

# Design Insurance Brokers, Inc.

P.O. BOX 416 • MUNDELEIN, ILLINOIS 60060 • 847-949-8106 • FAX 847-949-0027

## BIOGRAPHY

**STEPHANIE SMITH-HOWARD, RHU, LTCC (REGISTERED HEALTH UNDERWRITER & LONG TERM CARE CERTIFIED)**

President - DESIGN INSURANCE BROKERS

P.O. BOX #416 – Mundelein, IL 60060

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**GROUP AND INDIVIDUAL INSURANCE PLANS CUSTOM DESIGNED WITH YOUR NEEDS IN MIND – Since 1970**

**Group & Individual - Medical/Dental/Life/Disability/Long Term Care/Supplemental/Voluntary Insurance – Health Savings Accounts/Health Reimbursement Arrangements – Section 125 & 105 Programs - Senior Products/Medicare Supplements/Drug Cards**

### REGISTERED HEALTH UNDERWRITER DESIGNATION

**Licensed Insurance Broker: Accident, Health, Life, Property & Casualty -**

**Certified: Long Term Care Insurance**

**Insurance Career: Since 1970**

Member: Lifetime Leading Producer's Round Table Award

Member: Chicago & Northeastern Illinois Association of Health Underwriters

Member: Illinois State & National Association of Health Underwriters

Member: National Association of Alternative Benefits

Member: American Association for Long Term Care Insurance

Member: Women In Management

Member: GLMV Chamber of Commerce

Member: Women In Business Network Group

Member: BNI Providence Partners Networking Group

Chartering Member: GLMV Connect - Networking Group – Public Relations Director

Health Care Lobbyist – Springfield, IL – Washington, D.C.

Past President of Chicago & Northeastern Illinois Association of Health Underwriters

Past Vice President/Charter Member Illinois State Assn. Of Health Underwriters

National/State/Local National Health Underwriters' Awards' Recipient (Multiple Years)

GLMV Chamber of Commerce - Volunteer of the Year Award Recipient - 2003

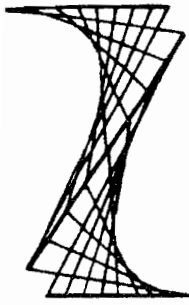
Lake County Women's Coalition Award Recipient - 2004

2<sup>nd</sup> Lt. Civil Air Patrol

Past State & Nationally Qualified Emergency Medical Technician/Firefighter & Emergency Room

Volunteer

Hobbies: Gardening/Camping/Fishing/Cooking/Volunteer Work



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## **HEALTH INSURANCE FOR SELF-EMPLOYED by Stephanie Smith-Howard, RHU**

### **Short Term Major Medical Insurance**

PPO Plans offer choices and length of time. Available for 30 days to 12 months.

Goes into effect the date after the postmark or fax, only if Medical Questions (Knock-Out) are "No". Does not cover pre-existing conditions. Does provide "Creditable Coverage" towards pre-existing conditions. Rates based on zip code, length of time, sex, age, dependent status and coverage selected.

### **Individual Major Medical Insurance**

PPO Plans offer choices and Health Savings Account Qualified Plans.

Rates based on age/sex/dependent status/zip code of potential insured. -- Subject to medical underwriting - Height & Weight - - Pre-existing Medical conditions. Medical records can be requested. Based on underwriting potential insured, can be: Insured - - Declined - - Rated up (Premium Increased) - - Ridered (Conditions Excluded from Coverage). Once issued, pre-existing conditions not covered for 12 months.

### **Limited Medical Plans**

Offers limited coverage.

### **Discount Plans**

Provides PPO Discount for Providers - Not Insurance - Someone still has to pay the bills.

