

THIRD QUARTER 2010 CLIENT NEWSLETTER

LETTER FROM THE PRESIDENT



Dear Clients,

I pray that this newsletter finds you well. As we prepare our families to celebrate this upcoming holiday of "Independence Day," MSA would like to encourage you to take a moment to thank those families who have sacrificed to ensure that we live in a FREE country here in America.

Many of you are receiving this newsletter for the first time as you are one of Jana Russell's clients. Our sympathy continues to go out to you and Jana's family as she went home to be with the Lord on March 12, 2010. It took us approximately 2 months to go through all of Jana's files & load each of you into the MSA database. Just these past few weeks we finally received full access to the carrier files on each of your policies. You will receive a newsletter from MSA quarterly & we have an awesome website that will give you a wealth of information that our clients have found to be very helpful to "Be Independent". We look forward to working for you and look forward to hearing from & meeting you soon.

As you will all notice in this quarter's newsletter, MSA purchased a NEW office on 26th Street in Bradenton. We expect to host an Open House at the new location sometime in the last quarter of the year and will keep you posted. This quarters newsletter in it's entirety can be found on our website. On [page 3](#) of this newsletter you will find instructions on how & where to find it. I have included in this quarters newsletter on [page 6-7](#) a time line on how the NEW HEALTHCARE LAW will be implemented in a time line format. You can also find this information on our new website. It is a challenge for ALL of us in the industry & the country to adjust to the reality of the massive expense that this new law will cost the "American People" to implement. It's not rocket science, but a simple mathematical equation: $1 + 1 = 2$. Insurance is a "risk pool" & if the risk is raised, the costs go up. Just with these first 2 implementations of the new Law it has already proven that "we the people," who are currently insured, will be experiencing a 11% premium increase across the board due to the additional claims from both the June and September mandate implementation. That is 11% for just the first 2 implementations. What is to come in January is the implementation of the MLR = Minimum Loss Ratio which is more than mind boggling. Both the government and the industry actuaries have agreed that, to support it, "we the people" will see one of the largest, "across the board" rate increases the "American People" have ever experienced. I went to Insurance Commissioner McCarty's hearing in Orlando last month and the discussion on the table was, "are Insurance Agents going to be able to stay in the business or will they be eliminated in January?" Can you imagine purchasing a policy from a carrier or government website with no assistance from a professional? What would happen when a claim did not get paid? Who will be there to help the "American People"? It is truly amazing. Obviously, we needed some sort of "healthcare reform." Sadly, as this new law is being implemented, it has become clear that we did not get "healthcare reform." What we have gotten is "health insurance reform." To accomplish "healthcare reform" we would have to address "Tort Reform" and something that would lower the cost of claims. What that would do is stop the lawsuits so our Doctor's and medical practitioners could do their job without the fear of being sued and being forced to pay these ridiculous liability premiums to make sure that when they do get sued, they won't lose their practices. The bottom line is, insurance premiums go down when claims go down and they go up when claims go up. This is true regardless of whether the private market insurance carriers are holding the insurance paper or the government is holding it. You will find more information regarding how this all works in my report on [page 5](#) called "Legislative Corner."

Finally, I'd like to remind each of you that [September is "Life Insurance](#) "Awareness Month." I've written an article found on [page 9](#) of this newsletter regarding what that means to you. If you have life insurance or you are wondering if you should have it or how much you should have, this article will give you a special formula called "DIME" that will help you KNOW that you have enough or if you have too much. If you need any assistance in determining this, please feel free to call my office and we will be happy to assist you.

May you and your families enjoy the upcoming holiday! "Be Independent!" Enjoy the FREEDOM to acquire both education and information in our FREE county. Acquire both knowledge and the TRUTH of what is going on in this country and may the TRUTH set you FREE! Be sure to vote in November.

