



**ace insurance**

## **Health Insurance Simplified**

Let's face it. Health insurance is not a luxury, it's a necessity. Medical care costs get higher and higher every year, and it's becoming increasingly difficult (if not impossible) to pay medical costs out of your pocket. Whether you already have health insurance or want to get it, this will help you understand it.

### **If you are not part of a group, you may have to go it alone...**

You may have group health insurance or be able to buy it through your employer. Group insurance is most commonly offered through employers. The premium for group insurance is calculated based on characteristics of the group as a whole, such as average age and degree of occupational hazard. It's generally less expensive than individual insurance.

If you are not part of such a group or can't join one, you should consider buying individual insurance. Individual insurance is purchased directly from an insurance company or agent. When you apply, you are evaluated in terms of how much risk you present to the insurance company. Your risk potential will determine whether you qualify for insurance and how much it will cost. Of course, you will have to pay the full premiums yourself.

### **Do your research**

The cost and range of protection that your health insurance provides will depend on your insurance provider and the policy you purchase. You may have comprehensive health insurance that involves several types of coverage, or basic coverage that includes hospital, surgical, and physicians' expenses. You might also opt for the kind of major medical coverage that is necessary in the event of a catastrophic accident or illness.

### **Read your contract**

It may be stating the obvious but how many people actually bother to read all the fine print? You need to have a basic understanding of what your policy covers and what it doesn't. This may help you prevent an unexpected medical bill from arriving in the post, because, for example, you'll know ahead of time whether or not liposuction is covered. You must read your policy carefully, particularly the section on limitations and exclusions. The specifics will vary from policy to policy but most policies will mention the following:



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- **Pre-existing conditions:** An illness or injury that began or occurred before you obtained coverage under the policy. These conditions are often excluded from coverage for a time period.
- **Non-duplication of benefits:** Benefits will not be paid for amounts reimbursed by other insurance companies.

Your health insurance policy should also address the following issues:

- **Deductible:** The amount that you must pay before insurance coverage begins
- **Coinsurance:** The portion of each medical bill for which you are responsible
- **Co-payment:** The fixed fee that you pay for each doctor visit or prescription
- **Family coverage:** Many group plans allow you to cover your spouse and dependents for an increased premium
- **Out-of-pocket maximum:** This provision is designed to limit your liability for medical expenses in the calendar year
- **Benefit ceiling:** The maximum lifetime payout under the insurance policy