

# Health Matters

by Nancy Glicksman



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A NEWSLETTER CONCERNING COVERAGE AND BENEFITS

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## Understanding health insurance is confusing enough - - -

With the onset of the Affordable Care Act (ACA), it has clouded the issue even more. The following article, "5 Health Insurance Mistakes to Avoid," sheds light on the importance of the big picture and staying involved and informed.

### 5 Health Insurance Mistakes to Avoid

*Keep your bank account healthy by sidestepping these common errors.*

Before launching into the healthcare sign-up process, understand how the policies work.

By [Geoff Williams](#) April 16, 2014

The Affordable Care Act brought health insurance to the forefront of the public's collective consciousness, but that doesn't mean we're necessarily any smarter about how we use our policies. Everyone who has health insurance, whether it's from a private or government marketplace, should take care to avoid these common missteps.

**Not focusing on the big picture.** "The most common mistake people make when buying health plans is only looking at premiums and deductibles," says Abir Sen, co-founder and CEO of Gravie, a free service that helps individuals and employers comparison shop for health insurance. (For those who are new to paying for your own

health insurance, the premium is your monthly payment; the deductible is the amount you are responsible for paying before your plan takes over and pays all or most of the costs.)

While they are important, Sen says, considering only premiums and deductibles is "kind of like choosing a car based only on the monthly payment and ignoring things like gas mileage, reliability, safety, maintenance costs and so on."

Sen says most people "don't read the fine print regarding how the terms of the plan may affect them if they actually get injured or really sick. This could be everything from the copay for doctor's visits ... how much the plan will pay out after the deductible is met, whether or not there is an added cost to seeing specific specialists and more."

Lawrence Thaul, president of Millenium Financial Inc., a company that specializes in designing company health, retirement and executive benefits plans, concurs. "People are reducing their initial out-of-pocket premium costs in many instances, but they are exposing themselves to more on the claims end," he says, noting that some companies have tried to expand their deductible limits up to \$4,000 and beyond. In general, he adds, the health insurance industry has changed so much that you can't get a policy and forget about it indefinitely.

"Don't bet the house budget on a long-term plan which may not be offered next year. This is a one-year-at-a-time environment," Thaul says.

**Not learning how your policy works.** Ivan Williams, senior policy director for GetInsured.com, an online health insurance marketplace, says many people don't fully understand what's included in the "in-network" portion of their plan or what a deductible is.

There's good reason for that, of course. Health insurance is confusing, particularly when it comes to in-network pricing. But if you don't try to learn how your policy works, you risk spending more than you need to - possibly far more.

"For example, a hospital may be in your network, but the doctor you're seeing there may not be, so you'd be charged out-of-network prices, which are generally higher than in-network prices, for that doctor's services," Williams says.

He adds that individuals with ACA coverage will likely be protected from high out-of-network costs due to special rules in place. Still, he advises, "Check with your insurance provider before any scheduled procedure to be sure you fully understand what services and doctors are considered 'in-network' and where you may be exposed to out-of-network prices."

Deductibles are also a maze of confusion because some health care bills are subject to the deductible and some aren't. Williams says that's why health insurance will promptly pay for doctors' visits, prescription medicine and certain preventive care services, but often not diagnostic lab tests, X-rays, outpatient surgery and

hospitalizations.

"Some people think they have to pay their entire annual deductible before they can use their insurance to see a doctor, which isn't true," Williams says. This is also a little scary, since one can imagine consumers with health insurance still not going to a doctor, thinking they can't afford it.

And while plenty of consumers have been disappointed by what they discover in their insurer's policy, there are hidden gems as well, according to Jennifer Fitzgerald, co-founder of PolicyGenius, a soon-to-be launched national insurance education platform and exchange.

"Don't forget to take advantage of your health plan's perks, like gym membership reimbursements or free smoking cessation programs," Fitzgerald advises.

**Not reporting changes to your insurer.** This is not a mistake people currently make, but Williams suspects many people will in the future if they aren't careful. Now that there's a government marketplace for insurance through the ACA, Williams says you need to report any major changes to your income or household size to the marketplace where you bought your health insurance policy.

"For example, if you purchase insurance using tax credits and you end up making more money during the year than what you estimated when you qualified for tax credits, you could end up having to pay some or all of it back when you file your taxes," Williams says. "Conversely, if you have a new baby or your income decreases at some point during your policy, you could qualify for additional tax credits that will help

you pay your monthly premium for the remainder of your policy."

**Not bothering to consult your insurer when you have questions.** Colonial Life & Accident Insurance Company recently surveyed almost 400 employee benefits counselors about the top mistakes they see employees make during their annual benefits enrollment. They reported that 69 percent of employees don't read their benefits information before they enroll, and the same number don't know what benefits they have or what they cost.

William Byron, vice president of customer service operations for Geisinger Health Plan, headquartered in Danville, Pa., sees a similar lack of initiative in employees when it comes to finding out what's covered and what's not.

