Guide to Purchasing Health Insurance

- What are your health insurance choices?
- Which type is right for you?
- Sample questions
- Looking for insurance in specific situations
- Tips for shopping for health coverage
- Checklist for comparing plans
- Get Online Quotes

"Health Plan Options" was created by the Minnesota Department of Health, Minnesota Health Information Clearinghouse. The information available through "Health Plan Options" will provide you with a brief description of the various health care options available in Minnesota.

This guide was prepared to assist you in comparing and purchasing health insurance. If you come across unfamiliar terms, please refer to the "Glossary – Commonly Used Health Care Terms."

What are your choices?

There are many different types of health insurance. Each has pros and cons. The plan that's right for a single person may not be best for a family with small children. A plan that works for one family may not be right for another.

Choosing a health insurance plan is like making any other major purchase. You choose the plan that meets both your needs and your budget.

Cost is only one of the things to consider when buying insurance. You also need to consider what benefits are covered. It is important to carefully compare both cost and coverage before purchasing health insurance.

How do people get health coverage?

Health insurance is available through either group insurance or individual (non-group) insurance and can be purchased from a variety of companies including traditional fee-for-service insurers and health maintenance organizations (HMOs). Use a health insurance broker to help you shop different plans and companies. Brokers will help you sort out which plan is best for you with no additional cost. Brokers are compensated from the

health insurance companies directly. The cost the individual will pay will be the same regardless of whether the plan is purchased directly from the health insurance company or through a broker. Get Online Quotes

Group health insurance is available through employers, associations, or purchasing pools. Individual (non-group) insurance is purchased by an individual and can cover families. Insurance reforms have made it easier for individuals to get and keep insurance coverage. For example:

- Self-employed people may be able to deduct up to 100 percent of their self-employed health insurance premiums on their federal income tax returns.
- Health plan companies may not refuse to renew an individual (non-group) policy as long as you pay your premiums; this is known as guaranteed renewal.
- Limitations for preexisting conditions may be in place for no more than 12 months except that groups may exclude coverage for late entrants for up to 18 months. A late entrant is someone who declined coverage at an initial, open or special enrollment period and who then asked to be covered. Consumers may change health plan companies and receive credit for any preexisting condition limitation they have already met as long as they maintain continuous coverage. A new insurance company may not impose another limitation if they have already satisfied the 12 month preexisting condition limitation. This helps people who wish to switch jobs and keep adequate coverage.
- Women cannot be charged more for health coverage than men of the same age.
- Full-time students up to age 25 can be covered by their parent's policy. Under Minnesota law, as of January 1, 2008, unmarried dependents under age 25 can be covered by their parent's policy. A dependent child of any age who is disabled can be covered by the parent's policy.
- Premiums for individual, conversion, most Medicare-related (not Medicare Advantage plans) and small group health plans must be approved by the Minnesota Department of Health or Minnesota Department of Commerce.

Which type of insurance is right for you?

Individual (non-group) insurance may be purchased from a variety of companies. The difference between traditional fee-for-service plans and HMOs is not as clear as it once was. Most fee-for-service plans have adopted managed care practices to control costs

(such as utilization review, which is a determination of appropriateness and effectiveness of medical treatment received or to be received by a patient) and to provide preventive health services. HMOs are offering consumers more freedom to choose doctors, similar to fee-for-service plans. By studying your health insurance options carefully, you will be able to pick the one that provides you with the coverage you need, no matter what it is called.

HMOs

In Minnesota health maintenance organizations (HMOs) are licensed managed care organizations. Managed care organizations are designed to provide quality health care while controlling the cost of that care. Preventive health services are provided in order to prevent illness and to detect and treat illness early. Primary care physicians may coordinate and supervise care and arrange services of specialty physicians. HMOs are required by law to provide certain benefits to every person who joins. At a minimum, benefits must include all of the following:

- preventive health services (e.g., immunizations, prenatal);
- visits to the office or clinic of health care professionals for medically necessary care;
- emergency health care services;
- hospital care;
- physician visits during hospital stays; and
- prescription drugs.

