

Why You Need Health Insurance

The United States does not have socialized medicine. If you do not have health insurance, you are liable for the cost of medical care. This cost can be in the thousands of dollars for serious illnesses. You buy health insurance for the same reason you buy other kinds of insurance: to protect yourself financially. With health insurance, you protect yourself and your family in case you incur medical costs that could be quite expensive.

You cannot predict what your medical bills will be. In a good year, your costs may be low. But if you become ill, your bills could be quite high. If you have health insurance, whatever your costs are covered by a third-party payer, not by you. A third-party payer can be your employer or, in some cases, your employer's health plan. Many people in the United States are enrolled in some form of managed care health plan. This is an organized arrangement of both providing services and paying for them. Different types of managed care plans impact differently and include preferred provider organizations (PPOs), health maintenance organizations (HMOs), point-of-service (POS) plans and fee-for-service plans. Individuals enrolled in managed care plans pay a monthly or quarterly premium as well as a deductible for the time when they require medical attention. At the time when a service is provided, the health plan organization pays the cost or part of the fee, minimizing the amount you have to pay at the time you obtain the service.

The information presented here will help you choose a health plan organization that is correct for you. If you are married or single, have children or no children, this information will help you to find out how to choose a health plan organization that best meets your needs and your business circumstances. Definitions of the health plan cost terms used are included in the section titled Understanding Health Insurance Terms.

Understanding Health Insurance Terms

Coinsurance

The amount you are required to pay for medical services in a fee-for-service organization after you have met your deductible. The coinsurance rate is commonly expressed as a percentage. For example, if the health plan pays 80 percent of the claim, you pay 20 percent.

Coordination of Benefits

A system to eliminate duplication of benefits when you are covered by more than one group plan. Benefits from the two plans commonly are restricted to no more than 100 percent of the claim.

Co-payment

Another form of distribution of medical costs. You pay a flat fee every time you obtain a medical service (for example, \$5 for every visit to the doctor). The health plan pays the rest.

Covered Expenses

Most health plans, whether they are fee-for-service, HMOs, or PPOs, do not cover every service. Some do not cover medication costs. Others do not cover preventive care. Covered services are those medical procedures the insurer agrees to pay for. They are listed in the health plan policy.

Customary Fee

Most health plans will only pay what they call a reasonable and customary fee for a particular service. If your doctor charges \$1,000 for a hernia repair while most doctors in your area charge only \$600, you may be billed for the \$400 difference. This is in addition to the deductible and coinsurance you would be expected to pay. To avoid this additional cost, communicate your doctor to accept your health plan's payment as full payment. Or look around to find a doctor who will. Otherwise you may have to pay the rest yourself.

Deductible

The amount of money you must pay out of pocket to cover your medical expenses before your health plan contract starts paying.

Exclusions

Specific conditions or circumstances for which the contract will not pay benefits.

HMO (Health Maintenance Organization)

Prepaid health plans. You pay a monthly payment and the HMO covers your doctor's visits, inpatient stays, emergency care, surgery, checkups, lab tests, x-rays, and therapy. You must use the doctors and hospitals designated by the HMO.

Managed Care

Ways to manage costs, use, and quality of the upbeat tending system. All HMOs and PPOs, and whatever fee-for-service plans, hit managed care.

Maximum Out-of-Pocket Expenses

The most money you module be required clear a assemblage for deductibles and coinsurance. It is a expressed dollar turn set by the upbeat shelter company, in constituent to regular premiums.

Non-cancellable Policy

A contract that guarantees you crapper obtain upbeat insurance, as long as you clear the premium. It is also titled a guaranteed renewable policy.

PPO (Preferred Provider Organization)

A combination of tralatitious fee-for-service and an HMO. When you ingest the doctors and hospitals that are conception of the PPO, you crapper hit a large conception of your scrutiny bills covered. You crapper ingest other doctors, but at a higher cost.

Pre-existing Condition

A upbeat difficulty that existed before the fellow your upbeat shelter became effective.

Premium

The turn you or your employer pays in exchange for upbeat shelter coverage. Primary Care Doctor

Usually your first contact for upbeat care. This is often a kinsfolk physician or internist, but whatever women ingest their gynecologist. A direct tending student monitors your upbeat and diagnoses and treats minor upbeat problems, and refers you to specialists if another take of tending is needed. In whatever upbeat shelter plans, tending by specialists is only paid for if your are referred by your direct tending doctor. An HMO or a POS organisation module wage you with a itemize of doctors from which you module choose your direct tending student (usually a kinsfolk physician, internists, obstetrician-gynecologist, or pedicatrician). This could mean you might hit to choose a new direct tending student if your current one does not belong to the plan. PPOs allow members to ingest direct tending doctors outside the PPO network (at a higher cost). Indemnity plans allow some student to be used. Provider

Any person (doctor, nurse, dentist) or infirmary (hospital or clinic) that provides scrutiny care.

Third-Party Payer

Any payer for upbeat tending services other than you. This crapper be an shelter company, an HMO, a PPO, or the Federal Government