"The top mistake individuals make is not calling their insurance provider's customer service team when they have questions regarding their coverage," Byron says. "The most common issues, including not having a prior authorization to see a specialist or visiting an out-of-network provider, can cost an individual more or may not be covered at all. Individuals should talk with the experts provided by their insurance company."

He adds that information can also often be found on any insurer's website.

### **Over-insuring yourself.**

It's understandable if you do. You may plan on using your health insurance fairly often, and the last thing you want is a string of unpleasant billing surprises. So why not simply insure yourself for everything and go for a high premium and the lowest deductible possible?

It may work, of course, but be sure to crunch the numbers first. Sen says a lot of people lose money every year by covering themselves for services they don't need.

"It's almost like buying food at the grocery that you don't like simply because it's on sale and you want to save money, but then you end up throwing it away," Sen says. "There's no cost savings in that."

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### **The Affordable Care Act is far from Affordable - - -**

Unfortunately, the name of this act does not accurately describe it. The only way it is affordable is if you qualify for a subsidy from the government based on your income. According to an article in 2014 Benefits Pro - A Summit Professional Network Publication, "Among the states seeing huge increases in the individual market, Delaware leads the pack with a whopping 100% increase. Following are . . . and PA at 28%. In the small group market consumers might want to stay away from Washington. There brokers reported a 589% increase. Other states suffering from skyrocketing small group increases are Pennsylvania (66% increase). . . Please check out the full article, titled "Brokers say premiums are skyrocketing and they lay blame squarely on PPACA"

[http://www.benefitspro.com/2014/04/22/brokers-say-premiums-are-skyrocketing?eNL=5356c303160ba027176035be&utm\\_source=BenefitsProDaily&utm\\_medium=eNL&utm\\_campaign=BenefitsPro\\_eNLs&LID=98200321](http://www.benefitspro.com/2014/04/22/brokers-say-premiums-are-skyrocketing?eNL=5356c303160ba027176035be&utm_source=BenefitsProDaily&utm_medium=eNL&utm_campaign=BenefitsPro_eNLs&LID=98200321)

### **Can I Keep My Present Coverage - -**

That seems to be the question of the day. (The other big question is, Will UPMC and Highmark extend their contract?)

In terms of individuals and small groups who are on pre ACA plans, the answer if you could keep your current coverage depends on the type of coverage you have, the health insurance carrier, as well as your renewal date. There are still a lot of unknown facts. If you have specific questions, please feel free to call or email me.

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### **What is SHOP - - -**

SHOP stands for Small Business Health Options Program. If you have less than 25 full time employees, you may qualify for tax credits if you purchase insurance through SHOP marketplace. To be eligible, your employees need to make an average annual salary of \$50,000 a year or less, and the employer needs to pay at least 50% of the premium. The tax credit is only available for plans purchased through SHOP, as opposed as directly through the health insurance carriers. This credit is reportedly available to eligible employers for two consecutive taxable years.

There is a new SHOP Tax Credit Estimator that can tell you what that credit might be worth- Check it out through the federal website at <https://www.healthcare.gov/small-business-tax-credit-calculator/> if you are interested in pursuing this, I would be able to help you look into this. To be honest, so far the companies that have pursued this have chosen not to go

this route since the credits have been minimal at best.

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### **Other Types of Insurance - Are they Really Necessary - - -**

**SUPPLEMENTAL INSURANCE PLANS**, such as AFLAC, are becoming much bigger players in the post ACA world. They are different from health insurance in that they pay cash directly to the policy holder that helps reimburse for daily expenses even though your major medical pays the doctors and hospital bills. A lot of the new ACA plans have high deductibles and this supplemental insurance can help with that as well. Another thing to keep in mind that AFLAC is affordable and provides an extra measure of financial protection. If your company is interested in learning more about AFLAC, please let me know.

**LIFE INSURANCE** - it is hard to think about our mortality. If something were to happen to you, would your family be OK? That's a tough question to think about, let alone answer. Maybe you just purchased a home and need to make sure that it is paid off and college tuition is covered for your children. Maybe you need help planning for final expenses. Maybe you have a child with special needs who will need care long after you are gone.

Do any of the above situations sound familiar? If so, please let me know. I work with several highly rated life insurance companies and can find the right product for your personal situation.

**DISABILITY INSURANCE** -Disability insurance (DI) provides policyholders with coverage that replaces a portion of an employee's income if he or she becomes too sick or disabled to return to work. Unfortunately, every day, due to an illness or injury, people lose their ability to earn an income for a period of time that can be brief or prolonged. Would the loss of your income impact your lifestyle? DI pays whether the accident or illness occurs at work or at home; you are covered 24/7, unlike Workers Compensation. According to the Council for Disability Awareness, May 2011, approximately 90% of disabilities are caused by illnesses rather than accidents. Please let me know if you are interested in a quote.

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