

Cracking the Health Insurance Code

A Guide to Understanding Today's Health Insurance Industry



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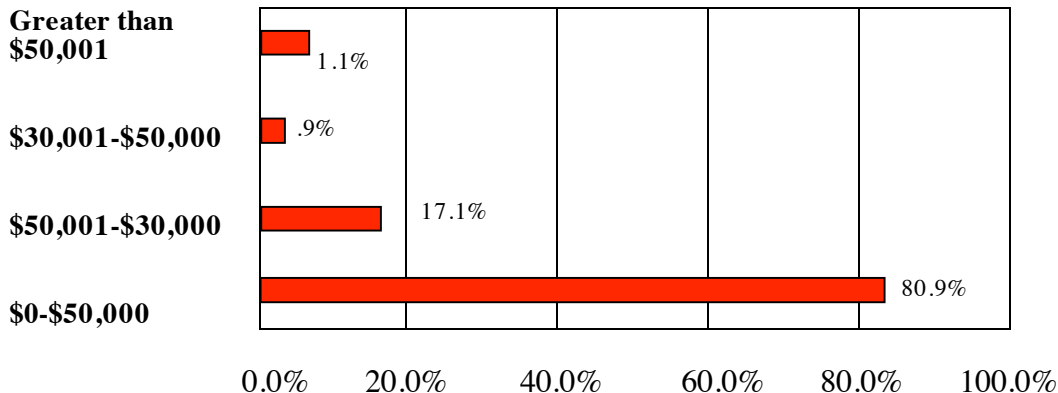
Thank You

I want to start out by saying thank you for reading this FREE Report. It is my hope that you come away with more knowledge of our health insurance system, and feel more comfortable with your insurance choices. In this report you'll learn the amount of medical claims each year, key terms so you can better understand your health insurance policy and the types of health insurance plans available today.

Our Healthcare System is Expensive

As you know in today's age we are experiencing dramatic increases to our health insurance costs. Our employers search endlessly to find a solution to control the costs of inflated prices. The employees have to find ways to scrape money together to afford the out-of-pocket contributions. In addition, countless of Americans continue to be uninsured because of how much it costs or because they do not medically qualify.

Did you know that the U.S. Department of Labor states that 1 in 7 Americans will have a hospital stay this year? These odds increase with age¹. Also, \$83 was the average cost nationwide for a doctor's office visit and \$3,972 was the average daily hospital charge in 2003². Below is a graph indicating the average claim amounts and annual frequency³. As you can see it is very important that we have some sort of medical coverage to help protect ourselves physically, but also to protect ourselves financially.



¹ U.S. Department of Labor

² Current Trends in Health Care and Dental Costs Utilization, 2004 Edition

³ Independent Actuarial Study, 2003

Learn to Speak the Secret Language of Your Insurance Agent

Have you ever felt like your insurance agent is speaking another language? I have heard a number of times that people are more confused after a meeting with their agent than before. To better understand what your choices are in the world of insurance you need to know what your insurance agent is saying to you. Below is a list of terms that will give you more clarity when meeting with your insurance professional.

- **Premium:** Your monthly, quarterly, or annual payment for insurance coverage.
- **Deductible:** The pre-set amount of money that needs to be paid before a medical bill will be paid by the insurance company. Deductible amounts vary and is outlined in your policy.
- **Coinsurance:** Generally in any insurance claim after you pay your deductible the insurance company pays a percentage of the bill. Usually the insurance company pays 80% and you pay the remaining 20%. You would see this in your policy as an 80/20 coinsurance.
- **Maximum Out-of-Pocket:** The maximum out of pocket cost that you would pay after your deductible and coinsurance. The maximum out of pocket cost vary from each insurance company.
- **Co-payment:** A small payment to see your family doctor or emergency room visit.
- **Covered Expenses:** The items or services that the insurance company would pay for in the event of an occurrence. Most insurance companies do have limitations on what their policy will cover. Be sure to review your outline of benefits to see what is included in your plan.
- **Exclusions:** Specific items that are not covered in your insurance policy.
- **Preexisting Condition:** A health problem that occurred before you had insurance coverage.
- **Waiting Period:** The set amount of time before a pre-existing condition will be covered by your insurance company. The waiting periods vary between insurance companies.

- **Provider:** A doctor, hospital or any other medical professional
- **Network:** A group of doctors and hospitals that have a contract with an insurance company.
- **Out-of-Network:** Any doctor or hospital that is not contracted with the insurance company. Usually, if you see a doctor or go to a hospital that is not within your network the insurance company will pay a different amount. Generally, your deductible is increased and the coinsurance may change from 80/20 to 60/40 or even 50/50.

What's the Difference?

Today it seems that we are overwhelmed with choices. Where to eat, what movie to see, what kind of coffee am I going to order...You get the idea. The same is true for health insurance. We are going to explore what the major types of health plans are available today.

- **HMO:** This stands for “Health Maintenance Organization”. This is a plan that uses a “network” of providers. If you get treatment from a network provider the HMO pays for your doctor, hospital, emergency room, and a multitude of other services. To have access to these services all you need to pay is a “co-pay” in addition to your monthly premium. This plan, however, is very limited. You **MUST** use a provider within the network for the insurance company to pay for services. If not, **YOU** pay the bill.
- **PPO:** This stands for “Preferred Provider Organization”. The PPO uses the same model as an HMO; however, it allows you to use a provider that is not within a network. If you choose to use a provider outside of a network the amount the insurance company will pay usually changes.
- **HSA:** This stands for Health Savings Account. These accounts are attached to what is called a High Deductible Insurance Policy. You are allowed to save money on a tax deferred basis. If you used the money for medical purposes you do not pay taxes on the interest you have earned in the account. Also, the balance of the account can carry over from year to year. In other words, you do not lose what you have saved.
- **Open Network:** A health insurance plan that does not restrict you from any doctor, hospital or medical professional. You may go to any doctor or hospital anywhere in the United States.

- **Medicare Supplements:** Once a person reaches the age of 65 he or she goes on Medicare. Medicare has a number of “gaps” in coverage. In other words it does not cover everything that may happen to you. So Medicare Supplements fill the “gaps” of what traditional Medicare does not cover.

Thank You, Again

I just wanted to thank you again for reading this FREE report. I hope it was beneficial and answered some questions you may have had regarding the health insurance industry. With this tool I believe you are going to be a lot better prepared in choosing the type of health insurance plan that works best for your situation. I also want to offer the invitation to contact me if you have any questions or need help in getting health insurance. Thanks again, Best wishes!

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