

Health Insurance Issues

The continuing escalation in health care costs makes a well-designed health insurance program essential to your family's financial security; one or two days in the hospital could equal thousands of dollars in expenses.

When reviewing your health insurance coverage, consider the following.

- **Deductibles:** How much of the initial costs must you absorb in the way of a deductible? Is it charged only once in the calendar year? Is there a limit of two or three deductibles per family or must each member satisfy it?
- **Coinsurance:** Beyond the deductible, what percentage of the expense must you pay, 10%, 20%? Most important – is there a stop-loss provision that eliminates all coinsurance and pays 100% of the charges after you reach \$1,000 (or some specified dollar amount) in out-of-pocket expense?
- **Family benefit maximums:** These should be unlimited or extremely high; e.g., \$1,000,000 due to potential costs of a major surgery, hospitalization, a series of family illnesses, etc.
- **Inside limits:** These limits, like \$200 for X-rays, etc., should be avoided in favor of comprehensive coverage; i.e., a flat percentage of the cost incurred.
- **Child age limits:** Under age 65 health plans cover children (student or non-student) up to age 26.
- **Outpatient benefits:** These benefits should be examined carefully since many procedures are now done on an outpatient basis; e.g., preadmission testing, diagnosis, etc., due to the high costs of hospitalization.
- **Preferred providers:** Some medical plans call for the use of a preferred supplier and provide a list of doctors or hospitals from which you must choose.
- **Health maintenance organizations (HMOs):** These medical plans offer a different approach from traditional health insurance, in which you pick the doctor, pay as you go and receive reimbursement from an insurance company. With an HMO, you or your employer pay an annual fee, for which the plan's own doctors handle almost all of your health needs.

HMOs typically cost less in that there are usually no deductibles and they cover a higher percentage of costs than traditional plans. However, since you are limited to the services of this organization, it is important to ask the following questions.

- Where do I go if I require hospitalization?
- What about emergency treatment out of the local area?
- How substantial is the local staff and are all specialties represented?
- How long must I wait to get an appointment?
- Is the plan facility oversubscribed?