

Optima Health February Article on Health Insurance

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Don't Be Left Out in the Cold How to Buy Individual Health Insurance By John E. DeGruttola

With the economy continuing to worsen and layoffs are more prevalent, many people find themselves in the position to purchase individual health insurance. Health insurance is like a warm blanket that protects you from frigid temperatures--you don't want to get left out in the cold without it. There are more than 47 million Americans without health insurance coverage.

As consumers, we want to make wise choices, based on knowledge and information. Individual health insurance should fit your budget, your lifestyle and your personal healthcare needs. Being a savvy shopper can put more money in your pocket at the end of the day. Healthcare costs are one of the top expenses Americans have every month.

There are two primary types of individual health insurance—short term and long term.

Short-term health insurance may offer only limited coverage for a fixed amount of time that can financially protect you when a catastrophic medical situation occurs such as a car accident. Long term health insurance policies are guaranteed renewable policies and typically cover a broad spectrum of healthcare services. These plans typically require a more lengthy application process and involve the insurance carrier reviewing your past medical history and other health risk factors in determining your eligibility and the price you will pay.

Health insurance carriers determine rates based on the information individuals provide about their own health and family members to be covered. This review is called underwriting and is where an insurance rate is determined. When the insurance carrier is unable to obtain necessary medical information, they usually underwrite it more conservatively, which means a higher premium rate.

As you begin to assess your own healthcare needs, take into account your current use of healthcare and your medical expenses for the near future. Consider what type of health services are the most important to you and your family, and how much you can afford to spend on your monthly premium and co-payments. If you are single and very healthy, your health plan considerations may be much different than a family with four children. People enrolled in

individual plans pay premiums that are more in line with their expected health costs.

Remember that the most important service to be covered is hospitalization. If you are not covered for hospital care, then one sickness could cost you thousands of dollars, even hundreds of thousands of dollars. For example, if you incurred a serious injury, such as a compound leg fracture during a car accident, the cost could be as high as \$75,000 which includes ambulance fees, emergency room care, surgery, hospitalization and physical therapy. Without insurance this could be financially devastating.

Additionally, you will want to consider several factors when selecting a health plan, such as customer service, affordability and value, access to information, quality of services, health and wellness tools and services, and the provider network of physicians, specialists, and hospitals.

As you navigate the individual insurance market, you'll want to make sure that you are comparing similar plans and look for value-added benefits that can help save you money. Also, there are a lot of confusing terms connected with health insurance. Becoming familiar with these terms will make the evaluation process much easier. Investing time upfront will pay off in the long run. Imagine that the time you spend analyzing your healthcare needs is an opportunity to better connect with your healthcare spending habits and choices. You'll walk away more educated about yourself and the products available to you in the market.



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