

Tips for Evaluating Individual Health Insurance Plans

NOTE: These are my observations as an active Independent Insurance Agent. They are not meant to be taken as professional advice. Please review these items, but speak with your own insurance agent before making any decisions.

1. Make sure there is a maximum out of pocket and what that amount is. Some insurance plans don't have this which means you could be paying 20% of a \$100,000 or higher bill. NOTE: If you don't know your maximum out of pocket on your current insurance plan, get another plan quickly.
2. Make sure that you are purchasing real insurance (not just a discount plan). Ask "Is this Health Insurance?" Technically they cannot say yes to this question unless it is.
3. Make sure it is a reputable company. An Independent Agent should be able to tell you what is going on with each company. You can also research the company with AM Best (www.ambest.com) and your state's Department of Insurance. Typically a rating of B+ or higher is good for a health insurance company.
4. Beware of an insurance agent that represents just one company. Different people have different health histories and needs for insurance and one insurance company simply cannot meet all of those needs. Instead of being force-fitted into a plan, an agent should know the industry, each insurance company's underwriting guidelines, and how the insurance company determines rate increases each year. Do you want an insurance agent who works for an insurance company or for you?
5. Don't shop purely on premiums alone. If you get an insurance plan with a small premium, yet they won't pay your claims, do you really have insurance? An independent agent should know how good each insurance company is on paying their claims. The good news is that quality is not determined by the premium. You can still get great insurance from a great company for a minimum amount each month.
6. If the insurance agent is selling the association more than the insurance plan, be wary. The most important part of buying health insurance is the insurance, not the association.
7. One last note, recently there have been a number of articles in the newspaper about people selling fake health insurance. BE CAREFUL! It's an independent insurance agent's job to check out the companies before he offers them to clients. Make sure your agent knows the company well before you make an application.

OTHER BASICS TO LOOK FOR

- Minimum of \$3 Million dollars of lifetime coverage (standard is currently \$5 Million). Limits will be going away by 2011.
- Prescription drug coverage is part of the plan, either going towards deductible or a reasonable copay.
- Make sure the yearly maximum is AT LEAST \$1 Million dollars and that there is no cap per disease (other than the lifetime maximum). Note: This cap will be removed by 2011.
- Maximum Out Of Pocket clearly spelled out both for an individual and family aggregate.
- Does the plan offer a doctor visit with a copay?
- Is there a pre-existing condition clause? If so, will they cover a condition upon approval if you disclose it on the application or will you need to wait?
- Does the plan offer wellness/checkups with a copay? If so, how much and what do they cover?
- Is there a copay placed before a deductible, yet no benefit (this is different from a doctor copay)? Some plans place a copay amount before you pay the deductible. Copays do not go towards your deductible. For example, you need an X-Ray, but there is a \$250 copay. This means that if the test costs \$400 (which you pay because you have not satisfied your deductible yet), you pay \$400. Due to the copay, only \$150 of that amount goes towards your deductible. This is a sneaky way of increasing your actual deductible. It

is not so bad if it is on big things, such as hospitalization (which happens rarely), it is important to look at when placed on tests and exams.

