

Individual Health Insurance

What is individual health insurance?

- Individual health insurance is coverage purchased directly from an insurance company (or through a broker) rather than a plan sponsored by an employer.
- These policies can be purchased for single or family coverage.

The need for individual health

Many people cannot access health insurance through an employer.

- They are self-employed or unemployed.
- Some employer coverage may be too expensive or inflexible.
- Between jobs; COBRA may or may not be available.
- Loss of parent coverage.



The right option

People need to find a plan that fits both their budget and individual situation.

For example, if someone is young and in good health, they may choose a higher deductible and a lower monthly premium. This would be an “emergency or catastrophic plan” if an unexpected, expensive event occurred.

However, for someone that is older with health concerns or there is a large family, the decision may be a higher premium for the security of a lower deductible.

Types of Plans Available

Health Savings Accounts (HSAs)

- These are tax-advantaged savings accounts you can use to set aside the deductible amount until it's needed.
- As long as the money is spent on health care, it won't be taxed.
- With a qualified high deductible plan, the HSA will let a person save for out-of-pocket health care costs.
- Unlike flexible spending accounts, the money in an HSA does not need to be used by the end of the calendar year; it can roll over into the next calendar year if it is not used.

High deductible plans

- Requires an individual to pay a set amount, usually a few thousand dollars, before the coverage kicks in.
- The premiums are lower.
- This coverage is good for someone who doesn't visit the doctor too often.
- The policy owner should have money set aside to pay upfront costs, should the need arise.
- Insurance coverage for covered expenses begins after the deductible is exhausted.

Co-pay plans

- With a qualified co-pay plan, the individual pays a certain amount each time they see a doctor for an exam.
- Thereafter, the insurance company pays the remaining portion of the covered costs.
- This type of plan works better for those who visit the doctor frequently; i.e., families with children needing regular visits.
- Sometimes the co-pays can be applied to prescription drug coverage.

Additional Information

Underwriting



- Premium and application approval is based on a process called medical underwriting.
- The underwriter looks at the application and medical records to find out about the health status of the applicant.
- Premium amounts are then calculated from the person's health status as well as the person's coverage and deductible choices.
- **Currently**, there are some instances where an individual may be denied coverage based on their health status.

Networks and health insurance

- Insurance with a network plan means there are a group of doctors who agree to offer services at a discounted rate to network members.
- This is how coverage may be received at a less expensive price.
- The larger the network, the more options that are available.
- An individual can still see doctors outside the insurance company's network, but generally the network discount does not apply.
- Out-of-network health care costs may be applied towards the deductible.
- Each insurance plan has its own rules about how out-of-network doctors are billed.

The Advantages

What are the advantages of individual health?

Portability

- If you lose or switch jobs you won't lose coverage.
- If you change jobs mid-year, you don't have to worry about losing the amount built up towards the deductible.

Convenience

- Some plans offer 100% preventive care coverage.
- Annual check ups and routine vaccinations are available without financial difficulties.

Flexibility

- With individual health insurance, you can select optional benefits to meet your needs or the needs of your family.

Advantages – cont'd.

It's Less Expensive than COBRA

- When compared to group health insurance or COBRA, most individual health insurance plans are the less expensive option.
- If you're not insured through your employer, individual health insurance is typically the less expensive option.
- This is especially true if you opt for a higher deductible plan, which helps lower the cost.

Thank You