Respectfully submitted,
Michele Powell

GOD BLESS AMERICA



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The office will be closed
June 28-July 5
in celebration of our
Country's
INDEPENDENCE
and to move our
office

6513 14th Street West # 139
Bradenton, FL 34207
www.msamentoring.com



WE ARE MOVING !!!!

to our newly purchased office building

EFFECTIVE JULY 5th

We will be located at:

4916 26th Street West

Bradenton, FL 34207

941-753-0031 (phone)

941-753-0049 (fax)

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insert for instructions on
how to download or view
the FULL MSA
3rd Quarter Newsletter**



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EXISTING CLIENTS & LEGISLATIVE UPDATES

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What we do

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View our monthly client newsletters & Legislative updates here. They are filled with a wealth of information!!



Sorry; for agents and staff only



Watch the "What do we do" video. It will help you to understand the "strategies" we use to mentor you with your financial portfolio.



MSA's Corporate office address
Phone, fax and e-mails.
There is also a map to help you find us wherever you are coming from!



Do you have travel Insurance for your next trip out of the country? Are your kids going on a mission trip this summer? Its inexpensive and super easy to get. Click here for an instant quote and online application. Takes only minutes to complete with a copy of your policy sent to your e-mail immediately.



If you would like to receive the entire newsletter via email, either call the office at 941-753-0031 to update your information or e-mail Charma@msamarketing.com

Otherwise, just visit our website and follow the navigation on the other side of this notice.



What is all the MLR BUZZZZZZZ about?

The questions I am getting from many of you are:

What does MLR mean anyway? The answer is: the acronym means: "Minimum Loss Ratio"

But what does that mean to us, you ask? Here is what it means in lay terms: The MLR actually means is that in today's "private market" our American private insurance carriers who sell both individual or small group health insurance policies to the "public" currently are required to pay out of every dollar that comes in the door in premium 65% back out the door in claims. That currently leaves a carrier 35% on the dollar to pay for all of its overhead and try to develop a profit margin for its shareholders and present a balanced budget accordingly. **Effective January 2011 that number will move to 80%.** So basically, 80 cents on the dollar will have to go out in claims before the company is allowed to use \$1 for the overhead and potential profit market. These private carriers are American companies, employing American people and who do business in America (the land of free enterprise"?) and now they will be forced to present a balanced budget to their shareholders in 2011 with a MLR increase of 15%. Doing simple math, these American companies have to function on a budget with a 15% cut in usable dollars beginning January of 2011. That only leaves 20 cents on the dollar to cover ALL of the overhead expenses these American companies need to function in a highly regulated industry. Overhead includes: light bills, phone bills, salaries, taxes, insurance, sales commissions and all other administrative expenses. Can you imagine running your entire company with only 20 cents on the dollar available to use for all of your overhead expenses? Where is there room for a profit? It is sad that the government is leveraging 15% of each company's revenue by LAW as if "it" is on their board and now has the right to do so?! YIKES!

I know my company could not just take a 15% drop in usable revenue without staff cuts and making some other very serious expenses cuts, i.e. employee benefits, i.e. company provided health insurance and the list goes on. The math is simple in business and it speaks for itself. What continues to amaze me is that our Federal Government does not seem to think that they have to live by the same math that the rest of us live by. This 15% increase a.k.a CUT will immediately cost MORE AMERICAN JOBS to be LOST. How is that productive? How is that in the best interest of the American People? And yet we, "the American People," continue to see our premium rates go up because claims are still on the rise! What happened to "healthcare reform"? Are we getting that? OR are we seeing America's FREE ENTERPRISE SYSTEMS being reformed?

What will happen, you ask? Well, so far, the major carriers in this country have been meeting with the NAIC (National Association of Insurance Commissioners) and have made it very clear that they will not allow our government to force them into becoming a charity and none intend to be a non-profit organization either. Several have said they will close the doors and others have said they will play out the first year and assess before agreeing to stay in the American "healthcare system." Scary! So it once again comes down to math. Insurance companies will simply close the doors or stop selling coverages if they are not allowed to be profitable and I can't say I blame them. That is the American Dream after all; FREEDOM! INDEPENDENCE!