HMO benefits may differ by policy or from plan to plan. Your benefits will be explained in your certificate of coverage. To receive information about benefits before you join, ask the HMO. The plan will provide material that will summarize the health care services it offers. It may also have a sample certificate of coverage.

HMOs may charge reasonable copayments for some services. Copayments may be a percentage of the charge for the service or a set dollar amount. For example, for every prescription you get you may have to pay a fixed amount, for example, $10. If the prescription actually costs less than your copay, you pay the lesser amount. Your certificate of coverage will list services and copayments.

HMOs may offer plans with deductibles of up to $3,000 per person per year and $6,000 per family per year. However, this deductible must not apply to preventive health services. An example of a preventive health service would be an annual physical exam. Out-of-pocket expenses may not exceed $3,000 per person per year or $6,000 per family per year.

Where can I get more information about HMOs?

The **Minnesota Department of Health** regulates HMOs. You can reach them by calling (651) 201-5100 or 1-800-657-3916, 8 a.m. to 4:30 p.m., Monday through Friday.

Fee-for-Service Plans

With traditional fee-for-service health insurance, you go to the physician or other medical provider of your choice, the medical provider bills you, and you then submit a claim to your insurance company for reimbursement. In addition to your insurance premium, you pay an annual deductible. The deductible is money you pay each year for medical services before the health plan starts paying part of your bills. You continue to pay a percentage of each bill until you reach the plan's out-of-pocket maximum. Then the plan will pay 100 percent of the covered expenses for the rest of that year.

Traditional fee-for-service insurance plans may include some elements of managed care, such as utilization review, which is a way health plan companies evaluate the necessity of a service or admission. Traditional fee-for-service insurance plans may also be offered with a Preferred Provider Organization (PPO) option. If your insurance plan uses a PPO, you must use the doctors who are part of the PPO.

Where can I get information on who sells traditional fee-for-service insurance plans?

The **Minnesota Department of Commerce** regulates insurance companies and insurance agents. The department can tell you who is licensed to sell insurance in the state of Minnesota. The Minnesota Department of Commerce can be reached at (651) 296-4026 or 1-800-657-3602, 10 a.m. to 3 p.m., Monday through Friday.

The **Minnesota Health Insurance Network** is a health insurance brokerage that assists individuals and companies in shopping and comparing plans. Representing all of Minnesota's top health insurance providers they are able to shop the marketplace for the best plan for your needs.

The Minnesota Insurance Help Line offers general information on insurance, insurance companies, and suggestions on how to go about finding insurance coverage. The Insurance Help Line is available to answer questions from 9 a.m. to 3 p.m., Monday through Friday at (952) 253-6228.

The **Minnesota Senior Federation Health Plan Information Center** operates 10 a.m. to noon and 1 to 3 p.m., Monday through Friday and offers information to individuals 65

years of age or older who are interested in finding out the different types of insurance available to them. They can be reached at (651) 783-5045 or 1-866-783-5045.

Sample Questions

Before making a decision about what to choose, you may want to ask the health plan the following questions:

- Can I stay with my current provider or clinic?
- Does the health plan utilize a network of providers? Is my provider part of that network?
- Will I have free choice of all type of providers?
- Will I be required to get a referral to see specialists?
- What happens if I live part of the year in a different state?
- Will this plan cover expenses when I am traveling?
- If my children attend school outside Minnesota, what coverage will they have while at school?
- What will my total cost be each year?
- Are there deductibles? What is the maximum out-of-pocket costs? Are there copays? Is there coinsurance?
- What services does the policy cover? Does it cover prescription drugs? Does it cover outpatient care or home care? Are there limits on the number of days the company will pay for these services?

Health Savings Accounts

Health savings accounts are available to individuals and also to employees of some companies. The individual must purchase a high deductible health plan and also put money into a health savings account. The health savings account money is to be used to pay for qualified medical services. You do not pay tax on the money you put into the health savings account. Any money that is not used during the year rolls over to the next year. If you use all the money set aside in the health savings account, you pay your health bills until you reach the deductible. Then the health plan starts paying eligible expenses.

