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From Ken's Desk

The End of The Affordable Care Act?

- Health Insurers Suing Over ACA Losses
- Dementia Ravages Caregivers Finances
- Financial Risks of Renting out your Home
- More Spending Going Toward Mental Health

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From Ken's Desk

The End of The Affordable Care Act?

I guess you could say it is the logical end to an illogical program. Chickens really do come home to roost. Health insurers that were either silent on the ACA or went along with it willingly are now looking for the inevitable handout. They too were called “Risk Corridors” that were supposed to pick up the underwriting losses that would be inevitable with the ACA. Keep in mind that there has never been an insurance program run by the government that you could call successful. I can go back to the days of the JUAs “joint underwriting authorities” that were set up by states to handle the uninsured driver. Then there are the CHIP plans, health insurance plans, again run by states, to handle the problem of uninsured children. In each and every case the actuarial soundness of the program was ignored, and all of these programs circled the drain. When actuarial experience, the absolute quantified numbers, say you need to increase rates, the politicians in charge deny reality and let the program slide with no rate increases that would be required to keep the program viable. Do that a few times, and the program in question is asking for money from whatever level of government created the mess, and the politicians can't come up with the money. So, the claim checks start to bounce and no one gives a hoot because the whole program was designed to make politicians feel good.



It doesn't have to be this way. For better or worse, there is a role for government to play in certain areas of insurance. But the government more accurately, “We the People” must understand how market distortions occur when government becomes involved in a heretofore private commercial transaction. If there are any lessons to be learned from 40 years of Medicare program, the major one is that millions of people relying on government for their health care at below-market prices is not sustainable. A few tricky things get in the way, demographics, individual behavior, provider capabilities, and an overall attempt to control the senior health care market. Of course those millions of people dependent on the government for health care represent millions of votes and those millions of voters want broader insurance coverage at the same cost.

Hard-to-insure and uninsurable people will always exist in any insurance market. Whether it is homeowners, automobile, life, health, or disability insurance, there are some people who simply do not qualify. The guy with 6 DUIs in last 3 years isn't insurable in the standard market where most people fit. But there are insurance companies that will offer insurance to the “uninsurable” with the caveat that it will be expensive and will not afford high-dollar coverage. If there are enough people with DUIs, they can create enough noise to get a politician to claim they are victim of greedy insurance companies who have raised

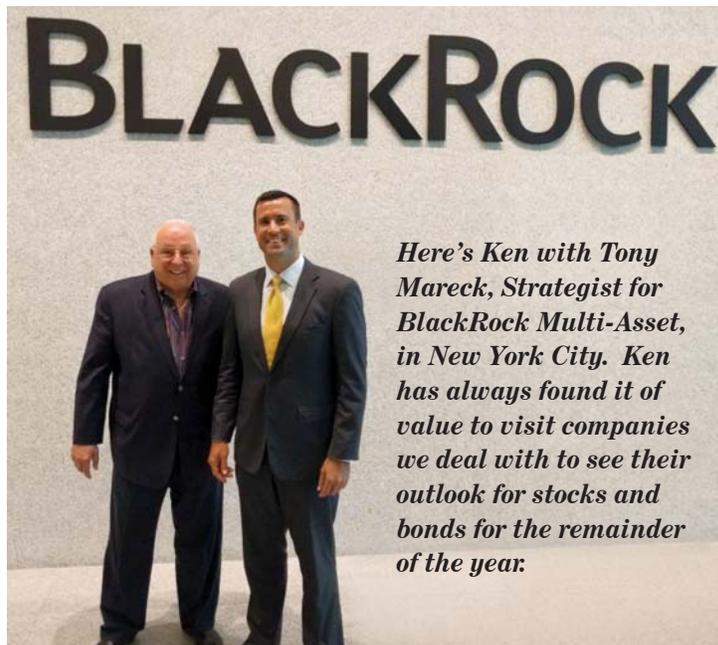
premiums to unaffordable levels. It doesn't take long before the politician comes up with a scheme to insure these uninsurable drivers at a lower cost. And as life imitates art, these folks will get more DUIs and cause more accidents, and politicians will be forced to fund their novel solutions with more and more tax dollars.

