

BENEFITS CORNER



It Pays to Understand Your Health Insurance!

Knowing your health insurance will be there when you need it can provide tremendous peace of mind. It shields you from medical bills that would wreck most people's finances. Health insurance coverage can even pitch in to cover more routine expenses, like prescription drugs or a visit to the doctor for a minor illness.

Still, health insurance does not—and was not meant to—cover everything. To get the most from your coverage, it's important to understand how your insurance works. As you consider your medical expenses, keep these points in mind:

- Insurance is a cost-sharing arrangement.
- Not all medical treatment and services are covered.
- Your choices can increase or decrease your out-of-pocket costs.
- Not all medical charges are considered necessary.

Your medical insurance functions as a cost-sharing arrangement. It can pay for a large portion of your medical costs, but you

will pay too. You will pay part or all of several different types of cost-sharing plan features. The most common forms of cost-sharing are co-payments, deductibles, coinsurance, and premiums.

A co-payment is a flat fee you will pay for a particular type of service. These are most commonly found for office visits and prescription drugs. A co-payment feature can also be found in several plans for urgent care or emergency room visits and hospital admissions.

A deductible is a stated dollar figure that you must pay before your coverage begins to pick up the majority of covered medical expenses. Your plan may have different deductible amounts for individual or family coverage and for in-network versus out-of-network care.

Coinsurance is a cost-sharing arrangement that applies after your deductible has been satisfied. A typical coinsurance arrangement would have the insurance company pay for 80 to 90 percent of covered charges, while you would pay the remaining 20 percent or 10 percent. There is also usually a lesser coinsurance amount that the health plan would pay if your coverage is provided outside of the plan's network of providers. Most plans will cap the amount of covered charges you will need to pay through coinsurance; this is known as an out-of-pocket maximum.

Premiums are the payments you make to your chosen insurance company to provide you with this valuable protection. The more your plan pays in up-front costs through co-pays and lower out-of-pocket costs, the higher your premium will be.

No insurance covers all types of medical treatment and services. Before you undergo expensive medical treatment, take time to review your insurance benefit limitations. Please pay special attention to the following contract terms and provisions.

Covered charges—A list of specific treatments, services, and supplies for which your insurance provides benefits. If the insurance doesn't consider a treatment or service "covered," no benefits will be paid.

Medically necessary care—While some types of medical procedures may produce positive results, they may not be considered necessary to restore health. If the insurance does not consider a treatment or service "medically necessary," no benefits will be paid.

Exclusions—A list of specific treatments, services, and supplies that the insurance does not cover and for which no benefits will be paid.

Benefit caps—A limit on the amount of benefits that is usually stated as a dollar amount or time limit. Common benefit cap examples include many mental health services, certain outpatient therapies, and overall lifetime maximum benefit. If your medical charges exceed a benefit cap, you will pay the difference.

There are a few other things to understand about your insurance coverage. Be certain to know if your plan differentiates between in- and out-of-network care. Most plans today have some sort of contracted network for providers and hospitals; if you go outside of the plan's network you will pay more. Finally, be aware of your plan's preferred drug list, also known as a formulary. Medications on the formulary will cost you less than those that are not.

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