Looking for insurance in specific situations

Change or Loss of Job

Federal and state law give you the right to continue your health coverage for a limited time after you and your dependents become ineligible for your employer's health plan.

COBRA, or the Consolidated Omnibus Budget Reconciliation Act, was passed in 1986 and contains provisions which allow employees to continue health coverage for themselves and their dependents after they leave their jobs. COBRA and state law require that if your employer provides you and your dependents with group health coverage, your employer must also allow you and your dependents to continue that coverage at your own expense, should you or your dependents lose your coverage. In most cases, both you and your dependents may elect COBRA or state continuation coverage for up to 18 months, but the time frame varies depending on how you became eligible for continuation coverage. You will most likely have to pay the entire cost of coverage yourself. For additional information about COBRA, refer to the guide "How to Continue Your Health Care Coverage."

Temporary or Short-term Coverage

You may be able to get short-term health coverage. This temporary coverage can last for up to six months.; You can not have any pre-existing health conditions. This may be an option to consider if you are between jobs, just graduating from college, or waiting for your group coverage to start. Be sure you understand what is covered and what is not covered. For more information contact the Minnesota Insurance Help Line at (952) 253-6228.

Preexisting Condition

The Minnesota Comprehensive Health Association (MCHA) is a high-risk pool. It is a nonprofit Minnesota corporation authorized to sell health insurance to individuals who are Minnesota residents and who have been turned down for health insurance by a Minnesota carrier due to a preexisting condition. MCHA can be reached by calling 1-866-894-8053.

Medicare Supplement

Medicare is a federal health insurance program for people 65 or older and certain disabled people under 65. Many seniors, however, find that Medicare does not cover all their medical costs. Medicare supplement insurance, commonly called “Medigap” or “Medsup insurance,” can help make up the difference. For additional information, request the Minnesota Department of Commerce publication, "What you need to know Medicare and Medicare Supplement Insurance" from the Minnesota Health Information Clearinghouse at (651) 201-5178 or 1-800-657-3793.

Choice Insurance Agency

Tips for shopping for health coverage

- Check to be sure the health plan company is licensed or authorized to do business in Minnesota. Call the Minnesota Department of Commerce at (651) 296-2488 or 1-800-657-3602 or for HMOs call the Minnesota Department of Health at (651) 201-5100 or 1-800-657-3916.

- Shop carefully. Coverage and costs vary from company to company and policy to policy. Contact several companies and ask for policy information so you can compare.

- **Read and understand the policy.** Make sure it provides the kind of coverage that's right for you. Don't buy anything until you have had all your questions answered.

- Check to see when your coverage will begin (some policies have a waiting period before coverage begins) and whether any of your preexisting conditions will be covered.

- Make sure there is a "free look" clause. Most companies give you at least 10 days to look over your policy after you receive it. If you decide it is not for you, you can return it and have your premium refunded.

- Beware of single disease insurance policies. There are some policies that offer protection for only one disease, such as cancer. If you already have health insurance, your regular plan may provide all the coverage you need. Check to see what protection you already have before buying any more insurance.

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Checklist: What's Most Important to You?

The following checklist is provided to assist you in comparing plans. First check the services most important to you. Then compare the coverage for these services in the plans you are considering.

Service	Policy #1	Policy #2	Policy #3	Policy #4
Hospital care				
Surgery (inpatient and outpatient)				
Office visits to your doctor				
Maternity care				
Well-baby care				
Immunizations				
Medical tests, X-rays				
Mental health care				
Dental care, braces and cleaning				
Vision care, eyeglasses and exams				
Prescription drugs				
Home health care				
Nursing home care				
Services you need that are excluded				
Other issues that are important to you:				
Choice of doctors				
Convenient location of doctors and hospitals				
Ease of getting an appointment				
Minimal paperwork				
Waiting period before coverage begins				
Co-pays and deductibles				
Premiums				
Which policy is best for you?				

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