Maybe if the Federal Government was forced to provide the American People a balanced budget we would not have gotten into this mess. Our state, Florida, is required to present to the Feds a balanced budget. American companies have to provide a balanced budget to their shareholders in order to stay in business. Where is that same accountability to the Feds? We don't see them presenting a solution for the "American People," we see them forcing us to now endure the repercussions of another Federal Law that "we the people" have to suffer the serious consequences of. Maybe the "American People" should have been allowed to vote on such a law!

As Health Insurance Agents, here is what we have seen so far:

Carriers have already notified agents and staff that they will be cutting staff and also agent commissions effective January 2011. That means that lots of people in our industry are going to lose their jobs. Other companies have stopped selling certain policies, i.e. Golden Rule, a United Healthcare company, stopped offering child-only policies and won't sell maternity coverages now. Cigna stopped supporting the agents and they are going to a "self-serve" portal.

The next thing you know, Agents will be leaving the market simply because we will be forced to assess our budgetary margins to make sure that we can afford to continue offering health insurance products in our portfolios. Otherwise, we, too, will be forced to become a charity for our government's mistakes or to start charging consumers a consulting fee to offset our actual expenses incurred to educate and inform the consumer.

So once again the consumer is paying more.

Someone has to pay the claim! Unless the claims go down, the rates won't go down and if claims keep rising, so will premiums!

Can you imagine reading page after page online in a web portal to purchase your health insurance policies vs. using a professional insurance agent to assist you in finding the right policy and premium to best serve your needs? The funny thing is, American Insurance Companies, (Public Companies), and Agents were both drafted into the bill, however, they did not say that we were going to be FORCED to become charitable organizations in order to participate. Yesterday I spent two hours with a client helping him decipher through the Group, Individual and Supplemental health markets and I don't get paid one penny for my time unless the individual policy he wants actually accepts him. Through the underwriting process I will have another two hours of my staff time committed to helping him get the policy issued and **if** it is issued, I'll deliver that policy to him and my company will not clear a profit on that policy for six months. If he does not qualify for the individual policy he applied for, we get paid nothing and will have to start over looking for a two man group carrier that will take him - I will not clear a profit in that market for two years. When he and I discussed this, he was shocked. The American People need to know the TRUTH. I was always taught the "Truth will set you free." For most agencies "Health Insurance" is a service for their clients and the products are a "loss leader." Just because your premiums are going up does not mean that our commissions follow your premium increase. I have one client who started their policy at approx. \$100 that we are paid a 3% renewal commission on. Today they pay over \$600 a month for that policy and yet my company still only gets paid the 3% of the original \$100. We've serviced this client annually since they purchased the policy and yet every year we go in the red on this file. Conversations like this are mind-boggling when our Congressmen and Congresswomen call on the professionals "after the fact."

Friends, FREEDOM is what America is all about. Please write your state and federal offices and tell them what you think about the new "Healthcare" Law. If you get a moment to tell them how you feel about our government forcing American companies and the people to work for FREE that would not be a bad idea either. I'm 100% confident that is not FREEDOM! Also take a moment to tell them how you feel about the potential of losing access to your agent and the American "public companies." January is quickly approaching. Are we still a FREE country? Even at this time?

Please exercise your rights of FREEDOM of speech and share your opinion.

Respectfully submitted,

Michele

HEALTHCARE REFORM: What does it mean to you?

The complete core mechanism of universal coverage starts in 2014

(Source: National Association of Health Underwriters, Insurance New Net Magazine May 2010)

IMMEDIATELY

Individual & Employer Group Plans can keep their current policy on a grandfathered basis if the only plan changes made are to add or delete new employees and any new dependents. Once a plan loses its grandfathered status, it will be subject to all of the market reforms in the legislation when they take effect. But most of the market reform provisions slated to take effect six months after the bill's signing will apply to all plans, including grandfathered ones.

Eligible SMALL BUSINESSES (those that have no more than 25 full time employees, pay an average annual wage of less than \$50K & provide qualified coverage) are eligible for phase one of the small business premium tax credit of up to 50% of premiums for up to two years.

Employers that provide a **MEDICARE PART D** subsidy to retirees will have to account for the future loss of the deductibility of this subsidy in 2013 on liability and income statements. While the elimination of the deductibility does not take effect until 2013, there could be an immediate accounting impact.