### **ICHIP & HIPAA CHIP (Illinois Comprehensive Health Insurance Plan)**

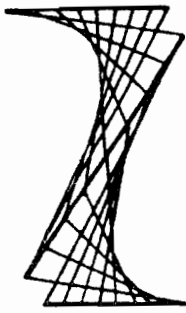
PPO Plans through the State of Illinois for uninsurables and those who have exhausted state or COBRA continuation. Administered by BlueCross/BlueShield

### **Group Major Medical Insurance**

PPO/HMO/High Deductible Group Plans start at 2 lives (can be husband and wife). To be eligible for group coverage there must be: Business entity - With a quarterly wage report (minimum wage \$7.50 per hour for 30 hours per week), or 30 days of front and back cashed paycheck for new business. Some insurance carriers will allow some 1099 employees to participate. Insurance carrier requires the business to contribute a percentage of premiums and to have participation requirements.

Rates based on the following: Nature/Type/SIC Code of Business - Location of Business - - Plan chosen/Age/Sex/Dependent Status of employees (Employees insured under a spousal plan are "Eligible Waivers". Some insurance carriers also rate based on employee zip code. Perfect rates are provided from insurance carriers with final rates based on final census enrollment and medical underwriting. Rates are capped at a 67% increase based on medical conditions.

A group health plan has to accept all eligible employees regardless of medical conditions and must give the insured credit for prior medical insurance coverage, as long as there is no gap greater than 63 days.



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## YOUR INSURANCE BROKER/AGENT

Expertise Matters - - Whether you are a business owner, individual or anyone else searching out employee benefits or health insurance. When searching for an insurance broker or independent agent - - Find out how many years they have been in the business and whether insurance is their primary business. What insurance lines are their primary focus. Do they represent multiple insurance carriers and who are those carriers. Do they have a professional designation? Are they a member of any professional insurance organization? Do they carry Errors and Omissions Insurance?

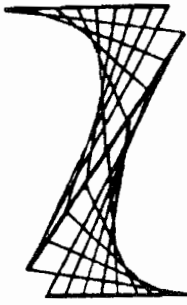
Professional health insurance brokers and independent agents are experts who know the marketplace – and know the Laws. State and Federal regulations can expose your business to serious liabilities and can also provide an individual with options. A good professional will know the industry - - and is involved in completing on-going continuing education courses.

Your Health Professional will help you review your unique needs – educate you about insurance carriers and products that may satisfy your needs - - Help ease the burden on your time and help you get the most from your coverage throughout the process and afterwards. Each insurance carrier has their own requirements and underwriting guidelines and can be different from each other.

Why should you buy from an insurance broker or independent agent versus online? Health insurance benefits are complex and critically important. Health care coverage protects a family's health, their assets and provides choices. Purchase the wrong health care coverage and consequences can be significant. One usually finds out when there is a claim and it is too late. If you buy health insurance online, there may be no advisor to explain benefits, no advocate if problems arise and no counselor to help you make the right coverage choices.

Brokers and independent agents work for YOU and are looking out for your best interests – Not an insurance company.

Stephanie Smith-Howard, RHU (Registered Health Underwriter Designation)  
Owner – Design Insurance Brokers - - Insurance Business Full-Time Since 1970  
Member of National Association of Health Underwriters and Past President CNIAHU



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## HOW TO BE A PRUDENT CONSUMER OF HEALTH CARE By Stephanie Smith-Howard, RHU

Read Your Policy - Know Your Coverages – Exclusions/Limitations/Pre-Existing Condition Waiting Period.

Keep Your Policy In a Safe Place and Always Carry your Card.

Periodically Review your Insurance Plan for appropriateness of coverage.

Add new dependents within 31 days of status – Complete Employee Application.

Manage Your Health Care Like You Are Spending Your Own Dollars

Don't Take Any Thing For Granted - - Ask Questions – Call Numbers on Your Card.  
Making that Phone Call could save you thousands of dollars....

Always Stay in PPO Network if Possible - - Run Directories On-Line – Call Insurance Carrier - - Ask Provider –Be sure to check to see what Providers your Provider uses internally. They may not be In-Network. PENALTIES FOR NON-NETWORK PROVIDERS may include Extra Deductibles –Extra Co-Insurance/Extra Out-of-Pockets/Stop-Loss – and Balance Billing of Above Reasonable/Usual & Customary Charges by Non-Network Providers.

Call to Pre-Certify Procedures - - Do not rely on the Providers – This can include MRI's/CatScans/In-Patient/Out-Patient Procedures.

