



\$TUDENT ADVOCATES FOR FINANCIAL EDUCATION

BUYING HEALTH INSURANCE

- Use a group health care plan whenever possible, as they are less expensive.
- Self-employed individuals—look at high-deductible plans and set aside funds in a tax-sheltered health savings account to cover deductibles and out of pocket expenses.
- If the job offers a health savings account option, take advantage of these tax sheltered savings for out of pocket medical expenses.
- Choose health care based on one's individual and family needs, not just the cost.
- Consumers with frequent medical expenses—look for a plan with a Health Maintenance Organization (HMO) or a Participating Provider Organization (PPO) to reduce out of pocket expenses.
- Purchase long-term disability insurance through an employer or look into a longer waiting period to reduce premiums.
- If one changes employers, consider the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). One can stay a member of their existing group plan for up to 18 months, (you must pay the full premium) providing protection from waiting period and pre-existing conditions with new group or individual insurance plans.

Choose Coverage based on needs and cost as well as availability.

Types of Coverage

Hospital Coverage

- May include admission to a hospital, room & board charges, routine laboratory expenses, nursing, basic supplies and drugs administered while in the hospital.



Medical Coverage

- May include doctor visits, outpatient procedures, x rays, laboratory tests, and prescription drugs.
- Some plans have chiropractic, vision and/or dental provisions.

Surgical Coverage

- May include the cost of the surgical service provider, the surgeon, anesthesiologist, surgical location, and other fees directly related to a surgical procedure.



Every Plan is different—read your plan carefully and ask questions!

Workers' Compensation Insurance—a supplement to your own health care coverage

- Covers only employment related accidents, illnesses and diseases.
- Includes health care, income replacement, restorative care, and sometimes retraining and rehabilitation.

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HEALTH INSURANCE FACTS

According to the National Coalition on Health Care, in 2005...

- ...approximately 47 million Americans, or 16% of the population, were without health insurance coverage.
- ...one third of U.S. firms did not offer employer based coverage.
- ...the United States spent 16% of its gross domestic product (GDP) on health care.

Uninsured individuals are...

- ...more likely to not seek preventive care; are diagnosed later in the disease stage; and after diagnosis, receive less care and suffer higher mortality rates than insured individuals.
- ...more likely to be required to 'pay up front' or be refused services unless the circumstances or the injury or illness are "life threatening".
- ...more likely to use the emergency room as their source of care.

The fact is when people do get sick, injured, or disabled, health care quickly becomes a major financial issue. Health insurance helps pay for doctor, medical, & hospital services.

A recent Harvard University study found that although 68 percent of bankruptcy filers had insurance, 50 percent of all bankruptcy filings were partly because of medical expense.



INSURANCE TERMS & CONDITIONS

- **Premium:** amount paid to the insurance company every month.
- **Deductible:** amount paid before the insurance company will begin paying the medical bills. When one "meets the deductible," the insurance company will begin paying bills.
 - **A Note on Premiums and Deductibles:** the lower the premium one has, the higher the deductible, and vice-versa. Choose an affordable premium while still having a deductible that can be met in case an accident occurs. It is wise to have an amount equal to the deductible in emergency savings.
- **Coinsurance Clause:** after the initial deductible has been paid, money may still be owed by the policy holder. Many insurance plans require the insured to pay a percentage of the bill after the deductible has been met, due to a coinsurance clause. An 80/20 coinsurance clause means after the deductible is reached, the insurance company will pay 80% and the insured will pay 20% of the remaining bill.
- **Coinsurance Cap:** the maximum amount one will have to pay out of pocket. A cap of \$1000 means one will be able to stop making the co-payments when bills exceed \$1000; the insurance company will pay the remainder of the bill in full.
- **Exclusions:** specific illnesses or conditions that the insurance plan will absolutely not cover. There are often specific exclusions related to pre-existing conditions. These exclusions will be spelled out in the policy, so read the fine print!
- **Doctor Visit:** different insurance companies and plans may have different options for which doctors one can visit. Costs vary depending on which company and plan one chooses.
- **Pre-existing Condition:** Condition or symptom known to the insured or diagnosed within a specific period of time from the beginning of coverage by the insurance plan. Typically within one to two years of the effective date of the coverage.