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THE INSIDER

BATES INSURANCE GROUP



Quarterly Newsletter 1st Quarter 2017

Our Mission: To be trusted insurance advisors and efficient problem solvers; while offering quality products at competitive prices.

Ice Dams - Tis the Season!

Tis the season for ice and snow to wreak havoc on our lives. A question I get quite often is how are ice dams covered and do I need to do anything about them? Of course there are no simple answers, so let's work through how ice dams are covered by insurance.



Ice dams occur during the melting and refreezing process. As snow melts, water runs down the roof underneath the existing snow and then refreezes at the roof's edge, creating a dam where additional snow melt pools. The pooling or even the ice itself can cause major damage to your exterior roof, gutters, raise shingles, and rot roof deck. It can also cause water damage to insulation and sheet-rock, which could eventually lead to mold.

You may be wondering if my insurance does cover an ice dam. According to Tutwiler & Associate - Public Adjuster, "if the loss and damage was 'sudden and accidental,' meaning that the damage was abrupt and unexpected, most insurance companies will afford coverage. To the contrary, many insurance companies may deny coverage under situations where they feel the ice dams occurred over a long period of time, neglect or faulty maintenance, defect or

faulty design/construction of the structure, and the most common 'normal wear and tear.'" Essentially you should have coverage unless the insurance company feels this is an ongoing problem that you've clearly ignored.

While your home may be covered subject to your deductible, you may be left short on any damage to personal property and the cost to remove the ice dam itself. Many homeowners policies have named peril coverage on their personal policy, which is essentially a long list of events for which you have coverage. While named peril coverage works for most events, you should explore an open peril or all risk coverage policy, if you have personal property concerns as it relates to ice dams. Additionally, most insurance companies limit or exclude the cost to remove snow or the ice dam itself, claiming it's preventive maintenance. This is similar to trimming trees in the insurance companies' eyes. The cost for ice dam removal can be greater than \$1,000, leaving you wishing you had taken action before you had a claim!

Here are some helpful tips on preventing and dealing with ice dams.

Prevention

- Make sure your gutters are clear of leaves and debris
- Check and seal places where warm air could leak from your house to the attic: vent pipes, exhaust fans, chimneys, attic hatches and light fixtures are all possibilities
- Inspect, or have your roof and attic inspected for proper ventilation and insulation
- Look for signs of inadequate ventilation: rust spots, rusty nails or a mildew smell are all signals that moisture has formed on the inside of your roof
- If you have soffit vents in your eaves, make sure they are not blocked and insulation surrounding them is secured so that air can flow easily
- Keep snow from accumulating on the lower three to six feet of your roof

Additional Steps

- Install snow and ice slides to prevent ice and snow from "bonding" to the lower roof
- Install a rubberized ice and water shield beneath the roof shingles for the first three to six feet from the eaves up
- Install heating cable along the eaves to melt ice

Removing Ice Dams

- Consult a roofing professional
- Do not use a snow blower, shovel or blowtorch to try to chip, break or melt ice dams
- Do not use a pressure washer as it can easily damage cold, brittle roofing materials.
- Steam is the fastest, most effective and safest to the home.

Of course every insurance company varies and you should reference your policy with coverage and exclusion concerns. Stay warm and safe this winter, and contact Bates Insurance Group with your insurance questions.

Sources: Tutwiler & Associate - Public Adjuster

Insurance Products

General Liability
Property
Work Comp
Umbrella
BOP
Commercial Auto
Professional
Cyber Liability
EPLI

D&O
Boiler
Bonds
Homeowners
Personal Auto
Personal Umbrella
Jewelry
Group Health
Group Dental

Group Life
Group Disability
Group Vision
Individual Health
Individual Dental
Individual Life
Individual Disability
Individual Vision

Eye-Opening Clinic Cost Comparison

2017 is a new year with a fresh page, filled with promises for "better". While health insurance needs a fixing, this article written by Jeremy Olson at the Star Tribune, highlights some of the challenges that we need to address as consumers, insurers, and law makers.



I wish you a good and prosperous New Year! Mary

Report takes deep dive into Minnesota health clinic costs

Nonprofit aims to help consumers shop for care in an era of rising health care costs

A new report from a Minnesota nonprofit is shedding light on why some medical clinics are more expensive than others - determining which ones simply charge higher prices, and which order more services such as tests, follow-up visits and prescriptions.

Identifying expensive clinics is important in an era of rising health care costs because it allows patients to be better shoppers, said Jim Chase, executive director of Minnesota Community Measurement, a nonprofit agency that analyzes claims data from the state's largest health plans. The report, released Tuesday, also may pressure high-cost clinics to become more efficient.