My View on Insurance Plans Currently in Illinois

My current view on individual insurance carriers March 24 2010

The insurance market in Illinois has changed a lot since the last time I wrote. "Affordable" is a misnomer as you can get a plan that is very inexpensive, but if it doesn't cover the health event, then it isn't worth it. That said, you can get a decent plan that is "reasonable." Here is my current take on the major carriers in Illinois. Assurant: As long as you stick with the Max Plan, One Deductible, or Coremed (make sure you choose a lower hospitalization deductible when you apply), it is decent coverage. It is typically more expensive than the other carriers, but does issue "condition specific deductibles" for people who have a significant medical condition instead of excluding it. Aetna – Don't choose the "Value" or "Preventative-Hospitalization" plans, the other plans are good. What I like about them is their underwriting is different. I've placed people with them who have been declined by other carriers. They also either accept you or decline you, no exclusion riders (but they can still raise your rate). Blue Cross Blue Shield of Illinois has really good rates currently. Stay away from the "Basic" plan. Look at the Select Blue, Select Blue Advantage, Blue Choice Select, and Blue Edge HSA plans. The others don't make much sense. The one "clunker" is that if you aren't currently on a BCBS plan (from any state), they impose a 12 month pre-existing condition clause (anything that you had in the last 12 months, if it re occurs in the first 12 months of the policy, it won't be covered). Next is Celtic, their HSA and Basic plans are good. The Basic plan is the least expensive premium-wise for what you get. Just divide the quoted premium by 0.9 to get the standard rate (they only quote "preferred"). Golden Rule, aka UnitedHealthOne, is good as long as you design the plan correctly. The plan defaults with a \$3000 max per year for medications. As one of my clients currently spends \$7000/month on meds, prescription coverage is important for me as an agent. Humana has decent plans, just be aware that if it doesn't say "Rx" in the name, it DOES NOT COVER prescriptions. I personally would rather have a \$1000 prescription deductible, then a cap or no prescription coverage at all.

In general, if you have coverage now, all except BCBS will credit you against the 12 month pre-existing condition clause they all have. Note, they can still raise your rate, exclude medical conditions, or decline you. True HIPAA portability only applies to employer sponsored health insurance.

There are other carriers out there, make sure you look at www.ripoffreport.com or the Department of Insurance's complaint website. I'm very careful about who I choose to do business with. Life's too short to get caught. BTW if anyone has any specific questions on an insurance company, feel free to email me off-list for my view.

Tips for Comparing Health Insurance Plans

The following grid is designed to help you with deciding between health insurance plans. Essentially you have two columns for each plan. Column one is a "typical" year of expenses. Column two is a "worst case" year where you max everything out.

COLUMN 1 - TYPICAL

Multiply your premium by 12 (annualized) and add it at the top. Now put in your typical expenses based upon the plan you chose. If you go to the doctor 4 times a year and they plan has a doctor copay of \$30, then it would be \$30 x 4. Same for prescriptions, lab work, and wellness. Add everything up and you come up with a total cost for the year.

COLUMN 2 – WORST CASE

Multiply your premium by 12 (annualized) and add it at the top. Now max out your deductible and out of pocket maximum for at least one person. Add the extra office visits, prescriptions, and other copays that the plan may have that you think you'd use if you had something like cancer. Add it all up.

Next, do the same thing for the second plan you choose. Then look at the total out of pocket cost for the year. Usually one will jump off the page as the better deal.

This table is designed to assist you in comparing insurance plans.

Features/Min	Example	Company/Plan B	Company/Plan C	Company/Plan D
Company name/plan	Blue Cross Blue Shield of Illinois, Select Blue \$1,000 deductible plan with 80/20 coinsurance			
Minimum \$3 Million Lifetime	\$ 5 million			
Min \$1 Million per year, no cap per disease	No caps/year			
Deductible	\$1000 individual/ \$3000 family			
Maximum Out of Pocket clearly spelled out?	\$1,000 for individual, \$3,000 for family			
Prescription Drugs either part of deductible or Rx card	Rx goes towards deductible			
Dr. Copay? Any limits?	\$20, unlimited			
Copays for tests?	None			
Pre-existing condition clause?	12 Months			
Wellness/Checkups covered?	Yes, \$500/person per year			
No caps on any hospital stays or surgical procedures? (Note: Transplants are sometimes capped at \$100K).	None			
Special interest items (items that you would be personally interested in, such as how Physical Therapy or Speech Therapy is handled or international travel).	\$3,000 max on physical, speech, occupational therapy combined			
Est Monthly Premium	\$570			
Est. Annual Premium	\$6,840			
Best Case Scenario (everyone healthy, minimum Dr. visits/prescriptions). Take your best guess and add everything up. Include annual premium in calculation	\$7240 (for my family it would be 10 office visits, plus prescriptions)			
Worst Case Scenario – max everything out. Include annual premium in calculation	\$13,240 (max deductible, max coinsurance, 20 office visits)			