



Insure U — Health Insurance Introduction

As with other kinds of insurance, there are several types of health insurance.

Major medical plans typically cover a comprehensive array of healthcare needs, including doctors' visits, drugs and hospital care. These benefits can be delivered in several different ways:

- **Indemnity plans** - These major medical plans typically have a deductible – the amount you pay before the insurance company begins paying benefits. After your covered expenses exceed the deductible amount, benefits usually are paid as a percentage of actual expenses, often 80 percent. These plans usually provide the most flexibility in choosing where to receive care.
- **Preferred Provider Organization (PPO) plans** – In these major medical plans, the insurance company enters into contracts with selected hospitals and doctors to furnish services at a discounted rate. As a member of a PPO, you may be able to seek care from a doctor or hospital that is not a preferred provider, but you will probably have to pay a higher deductible or co-payment.
- **Health Maintenance Organization (HMO) plans** – These major medical plans usually make you choose a primary care physician (PCP) from a list of network providers. Your PCP is responsible for managing all of your healthcare. If you need care from any network provider other than your PCP, you may have to get a referral from your PCP to see that provider. You must receive care from a network provider in order to have your claim paid through the HMO. Treatment received outside the network is usually not covered, or covered at a significantly reduced level.
- **Point of Service (POS) plans** – These major medical plans are a hybrid of the PPO and HMO models. They are more flexible than HMOs, but do require you to select a primary care physician (PCP). Like a PPO, you can go to an out-of-network provider and pay more of the cost. However, if the PCP refers you to an out-of-network doctor, the health plan will pay the cost.

Limited benefit plans provide coverage for a particular healthcare setting, ailment or disease.

Here are some of the options that may be available to you:

- **Basic Hospital Expense Coverage** – Covers a period of usually not less than 31 days of continuous in-hospital care and certain hospital outpatient services.
- **Basic Medical-Surgical Expense Coverage** – Covers costs associated with a necessary surgery, including a certain number of days of in-hospital care.
- **Hospital Confinement Indemnity Coverage** – Covers a fixed amount for each day that you are in a hospital.
- **Accident Only Coverage** – Covers death, dismemberment, disability or hospital and medical care caused by an accident.
- **Specified Disease Coverage** – Covers diagnosis and treatment of a specifically named disease or diseases – such as cancer.
- **Other Limited Coverage** – You may purchase insurance covering only dental or vision or other specified care.

Additional coverage options provide added protection should you become disabled, require long-term care or enroll in Medicare:

- **Disability Income** - This coverage provides for weekly or monthly benefit payments while you are disabled after a covered injury or sickness.
- **Long-Term Care Insurance** - This policy usually pays for skilled, intermediate and custodial care in a nursing home as well as care in other settings, such as the home, adult day care center or assisted living facility. The policy usually pays a fixed amount per day while a person is receiving care.
- **Medicare Supplemental Coverage** - The federal Medicare program pays most medical expenses for people 65 or older, or for individuals under 65 receiving Social Security disability benefits. However, Medicare does not pay all expenses. As a result, you may want to buy a Medicare Supplement policy that helps pay for certain expenses, including deductibles not covered by Medicare.

Here are two types of health-related services that are **NOT** health insurance plans:

- **Discount Plans** - You may receive advertisements from plans offering discounts on healthcare for a monthly fee. These are not health insurance plans, and participants do not have the same protections as under licensed health insurance.

The Oregon Insurance Division strongly recommends that you thoroughly investigate any plan promising deep discounts for a “low” monthly fee and weigh the benefits against the costs carefully.

- **Non-Licensed Risk-Sharing Plans** - You may receive offers to join a group or association that will take your monthly payments, put them in a savings account, or trust, with other participants’ money, and then help pay some of your health care costs, as needed. Such arrangements are **NOT** insurance and the participants do not have the protections available to purchasers of licensed insurance plans. The Oregon Insurance Division strongly recommends that you thoroughly investigate such plans before joining.

Health insurance – whether provided by your employer or purchased independently by yourself – can be expensive. Here are some ways you can control your costs:

- If you’re married and both spouses work at jobs that provide health insurance, compare these policies and their costs to see which one best fits your needs. Look beyond the monthly amount you must pay and closely evaluate covered services, co-pay requirements, deductibles and reimbursement levels so that you make the best choice for your family and your pocketbook.
- Many plans offer a menu of options. Regularly review your situation, and adjust your options to meet changing needs.
- Stay in your network as much as possible, making sure to obtain referrals as required.
- Many plans require pre-certification for certain tests and procedures. Know your plan, and make sure you comply with these requirements to avoid paying penalties.
- Hold onto all receipts for medical services. Even though your intent may be to always stay in-network, you never know when an accident, out-of-town emergency room visit or unexpected illness might cause you to incur out-of-pocket expenses that exceed even a high deductible.
- Check to see if your employer offers a flexible spending account. These plans, which allow you to set aside pretax dollars for medical expenses and childcare, are a good way to reduce your out-of-pocket medical costs.
- Finally, consider combining a high-deductible catastrophic plan with a Health Savings Account (HSA). An HSA is a tax-sheltered savings account similar to the IRA, but earmarked for medical expenses. Deposits are 100% tax-deductible for the self-employed and can be easily withdrawn by check or debit card to pay routine medical bills with tax-free dollars. Larger medical expenses are covered by a low-cost, high deductible health insurance policy. What is not used from the

account each year stays in the account and continues to grow interest on a tax-favored basis to supplement retirement, just like an IRA. Employers are beginning to offer HSAs to their employees as a health insurance option.

[More information about health insurance](#)