WITHIN 90 DAYS OF BILL SIGNING

Temporary reinsurance program for employers that provide retiree health coverage for **EMPLOYEES OVER AGE 55** begins.

Individuals that had previously been **DENIED COVERAGE DUE TO A PRE-EXISTING CONDITION** will be able to obtain coverage through a high-risk pool.

WITHIN 6 MONTHS

LIFETIME LIMITS on the dollar value of benefits for any participant or beneficiary are prohibited. Annual limits will be allowed only through plan years beginning before Jan 1, 2004, only on federally-defined non-essential benefits and after that be prohibited.

Small businesses that employ less than 50 people are eligible for **A TAX CREDIT EQUAL TO 35%** of their health insurance premiums (50% by 2014).

ALL GROUP & INDIVIDUAL health plans will have to cover preexisting conditions for children 19 & under. Grandfathered status applies.

HEALTH COVERAGE RESCISSIONS WILL BE PROHIBITED, except for cases of fraud or intentional misrepresentation.

ALL GROUP & INDIVIDUAL PLANS must cover specific preventive care services with no cost-sharing. They must also cover emergency services at the in-network level regardless of provider. Allow enrollees to designate any in-network doctor as their primary care physician and have a coverage appeal process.

ALL GROUP & INDIVIDUAL PLANS MUST COVER DEPENDENTS UP TO AGE 26. However, through 2014, grandfathered group plans will only have to cover dependents who do not have another source of employer-sponsored coverage.

FEDERAL GRANT PROGRAM FOR SMALL EMPLOYERS providing wellness programs to their employees begins.

ALL NEW HEALTH INSURANCE PLANS will have to comply with new regulations that lay out an appeals process for when claims are denied

Jan 1, 2011

ALL EMPLOYERS MUST INCLUDE ON W2S the aggregate cost of employer sponsored health benefits, for informational purposes.

The tax on distributions from a **HEALTH SAVINGS** account that are not used for qualified medical expenses increases to 20%

OVER THE COUNTER DRUGS WILL NO LONGER BE REIMBURSABLE under HSA's, medical FSAs, HRA's and Archer MSA's unless prescribed by a doctor.

SMALL EMPLOYERS (less than 100 employees) will be allowed to adopt new "simple cafeteria plans."

ALL EMPLOYERS would be required to enroll employees in a new national public long-term care program, unless the employee opted out.

ALL BUSINESS OWNERS will be subject to new expanded federal income tax requirements on payments of fixed or determinable income or compensation.

A NEW TYPE OF CAFETERIA PLAN available for small employers that is similar to the SIMPLE retirement plan.

A VOLUNTARY FEDERAL LONG TERM CARE PLAN will be established.

SENIORS ENROLLED in Medicare Advantage or Prescription Drug plan will receive a 50% discount on brand name drugs immediately with prescription discounts to follow.

A SMALL BUSINESS ALTERNATIVE to a cafeteria plan will be presented so employers may offer tax free benefits without having to deal with administrative costs.

Jan 1, 2012

All group and individual plans and insurers must provide a **SUMMARY OF BENEFITS AND A COVERAGE EXPLANATION** that will require substantially more information than current summary plan descriptions. There is a \$1,000 per enrollee fine for willful failure to provide the information.

All group and individual plans and insurers must **SUBMIT ANNUAL REPORTS** to the federal government and plan participants on whether the benefits provided under their plans meet federal criteria on improving health outcomes, preventing hospital readmission, improving patient safety and reducing medical errors.

EXISTING HEALTH INSURANCE PLANS will now be subject to a rule that preventative care may not be subject to co-pay.

Jan 1, 2013

NEW FEDERAL PREMIUM TAX (\$2 on each covered individual) begins on group health plans to fund comparative effectiveness research program.

CONTRIBUTIONS for medical expenses will be limited to \$2500 per year, with the cap annually indexed for inflation.

MEDICARE PAYROLL TAX INCREASES 0.9% on self employed individuals and employees with AGI of more than \$200,000 for individuals (\$250,000 for joint filers.) The income eligibility levels for the tax are not indexed for inflation.

