

Living on the Gap's Edge



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Meet Chris and Marina

They had two kids, one and two years old. Chris was the only worker in the family and earned around \$52,000 — which came to \$3200 per month after taxes. Childcare costs more than Marina could earn, so she stayed home with the babies. After paying for the mortgage, bills, and food, there wasn't much left over.

One day, their oldest child cut his finger with scissors. Marina took him to the pediatrician who, in spite of charging a \$50 copay, did nothing except advise them to go to the Children's hospital, where she had to pay another \$550 copay. The baby eventually got a chemical cauterization, and a month later, the hospital billed Chris and Marina for the amount not covered by their high-deductible insurance plan: \$4000.

All told, the incident cost them \$4600 — almost a month and a half of Chris's entire wage. It took two years to pay it off in very painful monthly installments.



Sound Familiar?

If it does, maybe that's because more than half of all Alabamians walk in their shoes.

509,764 — more than twice the number of people in the City of Birmingham — have no health insurance. Another 4 in 10 have high-deductible insurance plans that make them pay for most medical expenses.

These people live on the edge of a giant hole in their physical and financial well-being. And all it will take is one incident to push them into the abyss of hardship, destitution, sickness, or death. And the insurance people call this a "gap."

It sounds so small, doesn't it? A "gap." Like a tiny missed spot that's easily filled in. A simple error. No big deal. But for the millions of people living with a gap in their insurance, it ought to be called a chasm. When you fall in, it takes years to crawl out.



5 Tips that Help When Living in the Gap



Shop Around

Most of us accept physician referrals as gospel. They're not. Find out exactly what you need from your doctor, and then go to Google Maps to search for providers.

From MRIs and Ultrasounds, to Bloodwork and Labs, Specialist care of every variety, Sleep Study Centers, and more, Greater Birmingham is filled with options.

Make a list. Call each provider, let them know you're looking for cash prices. Document the facilities, the prices, who you spoke to, and the date/time.

And don't get discouraged. Some providers charge insurance rates even to their direct-pay patients. But others will provide prices that are reasonable because they're paid quickly, easily, and without any red tape.

And for prescriptions, a great site to compare prices is <https://www.goodrx.com/>



Track and Deduct

Document every medical expense and save receipts — whether you're uninsured or on a high-deductible plan.

You can deduct medical expenses over 4% from your Alabama adjusted gross income (AGI)¹, and 7.5% from your federal AGI². That means lower taxes if you itemize your deductions — and you'll be chipping away at your deductible too.

Remember Chris and Marina? \$4600 was 8.85% of their income. Their son's incident reduced their Alabama taxable income by \$2520 and their federal by \$702. And all their other medical expenses that year added to the percentage -- every copay, every lab, every prescription drug, and much more.

The following links have a complete list of medical deductions. Talk to your accountant about it!

1. <https://www.revenue.alabama.gov/individuals>
2. <https://www.irs.gov/taxtopics/tc502>

When you're living in the gap, every little bit helps.



Ask for Help

Most providers don't get into medicine because they want to prey on the sick and the poor. But like any business, they require profit to keep their organization healthy and able to serve as many patients as possible. Even then, very few are unsympathetic to the plight of patients that need services but can't afford them.

Pharmaceutical companies have Patient Assistance Programs specifically to help provide medicine cheaply (sometimes, even for free) through coupons and rebates. Specialists and surgical facilities are often open to negotiation, and can help find discounts and/or set up payment plans.

The key to unlocking these doors is to ask.

In America, admitting we need assistance is uncomfortable at best. But when you live on the edge of a gap, it can really help.



Explore Options

There are more options available to you than going bankrupt, struggling to pay huge bills, or having amazing insurance.

There are different products that can help fill your gap.

Supplemental insurance adds coverage to conditions, events, or circumstances that aren't in your general medical policy.

Healthshares are not insurance. They're platforms designed to share large and unexpected medical expenses among a risk pool. Explore different providers websites for more information.

Health Savings Accounts allow individuals and families to save money in a tax-free account that can be used only to cover medical expenses. Contributions to HSAs can reduce your Adjusted Gross Income and your annual tax responsibility. Talk to your accountant!



Direct Primary Care (DPC)

DPC is a relatively new innovation that delivers service for a flat monthly fee — typically between \$100-\$150 per month.

These offices don't accept insurance, and so they're able to offer services that insurers don't normally let primary care physicians provide. For example:

- Procedures and labs
- Women's health and men's health
- Minor surgeries like removal of skintags and cysts
- Stitches/Sutures
- And much more.

If Chris and Marina had a DPC membership, they would have paid \$0 extra for their son's cut finger. And the \$4600 they spent that day could have bought DPC service for the whole family for two years.

Direct Primary Care is a magnificent program for people living on the edge of the gap.



Fringe Benefits

DPC doctors know all the nooks and crannies where fair deals can be found.

Because DPC clinics exist outside the mainstream, they're not bound to refer only to preferred providers. And because they serve patients looking for affordable care, their business success depends on connections to other providers that can help their patients: including specialists, labs, pharmacies, and more.

That's how it should be. Good patient service should always be a doctor's incentive. And to be efficient business owners, most DPC doctors will already have done in advance the work of exploring options, asking questions, and negotiating rates.

It's not an official part of the DPC program, but it's a wonderful thing for anybody who needs help filling their insurance gap to seriously consider.

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