"If we continue to have these kinds of price increases," Chase said, "people aren't going to be able to access care that they can afford."

Total costs have been reported for clinics in Minnesota and western Wisconsin for the past three years, but not at this level of detail.

Baldwin Area Medical Center in Wisconsin, for example, appeared more expensive in 2015 due to its charges, which were 18 percent higher than average, the report showed. The medical center's resource utilization - a measure of whether it ordered more care per patient - was only 1 percent higher than average.

Conversely, Richfield Medical Group had higher costs because of the amount of services ordered; its resource utilization was 16 percent higher than average in 2015, even though its prices were 9 percent lower than average.

Seven medical groups accounted for 50 percent of the 1.5 million Minnesotans in the study, meaning they were the patients' primary care providers. Variations in costs and use were much smaller among those clinic groups: Allina, Essentia, Fairview, HealthEast, HealthPartners, Park Nicollet and Sanford.

In general, smaller, rural clinics were more expensive - often because of higher prices. But Chase said there were exceptions, and that it will be important to understand why some clinics in challenging rural environments were able to better manage their costs.

The Stellis Health clinic in Buffalo, for instance, was 8 percent lower than the state average on prices and 10 percent lower on the volume of care its patients received.

Richfield Medical Group's standing as a high user of health care services is deceiving, said Carol Lucio, administrator of the four-doctor clinic. Expanded clinic hours and other efforts to reduce unnecessary care resulted in the group being more than 10 percent below state averages on its patients' uses of emergency rooms, radiology and inpatient hospital care.

High and rising prescription drug costs have been the clinic's bugaboo, especially if one patient has a condition requiring a new, high-cost specialty drug, Lucio said.

"If we put people on this new psoriasis medication that Phil Mickelson is [promoting]," she said, "it's \$30,000 to \$40,000 a year."

Clinics across the state faced much the same dilemma: While the total cost of care increased 5.6 percent overall from 2014 to 2015, the total cost of pharmacy spending increased 9.3 percent.

The report is based on health insurance claims for commercially insured patients covered by Blue Cross and Blue Shield of Minnesota, HealthPartners, Medica or PreferredOne. Patients were assigned to primary care clinics based on claims data that showed the clinics they used most frequently. Patients who didn't go to their doctors in 2015 were not included.

Costs for a primary care clinic include the costs of their patients going to specialists or to hospital emergency rooms. While doctors can't control when patients use these other services, Chase said they can refer patients to more efficient specialists. Doctors also can be more judicious about when to send their patients for costly ER visits.

The report also showed variation in costs of individual services by clinic. The average knee X-ray was only \$20 per patient at Hennepin County Medical Center clinics, but \$82 at the Mankato-based Orthopedic & Fracture Clinic and \$219 at the Red Cedar clinic in Menomonie that is affiliated with the Mayo Clinic.

Once again, Community Measurement's data showed Mayo Clinic in Rochester as particularly expensive - a frustration for its leaders, given their national reputation for high-quality but efficient patient care. Many of its affiliated clinics had higher prices as well, though their patients tended to use care more efficiently.

While the analysis is adjusted for risk - so that clinics with sicker patients can be evenly compared with clinics that have healthier patients - Chase said Mayo and its global patient population does present some challenges for the statistical analysis.

By [Jeremy Olson](#) Star Tribune
December 13, 2016 - 10:46pm

Quarterly Quote:

Honest disagreement is often a good sign of progress...

Mahatma Gandhi

**Investment and Retirement Planning
Rules of Thumb**

When investing for retirement, you're likely to hear a lot of well-meaning guidance from family, friends, and others offering advice--even the media. Here's some things to consider:



)1

It's hard to argue with this conventional wisdom, which helps make saving a habit. This can be through a retirement plan through work or other, but having the money automatically deducted from your paycheck and invested in your plan eliminates the temptation to spend before you save.

)2

During strong bull markets like we have had recently, it's tempting to put lots of your eggs in the best performing idea we can find. The market is only going up from here - is the mentality.

While there are a few different rules of thumb for stock allocation percentages, its best to seek out reputable online tools or advice from a professional to find your best risk tolerance level. It's usually never a good idea to just do what your friend is doing.

)3

The range depends a bit on your age and when you start. If you start late, you may need to shoot for the absolute maximum allowable amounts to make up for lost time. On the other hand, if you are in your 20s and facing a mountain of school loans, you may want to start at a lower percentage of pay--say 5% or 6%--until you can afford more.

Regardless, always contribute at least enough to receive the full employer match.

4) Save enough for retirement

How much will you need to withdraw from your account(s) each year? The percentage you withdraw annually from your savings and investments is called your withdrawal rate. A common rule of thumb states that a withdrawal amount equal to 4% of your savings each year in retirement (adjusted for inflation) will be sustainable.

