

## Insuring your Family's Health

360 Degrees of Financial Literacy



**Health insurance has become an increasingly complex and expensive item for all of us, but it plays an important role in protecting your family's physical and financial well-being. Without adequate health insurance coverage, a major illness or accident could wipe out your savings and put you into debt.**

While some employers provide group health insurance programs for their employees, usually some type of managed care program, others do not. And while these plans usually cover your spouse and children, they do not cover extended family. Most employers' plans include a cost-sharing arrangement where employees are required to pay for part of their monthly premiums, and the employer pays the rest.

If your employer does not offer group health insurance, or if you are self-employed, individual health insurance policies are available, but be sure to shop around to find one that meets your needs in terms of coverage and cost. In some states, self-employed status does not condemn you to individual coverage if you have a full-time employee. However, most insurers will not accept a person working with no employees as a "group."

Whether you're looking for health insurance for yourself, your family or your aging parents, be sure to shop around to find one that meets your needs in terms of coverage and cost.

### TYPES OF MANAGED CARE PLANS

#### HMOs (Health Maintenance Organizations)

Historically, HMOs are the least expensive and least flexible policies available. In return for lower premiums and copayments, you must see only approved doctors and will need to get permission from your primary care physician before seeing a specialist. They usually cover preventive care. With record increases in medical premiums, it's always smart to comparison shop as HMOs sometimes may not be your least expensive option.

#### PPOs (Preferred Provider Organizations)

These offer an incentive to stay within a network of doctors by requiring smaller co-payments. However, PPOs will allow you to see any doctor outside of their network and usually allow you to see specialists without prior approval, but you'll have to pay a higher percentage of your co-insurance. Usually, some degree of preventive care is covered.

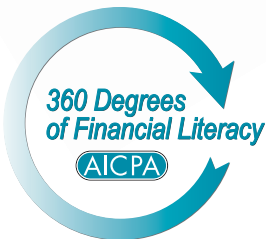
#### POS (Point-of-Service) Plans

POS plans are similar to a PPO, with the major difference being that a POS usually requires you to use a primary care doctor to get referrals to specialists, if you want the plan to pay for them. Preventive care services usually are covered.

### ADDITIONAL OPTIONS

#### Flexible-Spending Accounts (FSAs)

FSAs allow employers and employees to use pretax dollars to pay for certain personal expenses that aren't covered by insurance, such as out-of-pocket health care costs (i.e., deductibles and co-payments) and dependent care (i.e., day care, senior in-home care).



## COBRA

Usually, if you lose your job, you also lose your health insurance. COBRA, or the Consolidated Omnibus Budget Reconciliation Act of 1985, requires most employers to give you the opportunity to continue your health insurance for up to 18 months, at your expense.

## Medicare

If you qualify for Social Security you are automatically covered by Medicare Part A, for in-patient type benefits, such as hospital care, skilled nursing, home health care and hospice care. You also can voluntarily apply for low-cost Medicare Part B, which covers doctor visits, outpatient hospital care, medical and physical therapy equipment and ambulance expenses.

## Medicaid

This joint federal–state program provides medical assistance to various low-income individuals, including those aged 65 or older, disabled or blind. You must meet your state’s medical and functional criteria, and there are income restrictions.

