



HEALTH INSURANCE

What it is and why it is important

Health insurance helps to cover an array of medical expenses in exchange for a premium. An effective health plan will provide you with both medical and financial protection in the event of a catastrophic illness—or any major hospitalization or treatment that would likely clean out your bank account.

Key considerations for the health insurance shopper:

- » Learn about the different types of health insurance (see glossary).
- » Familiarize yourself with the jargon (again, see glossary).
- » Analyze both your financial situation and physical health to gauge your insurance needs.
- » Take the time to shop around; it will save you money.

Health insurance used to be simple. You could either opt for a fee-for-service (indemnity) plan, which offers the benefits of flexibility and autonomy, or a prepaid managed care plan (HMO), which provides members with comprehensive service and a ready network of health care providers. There are now hundreds of different plans that don't squarely fall into either category. They mostly fall into four categories—HMOs, POSs, PPOs, and HSAs—although the many new hybridized plans blur these classifications even further.





Notes:

QUESTIONS TO ASK YOURSELF

What kind of policy do I want?

- » See the glossary for descriptions of the various policy types.
- » Consider what you want in a plan. Is it flexibility? Ease of use? Coverage for a specific kind of care?

Will the plan meet my existing medical needs?

- » Do you have any pre-existing medical conditions? Does your family have a history of a certain medical condition?
- » Are there services that you may need in the future, such as child delivery or hospice?

How high a deductible can I afford?

- » The deductible is the amount you pay before your insurance kicks in.
- » If you can afford to pay a higher deductible, you will save on your premium.

Do I have a primary care physician or specialist whom I wish to keep seeing?

- » Some plans offer more flexibility than others when it come to using out of network caregivers.
- » More restrictive plans require that you use a primary care physician that is within their network of preferred healthcare professionals.





GLOSSARY

Copay - A fee the policy holder pays for an office visit or specific treatment.

Deductible - The amount you pay before your insurance company starts paying.

Exclusions/Limits - These are the medical treatments your healthcare provider either doesn't cover or only partially covers. Also, some policies limit their payout to a yearly or lifetime sum.

Premium - The cost, per pay period, of an insurance plan.

Quote - A price offered by an insurance agent for a policy.

USEFUL INFORMATION

Types of health insurance plans:

Indemnity plans: Indemnity policyholders pay for their medical care as they go and are reimbursed by their healthcare provider either in full or partially. Also known as fee-for-service plans.

Managed care plans: Managed care plans offer comprehensive care to policyholders. According to the Insurance Information Institute, about half of Americans are enrolled in some kind of managed care plan.

» **POS:** A POS plan is essentially a hybrid of a PPO and an HMO. It offers some of the flexibility of a PPO as well as a network of preferred providers.

» **PPO:** A PPO is a managed care policy that is a close relative of an indemnity plan. It usually offers some of the flexibility of an indemnity plan.

» **HSA:** (Health Savings Account) HSAs are interest-earning, tax-favored savings accounts that are used to cover medical expenses. In general, these plans carry higher deductibles.

» **HMO:** (Health Maintenance Organization) HMOs provide comprehensive coverage to their member policyholders. They are generally not as flexible as the above options.

Health insurance v. health discount plans: Discount plans are not insurance policies and aren't subject to the same standards and regulations as health insurance plans. The National Association of Insurance Commissioners urges consumers to be very cautious when considering a discount plan, as consumers have little recourse if the policy turns out to be less than meets the eye.



IN-NETWORK POLICY COST

QUOTE COMPARISON SHEET

Because Things Can Get Complicated

		Policy Name/ Type				
		Agent & Company				
		Contact Info				
		Premiums				
COPAY COVERAGE COSTS (PER VISIT*)	Office					
	Hospital					
	Outpatient					
	Emergency					
	Rx (prescriptions)					
	Lab/ X-Ray					
	MRI/ CAT Scan					
	Routine Vision					
	Chiropractic					
	Other:					
	OB-GYN					
Physical Therapy						
MISC. COVERAGES	Chronic Conditions					
	Substance Abuse					
	Home, Nursing-Home, Hospice					
	Alternative Medicines					
	Experimental					
	Family Planning					
COSTS	Lifetime Max Payout					
	Deductible					
	Out-of-Pocket Per Year					
COUNT/ HOW MANY	Primary Care Physicians					
	Specialists					
	Hospitals					

*Per visit is typical, but this may vary with provider.



OUT-OF-NETWORK POLICY COST

QUOTE COMPARISON SHEET

Because Things Can Get Complicated

	Policy Name/ Type				
	Agent & Company				
	Contact Info				
	Premiums				
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	Hospital				
	Outpatient				
	Emergency				
	Rx (prescriptions)				
	Lab/ X-Ray				
	MRI/ CAT Scan				
	Routine Vision				
	Chiropractic				
	OB-GYN				
	Physical Therapy				
	Other				
	Other				
	Other				
Other					
MISC. COVERAGES	Chronic Conditions				
	Substance Abuse				
	Nursing-Home, Hospice				
	Alternative Medicines				
	Experimental				
	Family Planning				
COSTS	Lifetime Max Payout				
	Deductible				
	Out-of-Pocket Per Year				

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Notes:

THE FINAL CHECKLIST

Will you and your family be protected medically and financially in the event of a catastrophic illness?

YES NO

- » Have you read the policy carefully?

Does your level of coverage reflect your needs?

YES NO

- » What preventive care is offered?
- » Are there services that you might need in the future, i.e., maternity and well-baby care?
- » Are there services you currently need that you're not sure are covered by the plan?

Does the plan fit within your budget?

YES NO

- » How much is the monthly premium?
- » What are your copays and deductibles?
- » What costs are you responsible for after you meet your deductible?

Do you understand your plan's exclusions and limitations?

YES NO

- » Is there a maximum your plan will pay per year? Over your lifetime?
- » What *doesn't* the plan cover?
- » What costs are you responsible for after you meet your deductible?

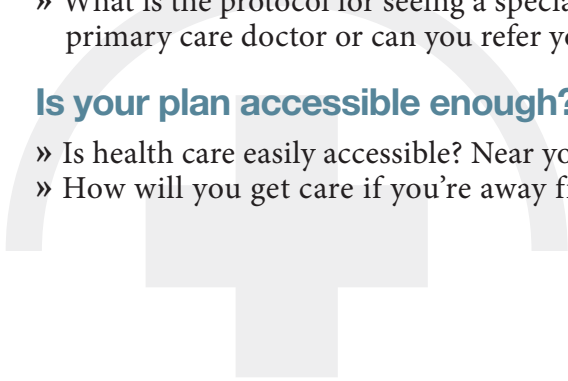
Are you comfortable with the level of choice in your plan?

YES NO

- » Are you satisfied with the network of medical providers, i.e., doctors, hospitals, specialists?
- » Are you required to choose a primary care doctor?
- » What is the protocol for seeing a specialist? Do you need to go through a primary care doctor or can you refer yourself?

Is your plan accessible enough?

- » Is health care easily accessible? Near your work or home?
- » How will you get care if you're away from home?





Notes:

Are you comfortable with the insurance company?

YES NO

- » Is it reputable, reliable, fair, licensed, confidence-inspiring, and service-oriented?
- » Does your state department of insurance show any complaints against the company?
- » What is its A.M. Best rating?

A.M. Best (www.ambest.com) _____

Is this policy the *right* fit?

YES NO

