

## Tips for Evaluating Individual Health Insurance Plans

NOTE: These are my observations as an active Independent Insurance Agent. They are not meant to be taken as professional advice. Please review these items, but speak with your own insurance agent before making any decisions.

1. Make sure there is a maximum out of pocket and what that amount is. Some insurance plans don't have this which means you could be paying 20% of a \$100,000 or higher bill. NOTE: If you don't know your maximum out of pocket on your current insurance plan, get another plan quickly.
2. Make sure that you are purchasing real insurance (not just a discount plan). Ask "Is this Health Insurance?" Technically they cannot say yes to this question unless it is.
3. Make sure it is a reputable company. An Independent Agent should be able to tell you what is going on with each company. You can also research the company with AM Best ([www.ambest.com](http://www.ambest.com)) and your state's Department of Insurance. Typically a rating of B+ or higher is good for a health insurance company.
4. Beware of an insurance agent that represents just one company. Different people have different health histories and needs for insurance and one insurance company simply cannot meet all of those needs. Instead of being force-fitted into a plan, an agent should know the industry, each insurance company's underwriting guidelines, and how the insurance company determines rate increases each year. Do you want an insurance agent who works for an insurance company or for you?
5. Don't shop purely on premiums alone. If you get an insurance plan with a small premium, yet they won't pay your claims, do you really have insurance? An independent agent should know how good each insurance company is on paying their claims. The good news is that quality is not determined by the premium. You can still get great insurance from a great company for a minimum amount each month.
6. If the insurance agent is selling the association more than the insurance plan, be wary. The most important part of buying health insurance is the insurance, not the association.
7. One last note, recently there have been a number of articles in the newspaper about people selling fake health insurance. BE CAREFUL! It's an independent insurance agent's job to check out the companies before he offers them to clients. Make sure your agent knows the company well before you make an application.

### OTHER BASICS TO LOOK FOR

- Be cautious of choosing an insurance company that only sells individual health insurance and not small group health insurance. Due to health reform requiring individual health insurance companies to pay out 80 cents out of every dollar in a patient benefit, it is my personal view that many carriers will either quit or do something drastic to try to meet this new guideline. I recommend an insurance company that sells both individual and small group as the risk pools can be combined. Some companies that do this are Aetna, Assurant, BCBS (not sure for all states, but they will still be around regardless), Humana, and United HealthOne (part of United Healthcare).
- Prescription drug coverage is part of the plan, either going towards deductible or a reasonable copay.
- Maximum Out Of Pocket clearly spelled out both for an individual and family aggregate.
- Does the plan offer a doctor visit with a copay?
- Is there a pre-existing condition clause? If so, will they cover a condition upon approval if you disclose it on the application or will you need to wait?
- Is there a copay placed before a deductible, yet no benefit (this is different from a doctor copay)? Some plans place a copay amount before you pay the deductible. Copays do not go towards your deductible. For example, you need an X-Ray, but there is a \$250 copay. This means that if the test costs \$400 (which you pay because you have not satisfied your deductible yet), you pay \$400. Due to the copay, only \$150

of that amount goes towards your deductible. This is a sneaky way of increasing your actual deductible. It is not so bad if it is on big things, such as hospitalization (which happens rarely), it is important to look at when placed on tests and exams.

There are other carriers out there, make sure you look at [www.ripoffreport.com](http://www.ripoffreport.com) or the Department of Insurance's complaint website. I'm very careful about who I choose to do business with. Life's too short to get caught. BTW if anyone has any specific questions on an insurance company, feel free to email me off-list for my view.

### **Tips for Comparing Health Insurance Plans**

The following grid is designed to help you with deciding between health insurance plans. Essentially you have two columns for each plan. Column one is a "typical" year of expenses. Column two is a "worst case" year where you max everything out.

#### **COLUMN 1 - TYPICAL**

Multiply your premium by 12 (annualized) and add it at the top. Now put in your typical expenses based upon the plan you chose. If you go to the doctor 4 times a year and they plan has a doctor copay of \$30, then it would be  $\$30 \times 4$ . Same for prescriptions, lab work, and wellness. Add everything up and you come up with a total cost for the year.

#### **COLUMN 2 – WORST CASE**

Multiply your premium by 12 (annualized) and add it at the top. Now max out your deductible and out of pocket maximum for at least one person. Add the extra office visits, prescriptions, and other copays that the plan may have that you think you'd use if you had something like cancer. Add it all up.

Next, do the same thing for the second plan you choose. Then look at the total out of pocket cost for the year. Usually one will jump off the page as the better deal.

This table is designed to assist you in comparing insurance plans.

| Features/Min  | Example  | Company/Plan B | Company/Plan C | Company/Plan D |
|---|--|----------------|----------------|----------------|
| Company name/plan   | Blue Cross Blue Shield of Illinois, Select Blue \$1,000 deductible plan with 80/20 coinsurance |                |                |                |
| Deductible  | \$1000 individual/<br>\$3000 family  |                |                |                |
| Maximum Out of Pocket clearly spelled out?  | \$1,000 for individual, \$3,000 for family   |                |                |                |
| Prescription Drugs either part of deductible or Rx card   | Rx goes towards deductible   |                |                |                |
| Dr. Copay? Any limits?  | \$20, unlimited  |                |                |                |
| Copays for tests?   | None   |                |                |                |
| Pre-existing condition clause?  | 12 Months  |                |                |                |
| Wellness/Checkups covered?  | Yes, \$500/person per year   |                |                |                |
| No caps on any hospital stays or surgical procedures? (Note: Transplants are sometimes capped at \$100K).   | None   |                |                |                |
| Special interest items (items that you would be personally interested in, such as how Physical Therapy or Speech Therapy is handled or international travel). | \$3,000 max on physical, speech, occupational therapy combined                                 |                |                |                |
| Est Monthly Premium   | \$570  |                |                |                |
| Est. Annual Premium   | \$6,840  |                |                |                |
| Best Case Scenario (everyone healthy, minimum Dr. visits/prescriptions). Take your best guess and add everything up. Include annual premium in calculation    | \$7240 (for my family it would be 10 office visits, plus prescriptions)                        |                |                |                |
| Worst Case Scenario – max everything out. Include annual premium in calculation   | \$13,240 (max deductible, max coinsurance, 20 office visits)                                   |                |                |                |

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