All of these government insurance programs began the same way with realistic their intended purpose. But one the actuaries say, “We need a rate increase of 20 percent.” The politicians

immediately go to work to win the budget approval. The reality is that governmental budgets are based on give and take, and this insurance program is just one of dozens of worthy budget items. So they compromise on something less than 20 percent. And so begins the death spiral. Chief among the lessons to be learned from ACA experiment is that no matter how noble, altruistic, and politically correct a government program can be in addressing some problems, the solution usually lies somewhere other than in another bureaucratic fix whose overriding philosophy is “the end justifies the means.” The history of the ACA, while for

now incomplete, will show that top-down, “my way or the highway” approaches lead to animosity, failure, and ultimately back to square one. In point of fact, the number of uninsured allegedly the problem that was to be solved has yet to change with the ACA.

*Information compiled by Ken Marinace,
source: California Broker Magazine;
InsuranceNews Net; The Week; Research Magazine.*



Here's Ken with Tony Mareck, Strategist for BlackRock Multi-Asset, in New York City. Ken has always found it of value to visit companies we deal with to see their outlook for stocks and bonds for the remainder of the year:

Health Insurers Suing Over ACA Losses

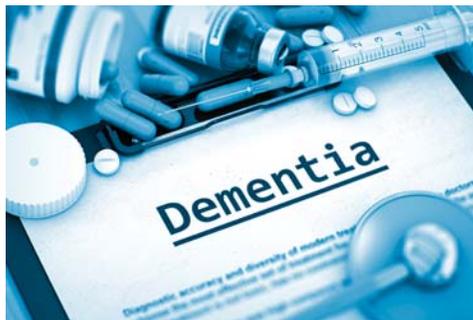
It all started when Highmark, the fourth largest Blues company, filed suit in an attempt to recoup millions of dollars it said it lost under the Affordable Care Act. Blue Cross and Blue Shield of North Carolina soon followed.

Highmark sued the federal government for \$223 million in losses sustained in 2014. In addition, Highmark says it will be owed another \$500 million for losses on member claims by July when a government accounting is due. The Blues in North Carolina sued over a \$129 million shortfall in ACA payments.

Through a risk-sharing tool called risk corridors, the government had promised to pick up a share of the losses during the early years of the Affordable Care Act because insurers had little information about setting appropriate rates for a new population.

Instead, insurers received payment for only 12.6 percent of the amount claimed, \$362 million for \$2.87 billion in losses claimed by the carriers, according to the Chicago law firm of Butler Ruben Saltarelli & Boyd.

Source: Insurance NewsNet Magazine



1 in 5 CAREGIVERS GOES HUNGRY

2 in 5 < \$50K HOUSEHOLD INCOME

Widows



Average age when a wife becomes a widow: **59.4**

70% of all women who are married will experience widowhood.

70% of widows fire their financial advisor after their spouse dies.

Source: "Widows Voices: The Value of Financial Planning" published in Journal of Financial Service Professionals, January 2016



80% of men die married

while - **80%** of women die single



Only in America

A Pennsylvania lawmaker has proposed eliminating grants

for students who study "poetry or some other pre-Walmart major."

Republican Rep.

Brad Roae is pushing spending cuts that one

critic called a "medieval crusade against the arts, culture, and learning."

But Roae says education and arts grants are wasteful. "People elected us to cut spending, not raise taxes."



Officials in San Francisco State University are investigating

a videotaped confrontation between an African-American woman who grabbed a white student with dreadlocks and accused him of cultural appropriation. "You're saying I can't have a hairstyle because of your culture? Why?" Cory Goldstein asks the woman. "Because it's my culture," she responds, blocking his path. "She kept grabbing me," Goldstein later said.

Source: The Week magazine.

Dementia Ravages Caregivers Finances

Dementia destroys much more than its victims' lives. It also ruins their caregivers finances. Relatives and friends who provide care for those with dementia report they have dipped into their retirement savings, cut back on spending and sold assets to pay for expenses tied to the disease, according to the Alzheimer's Association. About one in five caregivers goes hungry because they don't have enough money.

"This was a big shocker for us," said Keith Fargo, Alzheimer's Association director of scientific programs and outreach. Fargo said he didn't expect so many families to be struggling. He said the survey shows that people are not

prepared for the high costs of home care or nursing home care. Nationwide, there are 5.4 million people with Alzheimer's, the most common cause of dementia. The majority are older than 75.

