



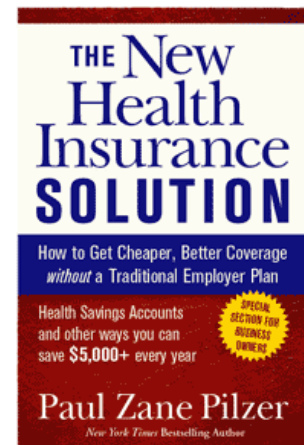
FREE NEWSLETTERS OF ECONOMIST/ENTREPRENEUR/PROFESSOR  
**PAUL ZANE PILZER**

NEW YORK TIMES BESTSELLING AUTHOR

### Three Newsletters on The New Health Insurance Solution

This issue is part of a triptych of three different newsletters related to my new book, *The New Health Insurance Solution* (Wiley, 2005). All three newsletters are available at [www.paulzanepilzer.com](http://www.paulzanepilzer.com)

1. *How Americans can now get quality affordable lifetime health insurance for themselves and their employees*
2. *How U.S. consumers are financing the \$1 trillion wellness revolution*
3. *The Economic Impact of the New Health Insurance Solution on the U.S. Economy*



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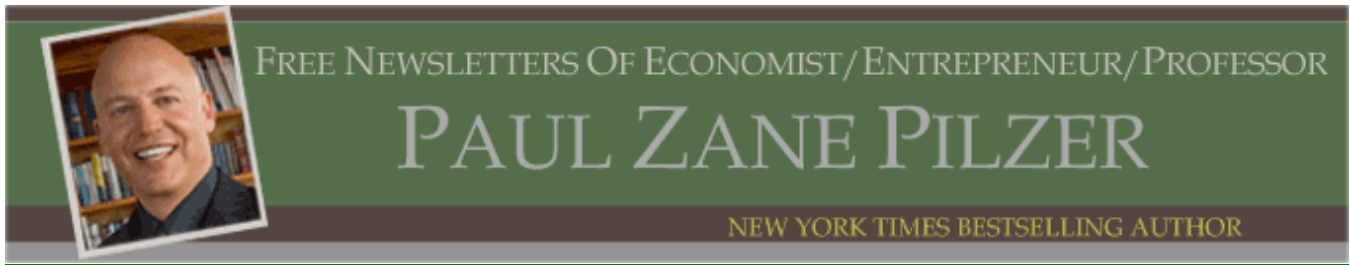
## The Wellness Revolution Newsletter

### How U.S. consumers are financing the \$1 trillion wellness revolution by Paul Zane Pilzer October 1, 2005

In my 2002 book, *The Wellness Revolution*, I identified an emerging \$200 billion wellness industry and forecasted it would grow in sales to \$1 trillion within one decade. Today, wellness industry sales total approximately \$400 billion, and some of the companies I wrote about (such as SILK Soymilk) are enjoying a fourfold increase in sales since 2002. Primarily driven by the upper-age baby boomers now approaching age 60, we are on track to soon achieve a \$1 trillion wellness industry.

Among the major factors that will keep us on this track are the radical reforms in U.S. health insurance that are beginning in late 2005 which are explained in my new book *The New Health Insurance Solution*. These reforms are not dependent on Congress passing any new legislation or public policy—the legislation and regulations are already in place.

In late 2005, employers will begin shifting from traditional Defined Benefit Plans to new Defined Contribution Plans. With Defined Benefit Plans, employees receive a "defined benefit" such as doctor visits, hospitalizations, pharmacy, etc., and typically only receive a benefit when they are ill. In contrast, with Defined Contribution Plans, every employee receives an annual tax-free healthcare allowance to save or spend on health insurance, wellness, pharmacy, etc.—and whatever they do not spend accumulates tax-free in their HSA or HRA for their future health expenses or retirement.



Defined Contribution Plans are expected to have a major impact on the wellness industry for many reasons, including:

(1) The new legislation allowing Defined Contribution Plans treats alternative care the same as traditional medical or sickness care. Consumers now have tax-free employer-sponsored funds for chiropractic care, osteopathic care, weight loss, smoking cessation, and numerous other treatments designed to prevent illness versus just treat the symptoms of illness.

(2) Healthy consumers will now have \$2,000-\$5,000 of new funds available to invest in their health or save for future health expenses. These consumers are free to choose what they do with their healthcare allowances.

(3) Consumers may increase the amount of tax-free funds provided through their employer by selecting plans that defer additional salary into tax-free healthcare allowances, or by making tax-deductible contributions to their Health Savings Accounts (HSAs).

(4) Wellness-oriented consumers will now directly receive financial rewards for staying healthy, including lower health insurance premiums and medical costs. Consumers with voluntary health issues, such as most obesity, will now have financial as well as intrinsic motivations to join the wellness revolution. Consumers who take prescriptions on a regular basis will now have financial incentives to switch to wellness-oriented treatments—my book explains how to find a wellness-oriented doctor to help stop taking prescription drugs.

(5) All Defined Contribution Plan products, such as Health Savings Accounts and Health Reimbursement Arrangements, allow employers to provide 100% funding of expenses (i.e. "first-dollar coverage") for wellness and prevention. Savvy employers realize that money spent up front on efficacious wellness programs, like weight loss and smoking cessation, yield immediate productivity benefits in addition to long-term savings on sickness costs.

Number 5 has particular relevance for wellness business entrepreneurs, since they can now market certain wellness products and services directly to employers as well as to individuals.

These are just some of the reasons that *The New Health Insurance Solution* will have a major positive impact on the wellness industry. For more information, read the two other newsletters associated with the book and visit [www.tnhis.com](http://www.tnhis.com).

A Votre Sante,

Paul Zane Pilzer  
October 1, 2005