NEW 3.8% MEDICARE TAX begins on investment income from individuals with AGI exceeding \$200,000 (\$250,000 for joint filers.) This includes taxable annuity proceeds.

Jan 1, 2014

The individual mandate **REQUIREMENT TO PURCHASE HEALTH INSURANCE** for all citizens and legal residents takes effect. Violators will be subject to a phased in excise tax penalty for noncompliance.

PREMIUM ASSISTANCE TAX CREDITS for individuals and families making up to 400% of FPL begin. These subsidies are available only for individual coverage purchased through the exchange. Not employer sponsored coverage.

THE EMPLOYER RESPONSIBILITY REQUIREMENTS TAKE EFFECT FOR COMPANIES that employ more than 50 FTEs (full-time employees). If an employer does not provide coverage to its FTEs and at least one employee received a premium assistance tax credit to buy coverage through the exchange, the employer must pay a fine of \$2,000 per year for each FTE. The first 30 employees are exempted from the fine calculation. An employer with more than 50 employees that does offer qualified coverage but has at least one FTE receiving the premium assistance tax credit will pay the lesser of \$3,000 for each of those employees receiving a tax credit, or \$2,000 for each of its full time employees total.

ALL STATES ARE REQUIRED to have health insurance exchanges established for individuals and small employers with up to 100 employees to purchase coverage.

ALL PLANS MUST BE OFFERED ON A GUARANTEED-ISSUE BASIS, preexisting condition limitations will be prohibited, annual and lifetime limits will be prohibited. All fully insured individual and small groups (and large group purchasing through the exchange) must abide by strict modified community rating standards with premium variation only allowed for age (3.1), tobacco use (1.5:1) family composition & geographic regions, to be defined by the states, & experience rating would be prohibited.

EMPLOYERS OF 200 OR MORE EMPLOYEES MUST AUTO-ENROLL ALL new employees into an available employer sponsored health insurance plan.

PREMIUM TAXES ON MOST PRIVATE HEALTH INSURERS BASED ON PREMIUM VOLUME TAKE EFFECT.

The amount of the total assessed tax on the industry will start at \$8 billion in 2014, rising to \$14.3 billion in 2018. After 2018, the fee would be indexed to the annual amount of premium growth in subsequent years.

EXPANSION OF THE MEDICAID PROGRAM FOR ALL INDIVIDUALS, including childless adults, making up to 133% of the FPL begins.

AN ANNUAL HEALTH INSURANCE PROVIDER FEE will be imposed on insurers whose total premiums exceed \$25 million.

Jan 1, 2018

CADILLAC TAX GOES INTO EFFECT for all group plans. Including self insured plans The new law establishes a 40% EXCISE TAX on plans with values that exceed \$10,200 for an individual coverage & \$27,500 for family coverage, with higher thresholds for retirees over age 55 & employees in certain high risk professions. When determining the values of health plans. Reimbursements from FSA's, HRA's and employers contributions to HSA's will be included. Also, excluded would be the value of stand alone vision, dental, accident, disability, long term care plans and after tax indemnity or specified disease coverage.

What is insurance anyway?



Did you know that Insurance is defined as: “A contract of indemnity designed to reimburse an insured party for the financial loss he/she may suffer because of loss or damage to merchandise”?

This past year my homeowners company canceled my coverage after several rate increases and my auto policy & health policy both got rate increases. I’m sure you know how I feel. The funny thing was, as I began to review these insurance policies, I realized that there is a HUGE MYTH in America that healthcare is expensive. Stay with me - I’ll explain.

Do you realize that your auto policy only covers the cost of damage to your car and another car that you may damage under your collision coverage? Say \$50k?? And the most your carrier is on the hook for is the medical limit you selected in liability. Maybe you have \$100k per person x 3 or only \$25k per person x 3. Maybe you even added an un-insured motorist rider for you in case someone hurt you and yet the carrier is only on the hook for the limit you select. How much do you pay for that policy monthly?



