



# What is Health Insurance?

The world of health insurance is complex. The regulations and processes surrounding our health insurance system change frequently, making it extra challenging for even the most experienced consumer to keep up. Health insurance and the medical community are systems we all will need to use at some point in our lives. It's in our best interest to learn about health insurance before we need it to ensure we know how to navigate it smoothly.

Health insurance is a type of insurance coverage that typically pays for medical, surgical and prescription drug expenses for the person covered by the policy. Health insurance can reimburse you or pay the care provider directly for medical expenses if you have an illness, injury or health condition.

While we are talking about what health insurance is, it's also important to talk about what it isn't.

## These are Not Health Insurance Policies

- Drug discount cards
- Critical illness policies
- Coverage only for vision or dental care
- Like drug discount cards, some plans offer discounts for medical services; however, they don't pay toward the cost of your care, just allow you to get care at a lower rate in some cases
- Workers' compensation
- Veteran's benefits. Veterans can get care within the VA healthcare system, but often are not covered if they must seek care outside of a VA facility unless they have alternate coverage
- Short-term or indemnity plans look a lot like comprehensive coverage; however, they are often only sold for 6 months at a time and offer very restricted coverage
- Concierge plans are not comprehensive coverage. People who have these plans pay a monthly fee to a primary care doctor and can see him or her and have basic medical services completed for that flat fee. But these people do not have coverage for prescription drugs or any care they receive outside of what is provided by that primary care doctor
- Religious-based health-sharing plans are not comprehensive





## What Kind of Health Insurance Options Are Out There?

**1 Public Health Insurance Plans:** These are plans that are sponsored by the government and are funded by taxpayers.

- Medicare is a type of health insurance for people 65 and older. Some people are eligible under age 65 if they have been certified disabled by the Social Security Administration.
- Medicaid is a type of health insurance that is funded jointly by the states and the federal government. That includes who is eligible, what benefits are offered and other details about how the programs are run. Medicaid is designed for adults who have low incomes, pregnant women, children, and parents of Medicaid-eligible children and low-income seniors and disabled adults.
- The last public health insurance is TRICARE. TRICARE provides health benefits for US military personnel, retirees and their dependents.

**2 Private Health Insurance Plans:** These plans are funded privately without the help of the government (*Health Maintenance Organization Plan, Preferred Provider Organization Plan, Point of Service Plan, Exclusive Provider Organization Plan, High Deductible Health Plan*)

- Many Americans get their health insurance from their employer. Usually, your employer will contribute to the cost of your monthly premiums, which will help save you money.
- If you are not employed or your employer does not offer health insurance to its employees, you may be able to obtain coverage under your spouse or family member's employer-sponsored plan.
- Many people get their health coverage through their parents. If your parents are willing to cover you on their policy, you can stay insured through them until age 26.
- Another option to consider is buying health insurance directly from a private insurance company, an online insurance seller, an agent or broker. Contact the insurers directly to discuss options.
- Each state has an online marketplace for its commercial health insurance. Each state's marketplace must offer a range of plans designed to meet a variety of budget and healthcare needs, as well as provide coverage that meets defined minimums. You can find links to each state's marketplace website at [HealthCare.gov](https://www.healthcare.gov).

## It's Important to Have Health Insurance as a Safety Net

If you unexpectedly get sick or injured, health insurance is there to help cover costs that you likely can't afford to pay on your own. With health insurance, you're not facing those costs as an individual; there's an insurance plan helping you cover the costs, and helping you navigate the confusion of medical billing. Medical bills aren't the sort of thing you want to be dealing with while ill, injured, in a hospital bed or the emergency room. It's smart to make difficult financial decisions ahead of time, by getting health insurance before you get sick.

Also, it's important to have health insurance because it makes it easier for you to keep from getting sick in the first place by accessing routine and preventive health care. And it isn't just about physical health: health insurance typically covers mental and behavioral healthcare, as well.