Roughly two out of five of the more than 15 million unpaid caregivers in the U.S. have a household income below \$50,000, the Alzheimer's Association said. Often the caregiving role falls on a daughter or a spouse. On average they spent more than \$5,000 per year, mostly on food, travel and medical supplies, such as diapers. The highest expenses were incurred by spouses or partners.

Source: Insurance NewsNet Magazine

CFS Golden Circle - Clients for 20 years or longer

Annette Alender	Dr. Stuart Grant	Bob & Barbara Moering
Kathy Allie	Helena Gratland & Bob Mazzocco	John & Mary Morrow
Connie Alvero	Jim & Marilyn Graves	Peter & Susan Moyer
Irv & Zel Bagley	Harry & Karen Griffin	Roland & Vonda Neundorf
Dr. Martin Barmatz & Carolyn Small	Dennis Hall & Evelyn Rollins	Dave & Pat Newsham
Bill Beckley	Bill & Elinore Hedgcock	Bruce & Vicki Oldham
Dave Bochard	Harley & Alice Higginbotham	Dr. Eugene Orłowsky
Steve & Lynne Brener	Dr. Craig & Jeannette Hoeft	Leora Ostrow
Kelley Brock	Pamela Hoey	Al Roeters
Harlene Button	Lilo Holzer	Debbie Ruggiero
Barbara Chasse	Mike Houlemard	Joe & Pearl Ruggiero
Philip Clements & Claudia Squibb	Daina Johnson	Louise Sanchez
Louis Darin	Rich & Donna Johnson	Earle Sanders
Oleta Diamond	Mitch & Lorraine Kaye	Evelyn Schirmer
Joe & Liz Dilibert	James & Julia Kinmartin	Bob & Cindy Sieke
Marshall & Mimi Drucker	Emil & Chiching Klimach	Dianne Simes
Jim Dyrness	Loraine Leach	Louise Sirianni
Reg & Jan Fear	Jack Leahy	Theresa Southwood
Horace & Betty Jean Fernandez	Dave & Carolyn Lessley	Carole Steen
Jim & Kathy Forman	Jane Lloyd	Mitch & Ilona Stein
Imre & Patricia Foti	Dr. Ken & Carmen Luk	Giselle Temmel
Susan Gardner-McFarland	Harry & Carol Mackin	Peter & Susan Vanlaw
Ralph Gerrard & Susan Leeper	Jay & Nancy Malinowski	Steve & Elizabeth Veres
Vorda Gordon	Al Maskell	David & Kellye Walleit
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	Dr. Peter & Juliane McAdam	Don & Lorraine White
	Dr. Jeanine McMahon	Teena Wolcott
		Toby & Carole Zwickel

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HAPPY BIRTHDAY

SEPTEMBER

1 - Nancy Malinowski
1 - Patty Klascius
1 - Hans Haag
4 - Robert Simonfy
6 - Candy Hanks
8 - Phil Efland
8 - Evelyn Schirmer
8 - Ahnawake Sevier
8 - John Morrow
9 - Cindy Altenfelder
10 - Josephine Junor
11 - Pat Longo
18 - Joe Terranova
23 - Tom Jamentz

23 - Ricky Parker
24 - Bonnye Hardinghaus
28 - Jack Leahy
29 - Marlene L Burton
30 - Bruce Crosley
30 - Cheryl Levy



OCTOBER

2 - Tim McCool
4 - Stuart Grant
5 - Tina Larkins
7 - Gloria Aranita
7 - Jon Aranita
7 - Anna Glen
7 - Keith Lisle
8 - Simona Elkin
8 - Donna Mahoney
9 - Patricia Barmatz
10 - Jan Loporchio
10 - Ginny Adrian
10 - Bruce Nelson
11 - David Newsham

12 - Janet Knolhoff
14 - Elinore Hedgcock
15 - Jeff Wheat
15 - Louise Sanchez
16 - Gary Larkins
18 - Jane Washburn
19 - Dale Temmel
19 - Doug Boehme
21 - Jacqueline Luk Paredes
22 - Carmen Luk
22 - Scott Arnold
25 - Haig Mermerian
25 - Roger Koll
26 - Kathy Nelson
29 - Yvette Davis

Anna's Recent Read: Financial Risks of Renting out your Home



If you'd like to bring in some extra money by renting out your home—as a growing number of people are doing, thanks to websites such as Airbnb—you may take comfort in the protections that home-rental websites offer.