Do you realize that your homeowners policy only covers the cost of your home and maybe a little liability coverage? \$500k? \$200k? \$1 million? How much do you pay for that policy monthly?

Do you realize that your health insurance company is on the hook for 3 million or 5 million or you may even have a policy with NO LIMIT of coverage on YOU? I wonder how much our heart is worth? Our eyes? Our arm or leg? We are actually insuring the 3 million or 5 million dollar bodies that we walk around in every day. That is amazing when put into perspective! I did the math on my policies and was amazed how much I pay for a small amount of insurance coverage on my car and home, yet I only pay a few dollars more a month for my health insurance coverage than my auto policy and the health company is on the hook for FULL COVERAGE (bumper to bumper) on my body. My auto policy does not cover my car cleanings or tune ups, just as my homeowners policy did not pay for my broken window or new dishwasher I needed last year. Weird, huh?

I, too, get ticked off every month I pay that insurance premium. I wonder why we Americans have been trained to believe that health insurance is so expensive. After doing the math it really does seem like a MYTH. Have we been trained to have an “entitlement” mentality? Or maybe it is just the first step of brainwashing us all to believe that we should agree to a socialistic system of medical care?



What is your arm worth?

What is your leg worth?

What is your entire body worth?



September is Life Insurance Awareness Month Are you sheltering your family?

LIFE INSURANCE IS THE CORNERSTONE OF YOUR FAMILY'S FINANCIAL SECURITY

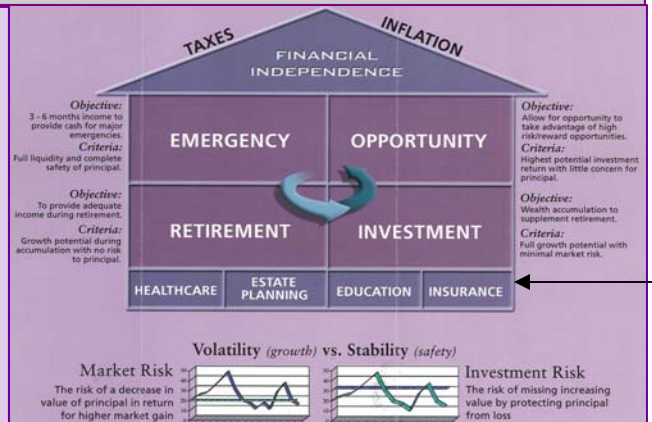
YET MOST LIFE INSURANCE SALES ARE BASED ON FEAR AND TAKE ADVANTAGE OF A CLIENT'S LACK OF UNDERSTANDING, RATHER THAN THE CLIENTS FINANCIAL OBJECTIVES. TOO OFTEN A CLIENT'S LACK OF INFORMATION RESULTS IN FINANCIAL DEATH. THIS CREATES ADDED STRESS AND SUFFERING FOR FAMILIES. THIS CAN BE PREVENTED WITH ADEQUATE LIFE INSURANCE PROTECTION. A PROPERLY STRUCTURED FINANCIAL STRATEGY ENSURES YOUR FAMILY WILL RECEIVE AND USE YOUR LEGACY, NOT THE GOVERNMENT.

DO YOU KNOW WHO YOUR BENEFICIARY IS ON YOUR CURRENT LIFE INSURANCE POLICY?

NOT KNOWING OR NOT UPDATING IT IS THE #1 NEGLECTED ITEM ON A LIFE INSURANCE POLICY. WHEN WAS THE LAST TIME YOU CHECKED YOURS? CALL THE CUSTOMER SERVICE NUMBER ON YOUR POLICY AND ASK WHO YOUR CURRENT BENEFICIARY IS ON YOUR POLICY OR CALL US AT 941-753-0031 AND WE CAN ASSIST YOU.

How much life insurance do you need?

D= Debt \$ _____
 I=Income \$ _____
 M=Mortgage \$ _____
 E=Etc. \$ _____



CELEBRATING INDEPENDENCE

THE MSA CORPORATE OFFICE WILL BE CLOSED

June 28-July 5th

If you have an emergency, please call the 800 number
on the back side of your insurance ID card.