Keep a Log Book - - Date/Names/Phone Numbers/Procedures/Readings/Pre-Certification Information.

Review Your Explanation of Benefits (EOBs) - - These come from your Insurance Provider and explain how your claim was processed. If there is an error, call the number on your EOB for review.

Ask for Copies of your Reports/Tests/Etc. You are entitled to them...

Ask your doctor about non-drug ways to manage your condition. Lifestyle changes.  
Ask for Alternative Prescription Options – and Pre-Prescription Options – Generic is cheaper.  
Order through mail order for on-going maintenance prescriptions.  
Review All Your Medications with your doctor once a year. Can one drug do the work of two.  
Take medication as prescribed.

Be careful of idle chitchat with your providers - - Everything you are saying is going into your medical records. If you want to talk to your Provider about anything confidential, ask them to close your file or computer and that you'd like to speak with them "off the record".

01/07/08 Rev.

## Advantages of HSAs

**Security** – Your high deductible insurance and HSA protect you against high or unexpected medical bills.

**Affordability** – You should be able to lower your health insurance premiums by switching to health insurance coverage with a higher deductible.

**Flexibility** – You can use the funds in your account to pay for current medical expenses, including expenses that your insurance may not cover, or save the money in your account for future needs, such as:

- Health insurance or medical expenses if unemployed
- Medical expenses after retirement (before Medicare)
- Out-of-pocket expenses when covered by Medicare
- Long-term care expenses and insurance

**Savings** – You can save the money in your account for future medical expenses and grow your account through investment earnings.

**Control** – You make all the decisions about:

- How much money to put into the account
- Whether to save the account for future expenses or pay current medical expenses
- Which medical expenses to pay from the account
- Which company will hold the account
- Whether to invest any of the money in the account
- Which investments to make

**Portability** – Accounts are completely portable, meaning you can keep your HSA even if you:

- Change jobs
- Change your medical coverage
- Become unemployed
- Move to another state
- Change your marital status

**Ownership** – Funds remain in the account from year to year, just like an IRA.

There are no “use it or lose it” rules for HSAs.

**Tax Savings** – An HSA provides you triple tax savings: (1) tax deductions when you contribute to your account; (2) tax-free earnings through investment; and, (3) tax-free withdrawals for qualified medical expenses.

## What Happens to My HSA When I Die?

If your spouse becomes the owner of the account, your spouse can use it as if it were their own HSA. If you are not married, the account will no longer be treated as an HSA upon your death. The account will pass to your beneficiary or become part of your estate (and be subject to any applicable taxes).

## Opening Your Health Savings Account

Banks, credit unions, insurance companies and other financial institutions are permitted to be trustees or custodians of these accounts. Other financial institutions that handle IRAs or Archer MSAs are also automatically qualified to establish HSAs

## Need More Information about HSAs?

Treasury’s web site has additional information about Health Savings Accounts, including answers to frequently asked questions, related IRS forms and publications, technical guidance, and links to other helpful web sites. Treasury’s HSA website can be found through [www.treas.gov](http://www.treas.gov) (click on “Health Savings Accounts”) or directly at the following address: <http://www.treas.gov/offices/public-affairs/hsa/>.



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(11/06)



## Health Savings Accounts

A Health Savings Account (HSA) is an account that you can put money into to save for future medical expenses. There are certain advantages to putting money into these accounts, including favorable tax treatment. HSAs were signed into law by President Bush on December 8, 2003.

## Who Can Have an HSA

Any adult can contribute to an HSA if they:

- Have coverage under an HSA-qualified “high deductible health plan” (HDHP)
- Have no other first-dollar medical coverage (other types of insurance like specific injury insurance or accident, disability, dental care, vision care, or long-term care insurance are permitted).
- Are not enrolled in Medicare.
- Cannot be claimed as a dependent on someone else’s tax return.

Contributions to your HSA can be made by you, your employer, or both. However, the total contributions are limited annually. If you make a contribution, you can deduct the contributions (even if you do not itemize deductions) when completing your federal income tax return.

Contributions to the account must stop once you are enrolled in Medicare. However, you can keep the money in your account and use it pay for medical expenses tax-free.

