Health Insurance: The Basics

Health Insurance: The Basics

10 things you should know about Health Insurance

1. Insurance costs a lot but having none costs more
2. If your employer offers insurance, grab it
3. Comparing plans is tough but necessary
4. The lowest premium isn't always the cheapest plan
5. Even good coverage can have big loopholes
6. You'll pay more for freedom
7. You can check out networks before signing up
8. You can keep your insurance if you lose your job
9. Working couples have more to think about
0. Tax breaks can help

Top ten provided by

CNN Money

Health Insurance: The Basics

At some point in your life you will probably need expensive medical care

Health Insurance, like other kinds of insurance, protects you against significant financial loss

It ensures you can afford medical help when you need it

Health Insurance can help keep you healthy by detecting and treating dangerous medical conditions before they become serious

Health Insurance: The Basics

It is important that you understand health insurance in order to protect yourself and your family

Not long ago, individuals paid for medical expenses out of their pocket directly to the provider

As the costs of healthcare continued to rise it was apparent that the public needed a way to help pay for the services

Health Insurance: The Basics

Law of Large Numbers

Health insurance companies, as with other types of insurance companies, protect themselves against financial loss by spreading the risk of costly claims among many customers over many years

Pre-existing Conditions

The more likely that people need health insurance, the more likely they are to seek it

An insurer may refuse to cover treatment if the condition existed prior to enrolling in a health insurance plan

Health Insurance: The Basics

Two Basic Plans: Group Plans and Individual Plans

Group Plans

A group buys insurance for everyone in the group

Most Americans fall into some type of group plan

Employer, professional, religious, or other organizations can purchase group plans for their members

In most cases, group insurance is provided by an employer as a benefit to its employees

Health Insurance: The Basics

Group Plans (continued)

Advantages:

Generally less expensive

Everyone who belongs to the group can enroll even if pre-existing conditions exist

Disadvantages:

Options are limited depending on what the plan sponsor chooses

The plan sponsor can discontinue the insurance at any time as long as everyone in the plan is dropped

Health Insurance: The Basics

Individual Plans

People who are self-employed, or whose company does not offer health insurance as a benefit, can buy health insurance directly from an insurance company

Advantages:

You can have the policy written for your needs

Discounts can be offered for healthier people

Disadvantages:

Usually more expensive

If a pre-existing condition exists, it will be very expensive to cover

Matching a Health Plan to your Needs

Group Plans

Does your employer or group offer a plan?

Do you have a choice of plans?

How much can you tailor each plan?

Matching a Health Plan to your Needs

Group Plans

Evaluate your medical needs

List the people in your household and what their medical needs are

Are there any chronic conditions that would affect coverage?

Types of Health Plans

Group Plans

Common coverage types:

Hospitalization	Rehabilitation facility care
Hospital outpatient services	Physical therapy
Physician hospital visits	Speech therapy
Office visits	Home health care
Skilled nursing services	Hospice care
Diagnostic tests	Maternity care
Prescription drugs	Chiropractic care
Mental health care	Preventive care and checkups
Drug and alcohol abuse treatment	Well baby care
Contraceptives	Dental care
Fertility treatments	Vision care

Matching a Health Plan to your Needs

Individual Plans

You can customize your plan to match your personal needs

Your state department of insurance will have a list of insurers in your area

Get at least three quotes for each type of plan

You will have to provide evidence of insurability

Matching a Health Plan to your Needs

Individual Plans

Underwriting Factors:

Age

Health

Occupation

Habits

Lifestyle

The higher the risk factors that an insurer has the higher the premium will be

Health Insurance: The Basics

The Bottom Line

Young people who are relatively healthy often do not see the need for health insurance

Unless an illness is life-threatening, a health-care provider can refuse to treat you

If a young person had a catastrophic illness or accident the medical bills could easily top $50,000

No matter what your economic or health status is you can usually find a plan that will at least cover some of your needs including a catastrophic accident or illness

Healthcare Problems in the United States

The United States provides the highest quality health care in the world

Despite breakthroughs in medicine, the healthcare system continues to be a source of great frustration

- Rising healthcare costs

- Large number of uninsured people

- Uneven quality of medical care

- Considerable waste and inefficiency

Rising Healthcare Costs

Factors accounting for the increase

- Rising hospital costs

  - Due to expensive technology, high labor costs due to shortage of nurses and consolidation of hospitals

- Rising prescription drug costs

- New technology

- Physician cost trends

  - Due to increased use of specialists

Rising Healthcare Costs

Factors accounting for the increase (continued)

- Cost shifting by Medicare and Medicaid
  - Private patients have to pay more to cover costs of other patients that these programs do not cover

- State mandated benefits

  - States mandate that insurers must provide certain benefits

- Higher administrative costs

  - Includes customer service, information technology, and medical management costs

- Uninsured patients, healthcare fraud and abuse of the system

Healthcare Problems in the United States

Large Number of Uninsured Persons

An estimated 15 percent of the population does not have health insurance

Uneven Quality of Medical Care

Medical care varies widely depending on the physician, geographic location, and the type of disease being treated

Healthcare Problems in the United States

Waste and Inefficiency

The administrative costs of delivering health insurance benefits are excessively high

- Large amounts of paperwork

- Claims forms are not uniform

- Defensive medicine by physicians results in unnecessary tests and procedures