Example: Airbnb offers \$1 million in insurance coverage against liability claims in case a guest sues you over an injury and up to \$1 million for property damage caused by guests. But beware: There still are potential financial consequences if you take in paying guests...

Taxes. The IRS lets you rent out your home only up to 14 days a year without having to pay tax on the income.

Self-defense: Ask your accountant whether you owe any state and city taxes on the income in addition to federal tax. If you rent your home for more than 14 days per year, you can deduct certain related expenses from your rental income, such as fees you pay to Airbnb, as well as mortgage interest and real estate taxes for the rental portion of your home. But your expense deduction cannot exceed your rental income for the year.

Penalties for illegal subletting or renting. Many municipalities have restrictions on short-term rentals.

Self-defense: Check with the local housing authority. Also, make sure you are not violating the terms of your lease if you yourself are a renter...or the rules of your condo association, homeowners association or other relevant body.

Items not covered by the Airbnb property damage “guarantee.” It's called a guarantee because Airbnb itself, not an insurance company, provides coverage and establishes its own rules. For instance, damage to any fine art or antiques you own isn't covered by Airbnb. Neither are losses due to guests stealing items.

Self-defense: Add a “security deposit” to your listing. Guests are charged if Airbnb later determines that a guest is responsible for damages not covered by the Airbnb guarantee. Airbnb allows the host to set the security deposit from \$95 to \$5,100. Browse other local listings to help choose an amount that's right for your home.

Source: Bottom Line Personal



Here is Anna at the Starlight Bowl during one of the Summer Concerts. Comprehensive Financial Services (CFS) is proud to support Starlight Bowl in Burbank CA.

More Spending Going Toward Mental Health



A new study shows mental health already take up much more health care spending than any other type.

The study, conducted at the Center for Sustainable Health Spending found mental health outpaces other types of care, including heart condition, trauma, cancer and pulmonary conditions, when factoring in institutionalized patients.

Over health care spending has grown by 5.9 percent since 1996, while the gross domestic product, a basic measure of the economy, has grown at just 4.3 percent, Dr. Charles Roehring reports in the study, published in the journal Health Affairs.

The top five health conditions in the U.S. by spending are mental health at \$201 billion, followed by \$147 billion on heart conditions, \$143 billion for trauma, \$122 billion on cancer and \$95 billion on pulmonary conditions.

Source: Insurance NewsNet Magazine

Referrals

We Appreciate Those Referrals!

We certainly welcome your referrals and are always most appreciative when clients pass our name along to others. We would like to take this opportunity to express our thanks for your continued confidence and look forward to providing quality confidential financial services to you, your friends, and associates.

When you refer us to others, you can be assured that your personal information provided by you and those whom you refer is treated with a high degree of confidentiality.

Our sincere thanks to our recent referrals go to....

RANDY MASKELL

Brain Teaser #89 – “Symbolism”

What whole number value between 1 and 9 should be allocated to each different symbol to reach the sum totals shown at the end of each row and column?

The first person with the correct answers will receive an American Express gift card. Please email your answers to Martha@cfsburbank.com or call her at 818-846-8092 ext.4.

				=21
				=15
				=19
				=21
=21	=12	=22	=19	

Coffee Aids Colon Cancer Recovery, Study Finds

Coffee cuts colorectal cancer risk by more than 50%, says Stephen Gruber, MD, PhD, MPH, Recent finding: The more coffee you drink the more you cut your risk – from a 22% decrease for drinking between one and less than two servings a day to at least a 41% decrease for between two and two-and-a-half servings and 54% for more than two- and a half servings daily. Both caffeinated and decaffeinated coffees have the protective effect.



Source: BottomLine

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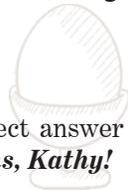
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- Teaser #89, Answers to Teaser #88

Brain Teaser #88 – Answers

Egg Timer:

1. Showing 2. Sowing 3. Swing
4. Sing 5. Sting
6. String 7. Staring



The first person with the correct answer was Kathy Forman. **Congratulations, Kathy!**

Use your smartphone to visit our website!



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