From here you can determine how much you can afford to live on. For example, if you have \$1m dollars saved, you can live on \$40,000 per year ($\$1m * .04$). If you don't think this is enough, then can do the math backwards to discover what you retirement goal looks like: $\text{Annual Withdrawal (\$)} / .04 = \text{Total Savings Plan Target}$.

While these tips offer some basic ideas for retirement savings, they don't work if you don't act on any of them.

Pete Thoresen
Financial Advisor
Focus Financial Network, Inc.
1000 Shelard Parkway, Suite 300
Minneapolis, MN 55426
952-225-0344 *direct* | 952-591-9770 *main office*

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Did You Know?

Open enrollment for individual health insurance has been extended 1 more week to Feb 8th. Additionally, Minnesota members may receive a 25% discount on their 2017 premium, if they are not already receiving a subsidy for their individual health plan. This will be retroactive to Jan 1

A New Start



Happy New Year! Regardless of your political persuasion, if you hate Obama Care (which over 65% of the nation does), this New Year should give you a bounce in your step. Congress will begin to decide the best way to deal with this burdensome ACA (Affordable Care Act) law; repeal it and start over, or try to fix or amend it. Amending it would suggest that there is more to the law that is good than bad. Therefore, if you amend those things that are undesirable, then you have a good law. Repealing the law gives Congress the opportunity to create a new health care system that retains a few of the popular items such as dependents covered until age 26 and no pre-existing condition clauses. Most folks in Minnesota have forgotten that Minnesota had one of the most admired health insurance structures in the country. Groups under 100 employees had coverage to age 26 for dependent (yes before Obama Care) and had an assigned risk pool for those that were not insurable, paid for by the four participating companies writing health insurance in Minnesota, and not the tax payers. These carriers also shared the cost of claims over \$1M so that no one company would be crippled or less competitive because of poor underwriting luck. Sure, this assigned risk pool MCHA (MN Comprehensive Health Act) cost more, but who would suggest that those who use health care more than those who do not, shouldn't have to pay a little more. Many of us work hard to maintain our health and we desire to reap the benefits financially for that effort. And, if my health changes then I am willing to invest more in my health insurance in order to continue life as best I can. Somewhere our government has gotten to a point where we all are responsible for everyone else and their access to and cost of their health care. Take out of the equation the effort made to maintain your health, or the lack of effort to do so. Take out of the equation benefits of having purchased insurance throughout your life because it is the responsible thing to do, or having never purchased insurance. Set aside the fact that when you pay for everyone's insurance your premiums go up so high the government now must offer you a subsidy to pay for that coverage, more commonly called welfare. Some of us don't want others to pay our way. That never used to be the American way.

I for one am one of those folks that has a bounce in my step. The Obama administration forced the government's way of providing health insurance and now we're going to go back to letting the experts in the insurance industry make our way. This previous administration has done a great job of demonizing the insurance companies to get their law passed, but consider this:

why in 6 years of Obamacare did the entire health care system become so negative to a great majority of Americans? Why also before ACA were most insureds and employers generally accepting of the health system. This month begins a new and hopefully successful means to select a better direction for health care insurance. It will take time to right the damage caused by ACA, including the escalating costs, but eventually we will have a system that allows you the patient, the right to choose you own care provider and what amount of coverage you need to accomplish that. That's right, the government won't be a necessary part of the equation. I will keep you updated in future newsletters as to the progress of this effort and where we are headed in health care.

Insurance Companies

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| <u>AAA</u> | <u>Colonial Life</u> | <u>HealthPartners</u> | <u>Safeco</u> |
| <u>ACE/Chubb</u> | <u>Companion Life</u> | <u>Liberty Mutual</u> | <u>SFM</u> |
| <u>Assurant</u> | <u>Delta Dental</u> | <u>Lloyds of London</u> | <u>Spirit Dental</u> |
| <u>Avesis</u> | <u>EMC</u> | <u>Medica</u> | <u>Standard</u> |
| <u>Berkley Risk</u> | <u>Encompas</u> | <u>MetLife</u> | <u>Sun Life</u> |
| <u>BCBS</u> | <u>Guardian</u> | <u>MJUA</u> | <u>Travelers</u> |
| <u>CNA</u> | <u>Hanover</u> | <u>OneBeacon</u> | <u>UNUM</u> |
| <u>CNA HealthPro</u> | <u>Harleysville</u> | <u>Philadelphia</u> | <u>United Fire</u> |
| <u>CNA Surety</u> | <u>Hartford</u> | <u>Progressive</u> | <u>Western National</u> |

STAY CONNECTED:

