

# Health Insurance

## A GUIDE FOR YOUNG ADULTS



Everything You  
Need to Know  
About Getting and  
Keeping Insurance

# WHY DO I NEED INSURANCE?



For young adults, health insurance is something easily overlooked because for most of us, this is the period in our lives when we are at our healthiest and have been lucky enough to not have major health challenges. Young adults may not immediately see the value of spending their (many times limited) money on health insurance premiums and fail to consider health insurance a priority. While this is understandable, too often, these periods of good health may not last and many of us will experience an unforeseen diagnosis, illness or accident that may lead to major medical debt.

Beginning in 2014, the Affordable Care Act required that every individual obtain minimum essential coverage for themselves or pay a penalty. This includes children, young adults

and seniors. The law built in an increasing penalty amount each year beyond 2014, and requires that you pay for each month you are uninsured, beyond 3 months, in each calendar year. So not only is health insurance a smart decision for your own financial well-being, it is also required by law.



# WHAT IS HEALTH INSURANCE?

A medical plan with comprehensive coverage is type of insurance policy that pays a portion of medical expenses when you need to be seen by a doctor. The portion of expenses paid will vary by the type of policy you choose to buy. Standard health insurance covers visits to doctors or specialists, emergency services, and medically necessary procedures such as surgery, x-rays and prescription medications.

Health insurance does not cover 100 percent of your medical costs; you are still responsible for paying portions of the bill. Your portion is referred to as a **co-payment** (a set amount) and **co-insurance** (a percentage of the fee). You must also pay a monthly amount, referred to as a **premium**, that allows you access to an agreed upon health benefit package or plan.

Insurance options vary and are packaged in different ways to meet the needs of many consumers. As an adult, health insurance is something you'll want to understand.

*... decide what type of policy you prefer and how much control you want to have over where you receive your medical care.*



# TYPES OF STRUCTURED HEALTH INSURANCE PLANS



1

## Health Maintenance Organization (HMO) and Exclusive Provider Organization (EPO)

HMO's and EPO's limit coverage to providers inside their contracted networks. A network is a list of doctors, hospitals, and other health care professionals that provide medical care to members of a specific health plan. You will require a referral from your chosen primary doctor when seeking care from an in-network specialist (i.e. cardiologist, surgeon, etc). If you use a doctor or facility that is not in the HMO's network, and the care provided was not an emergency service, you may have to pay 100% of the cost of the care you receive.



2

## Preferred Provider Organization (PPO) and Point-of-Service plan (POS)

These types of insurance plans are similar to the HMO and EPO plans, with one large distinction. The PPO and POS plans give you a greater choice of the specific doctor you see, allowing you to receive care from providers within or outside of a contracted provider network. With PPO or POS plans, you do have coverage options that allow you to use out-of-

network providers and facilities, but the trade-off is that you will have to pay a larger share of the cost than if you chose one of the in-network providers and you will likely have higher monthly premiums.

Another difference of a PPO or POS plan is that you can receive care from any medical provider without having to go through the referral paperwork from your primary care physician.

## High Deductible Health Plan (HDHP)

High Deductible Health Plans may be structured as a HMO, EPO, PPO, or POS plan in terms of network. However, they do have a couple of key differences when it comes to what your insurance company pays for your care.

One of the big differences you will immediately see with HDHP plans is that the monthly premium is likely to be lower. HDHP plans may offer significantly lower monthly premiums, but the trade-off is that the insurer will not pay until you as the patient have first paid a set amount towards your care. Usually this is a fairly significant amount compared to traditional plans.

Called a **deductible**, this amount is defined within the plan, and is the amount that the patient must pay out of their pocket before the plan begins to pay their portion of the bill. Minimum deductibles for high deductible plans range from \$1,000 to \$10,000 a year for individual coverage.

These plans are structured more like your average car insurance plan—they protect you in the event you find yourself facing high medical expenses due to an unforeseen accident or major diagnosis of a chronic or life-threatening illness. For routine care, these plans can be very costly in the beginning.





## Government-Sponsored Plans

Plans that are offered by the federal and/or state government include Medicaid, Medicare, Military and Veterans benefits. Medicaid covers many low-income children, parents, pregnant women and people with disabilities. Medicare is most commonly available for people over 65 or those that are chronically disabled. Military or Veterans benefits are available for those who have or are currently serving our country as a service member. All of these programs have strict eligibility guidelines and are only available to consumers who meet the criteria for coverage.



## Add-on Plans – Dental & Vision

Standard comprehensive health insurance plans do not provide coverage for routine dental or vision care; this requires that you purchase a separate plan. Dental insurance works the same way as health insurance—you pay a monthly premium rate and you are entitled to certain benefits such as regular checkups, cleaning and routine x-rays.

Vision insurance helps offset the cost of routine checkups and may help pay for vision correction that may be prescribed.

Add-on plans may have co-payments, deductibles and network providers in the same way as your health insurance. You want to be sure to review the benefits prior to purchasing these policies to be sure they meet your needs. **It's important to note that these plans alone will not satisfy the legal requirement to have comprehensive health insurance.**

Effective January 1, 2014, the following provisions apply to all Americans and are required of all non-grandfathered comprehensive health insurance plans:

- ▲ You cannot be denied coverage due to pre-existing conditions
- ▲ You cannot be charged higher premiums due to health status or gender
- ▲ You will have expanded coverage for routine care costs while in approved clinical trials
- ▲ You can visit your doctor—at no extra cost—for preventive services including vaccines, cancer and STD screenings, services for pregnant women, annual checkups and contraceptives.

# HOW TO GET COVERAGE

There are many different ways you can find and sign up for a health insurance plan to cover your medical needs (and not be required to pay a penalty).

## Through your Workplace

One way is to ask your employer what options they offer. Your workplace will have an open enrollment period during which you may choose or change plans. In addition, if you have one of a defined list of circumstances you can enroll outside of those open enrollment periods, including upon initial hire.

*OPEN ENROLLMENT is the term used for the limited period of time where you can sign up for health insurance. For example, many plans enroll during the fall for policies that start on January 1st.*

- ▲ You will be covered in all ten categories of the essential health services to ensure you have adequate and well-rounded coverage.
- ▲ You won't have lifetime or annual limits on those essential services that would max out when you get really sick.
- ▲ You have the right to ask your insurance company to reconsider a decision they make that you do not agree with.





## Through your State's Health Insurance Marketplace

Another avenue to explore is the Health Insurance Marketplace for your state. A full list of state links can be found at [www.healthcare.gov/marketplace](http://www.healthcare.gov/marketplace). Each marketplace allows you to easily compare plan options and costs, helping you decide what plan best suits your needs and your budget. An advantage of utilizing the marketplace for your insurance is that it's the only place where your premiums and out-of-pocket costs may be lowered based on your income.

Applications are accepted during the annual open enrollment period; the dates will be listed on the site. Unless you qualify for an exception (these are listed on the website), open enrollment is the only time you can sign up for insurance coverage through the Marketplace. The enrollment process will also determine if you qualify for your state's Medicaid insurance program.

*The Health Insurance Marketplace is the only place where you are eligible for lower premiums and reduced out-of-pocket costs.*



## Directly through an Insurer or Insurance Broker

If you know which insurance companies offer plans in your area, you may contact that insurer directly to enroll. You will be able to get information about the various plans they offer to residents in your area; however, this will only allow you information related to that one insurance vendor. If you work with a broker, you may be limited to the plans that are within their portfolio of options and this may not be fully comprehensive of what is available in your area.

If you want to compare and review your options for a few different insurance companies, you may need to contact them individually.

*Unless you qualify for an exemption, **OPEN ENROLLMENT** is the only time you can sign up for coverage in the Marketplace.*





## Through your Parent's Plan

Before the Affordable Care Act was implemented, insurance companies would not allow children over 18 to remain on their parent's family plan, with a few exceptions usually for full-time students. However, if your parents are enrolled in a family plan that covers dependents, they can now keep you enrolled on that health insurance policy until you turn 26 years old.

Adult children can join or remain on their parent's family plan even if they are:

- ▲ married
- ▲ not living in parent's residence
- ▲ attending college/university away from home
- ▲ not financially dependent on parents
- ▲ eligible to enroll in their employer's plan
- ▲ eligible to enroll in a Student Health Plan

## Student Health Plans

If you are a student, another option available to you is to enroll in one of the insurance plans offered through your school. Student Health Plans must cover all essential health benefits and comply with ACA provisions.

## What Happens if I Do NOT Get Insurance?

New laws require that everyone—children and adults—are now required to have some form of comprehensive health insurance at all times. If you do not secure coverage, you will have to pay a fee to the government AND you will be left to pay 100% of your healthcare when you visit the doctor or have an emergency.

The fee starts in 2014 at \$95 per adult or 1% of your annual income – whichever is the larger amount, and grows larger every year. There are some situations where you would qualify for an exemption, but you will need to apply and be granted relief from the fee officially by the government in order to not have to pay.

*Without insurance, you may have to pay a fee totaling 1% of your income in 2014 and as much as 2.5% of your income in 2016.*





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