chronic conditions,” says Shanahan-Richards. “If we can get preventive care early on, that might help us avoid costly care down the line.”