## High Deductible Health Plans (HDHPs)

You must have coverage under an HSA-qualified "high deductible health plan" (HDHP) to open and contribute to an HSA. Generally, this is health insurance that does not cover first dollar medical expenses. Federal law requires that the health insurance deductible be at least:

\$1,100\* -- Self-only coverage  
\$2,200\* -- Family coverage

In addition, annual out-of-pocket expenses under the plan (including deductibles, co-pays, and co-insurance) cannot exceed:

\$5,500\* -- Self-only coverage  
\$11,000\* -- Family coverage

In general, the deductible must apply to all medical expenses (including prescriptions) covered by the plan. However, plans can pay for "preventive care" services on a first-dollar basis (with or without a co-pay). "Preventive care" can include routine pre-natal and well-child care, child and adult immunizations, annual physicals, mammograms, pap smears, etc.

### Finding HDHP Coverage

Any company that sells health insurance coverage in your state may offer HDHP policies. Although Treasury cannot recommend any specific names of companies selling these policies, you should be able to find a qualified policy by contacting your current insurance company, an agent or broker licensed to sell health insurance in your state, or your state insurance department.

### HSA Contributions

You can make a contribution to your HSA each year that you are eligible. For 2007, you can contribute up to \$2,850\* if you have Self-only coverage and \$5,650\* if you have Family coverage

\*2007 amounts; adjusted annually for inflation.

The following table illustrates how this works.

	HDHP Deductible	Maximum HSA Deposit (2007)
Single Coverage	\$1,100	\$2,850
	\$1,500	\$2,850
	\$2,000	\$2,850
	\$2,500	\$2,850
	\$3,000	\$2,850
Family Coverage	\$2,200	\$5,650
	\$3,000	\$5,650
	\$4,000	\$5,650
	\$5,000	\$5,650
	\$6,000	\$5,650

Individuals age 55 and older can also make additional "catch-up" contributions. The maximum annual catch-up contribution is as follows:

2007 - \$800  
2008 - \$900  
2009 and after - \$1,000

### Determining Your Contribution

Your eligibility to contribute to an HSA is determined by the effective date of your HDHP coverage. If you do not have HDHP coverage for the entire year, you will not be able to make the maximum contribution. All contributions (including catch-up contributions) must be pro-rated. Your annual contribution depends on the number of months of HDHP coverage you have during the year (count only the months where you have HDHP coverage on the first day of the month). For years after 2006 a special rule allows you to contribute the maximum amount for the year as long as you have coverage for December. However, if you fail to remain covered for 2008, the extra contribution above the pro rated amount is included in income and subject to an additional 10 percent tax.

Contributions can be made as late as April 15 of the following year.

## Using Your HSA

You can use the money in the account to pay for any "qualified medical expense" permitted under federal tax law. This includes most medical care and services, and dental and vision care, and also includes over-the-counter drugs such as aspirin.

You can generally not use the money to pay for medical insurance premiums, except under specific circumstances, including:

- Any health plan coverage while receiving federal or state unemployment benefits.
- COBRA continuation coverage after leaving employment with a company that offers health insurance coverage.
- Qualified long-term care insurance.
- Medicare premiums and out-of-pocket expenses, including deductibles, co-pays, and coinsurance for:
  - Part A (hospital and inpatient services)
  - Part B (physician and outpatient services)
  - Part C (Medicare HMO and PPO plans)
  - Part D (prescription drugs)

You can use the money in the account to pay for medical expenses of yourself, your spouse, or your dependent children. You can pay for expenses of your spouse and dependent children even if they are not covered by your HDHP.

Any amounts used for purposes other than to pay for "qualified medical expenses" are taxable as income and subject to an additional 10% tax penalty. Examples include:

- Medical expenses that are not considered "qualified medical expenses" under federal tax law (e.g., cosmetic surgery).
- Other types of health insurance unless specifically described above.
- Medicare supplement insurance premiums.
- Expenses that are not medical or health-related.

After you turn age 65, the 10% additional tax penalty no longer applies. If you become disabled and/or enroll in Medicare, the account can be used for other purposes without paying the additional 10% penalty.