Choosing the Right Health Care Plan for You

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Congratulations! You have just been offered your dream job! The proverbial office with a window, the latest in office technology, a corporate card, and the salary to keep your family up with the Joneses are now yours! And don't forget the complete benefits package - look at all those choices in health insurance! A traditional indemnity plan, and the different managed plans - HMO, PPO, POS. Where do you start? Then you must consider copayments, deductibles, coinsurance and premiums - and the enrollment forms are due by the end of the week!

Don't panic. The first step is to assess your family's individualized health care needs. Review the reasons for your visits to a health care professional over the last few years. Did your family see a doctor only for checkups and physicals, or did you make an appointment for your child every time she got a bump or bruise? Do members of your family have preexisting conditions which may affect coverage? Are you planning to have another child? Do you want to keep the same family physician? How much do you intend to pay out of your own pocket each year towards health care? The answers to these questions may have a great deal to do with the plan you choose.

TYPES OF PLANS

With a *raditional indemnity plan*, the patient is usually responsible for paying the health care provider directly for each visit and filling out an insurance form for reimbursement. Some services, such as hospitalization, are billed directly to the insurance company. However, the member usually pays an annual deductible ranging from $200 to $1,000 *before* insurance kicks in. The policyholder is also responsible for a certain percentage of the bills, known as coinsurance. A ceiling usually exists for yearly out-of-pocket expenses. With most indemnity plans, the quality of service you receive is not monitored by the plan, and preventative care is usually limited. Prescriptions are normally not covered at all. Consequently, very few companies offer pure indemnity plans.

Under a *managed indemnity plan*, the patient can use her health care provider and hospital of choice, but pre-approval forms must typically be filed for approval of some out-patient procedures and hospitalizations. Preventative care is limited, and little or no quality monitoring is performed of providers.

HMOs (*Health Maintenance Organizations*) offer a network of primary care physicians

that provide most health-related services and referrals. Choice of doctor is limited to the list provided by the plan, and selection must be made upon enrollment. Occasionally, affiliated physicians are located in the plan's own facilities. If you or your family travel extensively, especially abroad, be aware that an HMO may not cover health care outside of your local area. A small copayment, usually between $5 and $15, is collected from the patient per visit; a slightly higher copayment is normally required for emergency room visits. After the copayment, most services are completely covered. Deductibles and coinsurance do not apply. No claim forms are required, and preventative services are usually covered in full. Health care provided under an HMO is extensively monitored for quality.

PPOs (*Preferred Provider Organizations*) borrow features from both traditional indemnity plans and HMOs. PPO plans contract with a network of providers, but any doctor may be used. To promote the use of in-network physicians, the plan offers incentives including higher benefits and lower copayments. A primary care physician is usually selected upon enrollment, and prior approval is normally required for in-patient and certain out-patient services. Most often, claim forms must be submitted for care provided by out-of-network providers. Some PPOs provide preventative care and some also perform quality monitoring.

POS (*Point of Service*) plans provide services similar to a PPO but are offered by an HMO. Out-of-network providers may be used at higher out-of-pocket costs. With many POS plans, preventative care is only covered if provided by an in-network physician.

The health insurance decision basically boils down to out-of-pocket expense vs. flexibility of choice. Traditional indemnity plans offer maximum choice at a higher cost to the member, whereas HMOs offer little flexibility with little expense. The personal importance of these factors must be weighed before selecting a health care plan. Compare and contrast the coverage and flexibility of each plan. Talk to your friends and family. What plans to they have? Are they satisfied with the service they receive? Ask your physician which plans she is associated with, which one she prefers, and why.

For each plan you are seriously considering, thoroughly read the detailed contract description, sometimes called the "subscriber certificate", "member contract", or "evidence of coverage." You can request a copy of this contract through your employer or by contacting a plan representative. These records contain information on covered services, and those which are excluded. Most health plans provide a copy of this contract to each member after enrolling, but you may want to review this documentation before selecting a plan.

In your search for the perfect health care plan for your family, don't forget about the premium. This base charge is usually paid for jointly by the employer and employee during the entire enrollment period, whether services are used or not. Find out from your benefits representative when your annual enrollment period begins and ends, and under what other circumstances your coverage can be changed. Most policies can be upgraded during a set amount of time after the

event. Become familiar with these timeframes and requirements to ensure that your entire family will be covered under the policy.

SELF-EMPLOYMENT OPTIONS

If your spouse has group insurance through his or her employer, this may be the least expensive route to take. Some associations, such as credit unions, provide the same types of group health insurance offered by large employers. The high number of members allow these group plans to provide more benefits at a lower cost than individual plans. Check with your associations to determine if this option is available to you.

Another alternative is enrollment in a non-group or individual policy. Keep these considerations in mind: First, ensure that the policy clearly explains when and why your rates can go up. Ask the insurer about its premium increases over the last several years. A policy that can raise your rates based strictly on medical expenses incurred should be avoided.

An individual policy should also be non-cancellable, or renewal should be ensured as long as premiums are paid on time. At the very least, the policy should be renewable unless the insurer is removing all policies like yours from their offerings, known as a "conditionally renewable" policy. A clause should also be included allowing at least ten days for policy review, and a full refund for cancellation made during this time.

Are you concerned about the legal aspect of a particular plan's offerings? The types of policies insurers can provide are governed by laws set by the insurance department of each state. Contact a representative in your area for information on these laws, which are intended to protect you as a consumer when purchasing insurance. Information on the performance of a certain health plan can also be found in your local newspaper or library.

NO INSURANCE?

You may also choose to forego the investment in health insurance coverage, especially if you do not have the luxury of a group health plan. If you choose not to carry insurance, it is still possible to keep the cost of health care down. Keep a few things in mind:

•Local community health centers can provide affordable quality service. Most of these clinics apply charges using a sliding scale based on income. Make a few calls first to determine the availability of payment options, and to see if your family's income qualifies for a lower end of the payment scale.

•Check into a handful of recommended physicians, and compare prices for the same services. Charges can very greatly from one provider to another.

•Whenever possible, ask your provider for the cost of a particular service or prescription in advance. There may be less expensive options. Prescriptions can sometimes be written for a generic drug rather than its name brand counterpart. Generics often offer considerable savings without a reduction in quality.

•Don't go to a specialist or emergency room for routine ailments or exams. The charge is usually much higher than the cost of a general practitioner's services or an emergicare center visit.

•Attempt to get answers to general health questions over the phone from your physician, or through programs offered through hospitals in your community rather than scheduling an office visit. Information should either be provided at a low cost or free of charge.

•Be sure to set money aside, not only for unexpected emergencies, but also for routine medical exams and expenses. The cost of these services should not keep you and your family from receiving necessary health care. A serious condition may be treatable if caught early, and prevention may save you money over the long run.

If you find yourself unable to pay high health care bills, you may request financial assistance from special programs which have been set up to assist in certain situations. Contact your state department of health office for more information about programs that may be available to you.

The health of you and your family is one of the most important assets you have. Understand the options available, ask questions and request clarification on what is and is not available under a particular plan. What you may consider an emergency may not be covered under the emergency care section of your plan. A particular surgeon and hospital may be covered, but not the anesthesiologist. Clarify these and other details up front to avoid unexpected medical bills in the future. Whatever criteria you use to select your health care plan, always look for a policy that offers protection from high medical costs and will provide the right coverage for you and your family.