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Singles - What You Ought to Know About Health Insurance

Jan Armstrong
Karrol Kitt
coinsurance clause. There is frequently a limit on mental illness coverage.

Catastrophe medical insurance is provided to offset the costs associated with major injuries or illnesses involving lengthy confinements. This coverage begins when major medical ends. Protection limits are normally from $100,000 to $250,000, but may go as high as $1 million.

Although the cost of catastrophe medical coverage is not high ($100 per family per year), basic hospitalization and major medical coverage with higher limits is advised because the illnesses covered are more typical than the catastrophe illness or sickness.

A related type of insurance is disability income insurance. It is valuable for a single person. While disabled, many workers can be assured of some income through either their employer's short-term "sick pay," social security programs, or state worker's compensation. It is important to check with each of these programs to learn the qualifications that must be met and the exact dollar amount you would receive if you were disabled. You need to know how long you can receive the payments and the length of any waiting period before payments begin.

Disability insurance provides a monthly payment of a specific amount not greater than 50 to 65 percent of your normal monthly salary. The particular policy you purchase will determine the dollar amount you receive in monthly payments and when the payments begin. Waiting 30, 60, 90, or more days for the payments to begin will lower your insurance cost.

If you find the payment for which you are eligible is small, you may want to consider buying additional disability income insurance. Be sure to know the contract definition of disability. Some policies provide coverage if you cannot perform your own occupation for the entire benefit period. Others define disability as inability to perform any occupation, even one well below your educational level.

Dental Insurance

Dental insurance, a new type of health insurance, has gained acceptance in recent years. This insurance covers regular dental examinations, cleaning, fillings, extractions, dentures, oral surgery, and other dental expenses. Dental insurance generally has only deductibles and coinsurance provisions. Many employers offer dental insurance as an employee benefit in addition to the more traditional forms of health insurance.

Information Sources

Insurance agents are helpful by answering questions. Other information sources on health insurance are library books, Cooperative Extension Service pamphlets, life-health insurance company bulletins, classes at local schools such as adult education or college courses, and friends. Because policies differ on the items covered and premium cost, comparison shopping is advised when you are purchasing health insurance.

You are buying insurance to protect yourself from suffering undue hardships because of an unexpected illness or accident. Don't purchase more coverage than you need—but have enough coverage so you will not be totally responsible for large medical bills.

A single person needs health insurance, so do not be without it—unless you can afford large, unexpected medical costs.

Original Authors: Jan Armstrong and Karrol Kitt.
Revised by Dixie Porter Johnson, Extension Specialist, Consumer Economics, and Susan Prohofsry, Graduate Student.
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COOPERATIVE EXTENSION SERVICE
PURDUE UNIVERSITY
WEST LAFAYETTE, INDIANA
Singles---what you ought to know about health insurance

How would you manage your finances if you suddenly became ill or had a serious accident? Who would pay your medical bills? Would you be able to continue to pay your rent and buy groceries if you couldn’t work for several months? No one likes to think about illness but it can happen—even to young, independent, healthy singles.

In the past, you were probably covered by your parents’ health insurance policy and knew little, if anything, about the health insurance coverage it provided. However, now that you are on your own, you have the responsibility of making sure you have adequate health insurance. As medical costs grow larger, each year you stand to lose more and more if you are not adequately insured.

When you look for health insurance coverage, first consider the health plan offered by your employer. Health insurance usually is included in most company benefit programs. The cost for comparable plans normally is lower for group plans than individual plans purchased on one’s own. If you decide you need more coverage than your employer offers, you can purchase more coverage from a variety of companies. However, if you have two or more similar policies, the coverage is usually shared by each plan according to the amount of coverage in each policy.

Limits of Coverage

Many people are confused by the technical wording of insurance policies. Since policies are legal contracts, technical words are used to define the limits of the coverage. Four important clauses used in health insurance policies are: (1) the deductible clause; (2) the coinsurance clause; (3) the stop-loss clause; and (4) the renewability clause.

A deductible is the initial dollar amount the policyholder must pay before the insurance company coverage takes effect. Deductibles frequently range from $100 to $500 or more; therefore, if you have a policy with a $100 deductible, you must pay the first $100 of your medical costs with the insurance company paying the remainder. The larger the deductible the lower the annual premium you will pay for health insurance coverage.

A coinsurance clause specifies that both you and the insurance company share a percentage of the total medical costs beyond the deductible. Usually, the insurance company assumes 80 percent of this cost. For example, $4,100 in medical costs with a $100 deductible and a coinsurance provision of 80 percent for the insurance company, would break down in the following way:

<table>
<thead>
<tr>
<th>Insured</th>
<th>$4,100</th>
</tr>
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<tbody>
<tr>
<td>Deductible</td>
<td>$100</td>
</tr>
<tr>
<td>20% of $4,000</td>
<td>$800</td>
</tr>
<tr>
<td>Insured total</td>
<td>$900</td>
</tr>
<tr>
<td>Insurance payment</td>
<td>$3,200</td>
</tr>
</tbody>
</table>

You, the insured, would pay the deductible and 20 percent of the remaining medical costs for a total of $900. The insurance company would pay 80 percent of the $4,000 in medical costs for a total of $3,200.

Many companies have a stop-loss clause. This places a limit on your out-of-pocket expenses. A common stop-loss limit is $5,000. Your insurance company would pay 80 percent of the first $5,000 expenses and 100 percent of any expense over $5,000.

Having health insurance does not mean you will not have to pay any money for medical bills, but it does help lower your medical costs. Reading your policy will inform you of any exceptions such as having your hospital room and board fully covered by the insurance company, or other coverage not included in the coinsurance feature.

It is important that your health insurance policy be guaranteed renewable. In this provision, a policy must be renewed by the insurance company as long as premiums are paid, although the premiums may increase for all policyholders in your policy category. By having a guaranteed renewable policy, you avoid the problem of having your health insurance policy canceled because of poor health and/or high medical costs.

Types of Coverage

Health insurance enables the single person to plan for large, unexpected expenses resulting from injury and/or sickness. Various types of health insurance cover different health problems, so one needs to know the types of available health insurance on the market. Three basic types of health insurance are: (1) basic hospital/surgical/medical; (2) catastrophe medical; and (3) disability income insurance.

Basic hospital/surgical/medical insurance covers medical costs up to the dollar and day limits stated in the policy. Hospital coverage often includes emergency room costs and a doctor’s visit both in and out of the hospital.

Supplementary to the basic coverage is major medical insurance. Major medical pays for lengthy illnesses when costs of medical care are in excess of the basic plan. Major medical has an overall maximum it will pay, such as $250,000. However, check the policy—it may contain limits on coverage for hospital room and surgery. Major medical has a deductible and a