

SilverStone Group

EMPLOYEE BENEFITS

Group Benefits

Coverage

Outside the Group

by Jeremy Sample, DHP, DIA, HIA



When it comes to healthcare benefits, most people are familiar with group health insurance – the type of coverage that is offered through an employer.

Many people, however, are not able to receive benefits through their place of employment and are forced to explore other options in the individual health insurance market.

Let's talk shop

When shopping for individual health insurance, consumers have the option of purchasing coverage through an insurance broker or directly from the insurance company. The premiums and benefits applied for are then subject to health underwriting, which requires the individual to complete an application with questions related to their current and past health conditions. After reviewing the application, the insurance company has the right to change the premiums and benefits from what was initially proposed, or they can decide to reject coverage altogether. The issuance of a policy is not guaranteed.

Reviewing the schedule of benefits for a proposed individual health plan is very important. It is crucial to understand which conditions and treatments are covered and which are limited or excluded. For instance, some plans will limit doctor visits or prescription drug coverage. Knowing the limitations when shopping for plans can prevent an individual from purchasing inadequate coverage.

The ins and outs of individual insurance

State insurance laws mandate the types of benefits individual policies must include, which are often different from those dictated in the requirements for group insurance. There are generally fewer mandated benefits for individual policies than those required for group insurance policies. Consumers are often surprised to learn that the benefits they consider standard may not be covered in their individual policy. Excluded benefits could include maternity coverage, substance abuse intervention and treatment for mental health issues. Individual health consumers will occasionally have the option to pay an extra fee for the treatment of these conditions, with the added coverage included as a rider.

Additional variables exist that can significantly impact an individual's ability to obtain adequate coverage. The following items should also be taken into consideration:

Pre-existing condition waiting periods – Unlike group health policies, individual health plans review the

consumer's medical history during the application process for pre-existing conditions. Based on this information, the plan may not cover certain conditions for a specified amount of time. While this may seem unfair, the reason for the pre-existing limitation provision is to protect the insurance pool from individuals who only decide to purchase health insurance coverage once they encounter a medical problem that requires the use of benefits. This is known as "adverse selection" and can be a significant problem for individual health insurance companies.

Short-term health policies vs. traditional – Short-term health policies offer a temporary solution for individuals looking for coverage for a period of less than one year. Short-term health insurance plans are a good option to consider when there is an immediate need for coverage and if it is going to be obtained for a defined period of time. The policies are issued with very limited underwriting because coverage for pre-existing conditions is excluded. The benefits for these plans include deductible and coinsurance amounts for hospital services, as well as co-pays for office visits and prescription drugs.

Traditional individual health policies typically provide more substantial coverage than short-term policies and offer health-related benefits and discounts to their members at more affordable prices. With traditional individual health coverage, you pay as you go and can cancel the policy at any time. With some short-term health plans, you may pay for 30, 90 or even 180 days of health coverage in advance and this prepayment will not be prorated if the policy is cancelled early.

Choosing what's right for you

Health insurance is too important to do without. We encourage you to review all of the available options so you may find the company that is best suited to meet your needs without breaking your budget. Buying individual health insurance can be complex, but when given the right direction it is a completely manageable process. Seeking guidance from an insurance professional eliminates the guesswork and allows you to get the best coverage for your dollar.