

Health Insurance Buyer's Guide

Five Steps to Buying Your Own Health Insurance



**Reflecting
changes from
2010 health
reform laws**



Individual and Family Health Insurance

Introduction

When you purchase a health insurance policy on your own – for yourself or your family – you’re buying what’s known as Individual and Family health insurance.

Many people turn to Individual and Family coverage because they have no employer-sponsored options, they are self-employed, or their employer-sponsored options are getting too expensive. There are a number of major life events – unemployment, starting a business, early retirement, college graduation – that may require consumers to purchase health insurance on their own. Some buy coverage for themselves only, others for their whole families.

How do you know what kind of Individual and Family plan is best for your needs?

The purpose of this Health Insurance Buyer’s Guide is to address this and other questions. In the following pages, we’ll lead you through a five-step process to help familiarize you with Individual and Family health insurance and help you make an informed purchasing decision.



Step 1

Why You Need
Health Insurance



Step 2

Get to Know
the Lingo



Step 3

Assess
Your Needs



Step 4

Compare
Your Options



Step 5

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Coverage

HEALTH REFORM UPDATE

Health reform legislation was signed into law March 23, 2010. New reforms make it safer and easier than ever to buy your own health insurance. Some key reforms for persons buying their own coverage include:

Starting in September 2010:

- Added protection from rate increases
- Added protection from having insurance canceled
- Better coverage for preventive care
- No lifetime caps on benefits

Starting in January 2014:

- Financial aid to help you buy your own insurance, if you qualify



Why You Need Health Insurance

The first step to making a smart health insurance decision is to understand the value of health insurance and why you need it. It may sound obvious, but many people don't properly understand the basic purpose of health insurance or how it works. In brief, health insurance helps protect you in the following ways:

Health insurance protects your finances

It entitles you to discounted rates – Insurance companies negotiate rates with health care providers. Without coverage, the fee charged for a regular office visit can be twice as high.

It shields you from unexpected medical costs – Even if your health plan requires you to pay certain costs out of pocket, being covered can help save you from bankruptcy in case of injury or hospitalization.

Health insurance protects your health

It improves your access to quality care – As a member of a health insurance plan, you have access to a broad network of health care providers.

It provides you critical care – While uninsured patients will often get emergency-room care and be billed afterwards, they may not get important treatment for a life-threatening chronic condition without an upfront payment.

It encourages a healthier lifestyle – You may be more likely to take advantage of regular checkups and preventive care if you know it won't cost you an arm and a leg.



“ Isn't it too expensive to buy my own coverage? ”

Not necessarily. In fact, Individual and Family health insurance can be surprisingly affordable. Monthly premiums for individual coverage purchased through eHealthInsurance averaged \$167 per month in 2010¹ – and in many states Individual coverage options are available for less than \$60 per month.



Get to Know the Lingo

When shopping for a new plan, one of the main challenges people face is understanding health insurance terminology. To shop smart, you should understand the basic differences between the top four types of Individual and Family plans, and the basic definitions of five key terms.

TOP FOUR HEALTH PLAN TYPES

1. PPO

PPO or "Preferred Provider Organization" plans are the most popular in the Individual and Family market. Like the name implies, with a PPO you'll need to get your medical care from doctors or hospitals on the insurance company's list of preferred providers if you want your claims paid at the highest level. It's up to you to make sure that the health care providers you visit participate in the PPO. Services rendered by out-of-network providers may not be covered or may be paid at a lower level.

A PPO plan may be right for you if:

- Your favorite doctor already participates in the PPO: you can sort for plans accepted by your doctor after getting quotes at eHealthInsurance
- You want some freedom to direct your own health care but don't mind working within a list of preferred providers

2. HMO

HMO means "Health Maintenance Organization." HMO plans offer a wide range of health care services through a network of providers that contract exclusively with the HMO, or who agree to provide services to members. As a member of an HMO, you will need to choose a primary care physician ("PCP") who will provide most of your health care and refer you to HMO specialists as needed. Health care services obtained outside of the HMO are typically not covered, though there may be exceptions in case of an emergency.

An HMO plan may be right for you if:

- You're willing to play by the rules and coordinate your care through a primary care physician
- You value preventive care services: coverage for checkups, immunizations and similar services are often emphasized by HMOs





Get to Know the Lingo

3. HSA-eligible Plans

These are usually PPO plans with higher deductibles, designed specially for use with Health Savings Accounts (“HSAs”). Similar to a 401(k), an HSA is a special bank account that allows you to save money – pre-tax – to be used specifically for medical expenses in the future. Unlike a flexible spending account, the money in your HSA rolls over every year and can also gain interest. By pairing a qualifying high-deductible health plan with an HSA, you can save money on health care and earn a tax write-off. You’ll find more information about HSAs online at eHealthInsurance.com/hsa.

An HSA-eligible plan may be right for you if:

- You would like to pay for health care expenses with pre-tax dollars
- You’re relatively young and healthy and don’t often visit the doctor
- You prefer a cheaper monthly premium even if it means having a higher deductible in case of unexpected injury or illness

“ I’ve heard about Health Savings Accounts, what are they for? ”

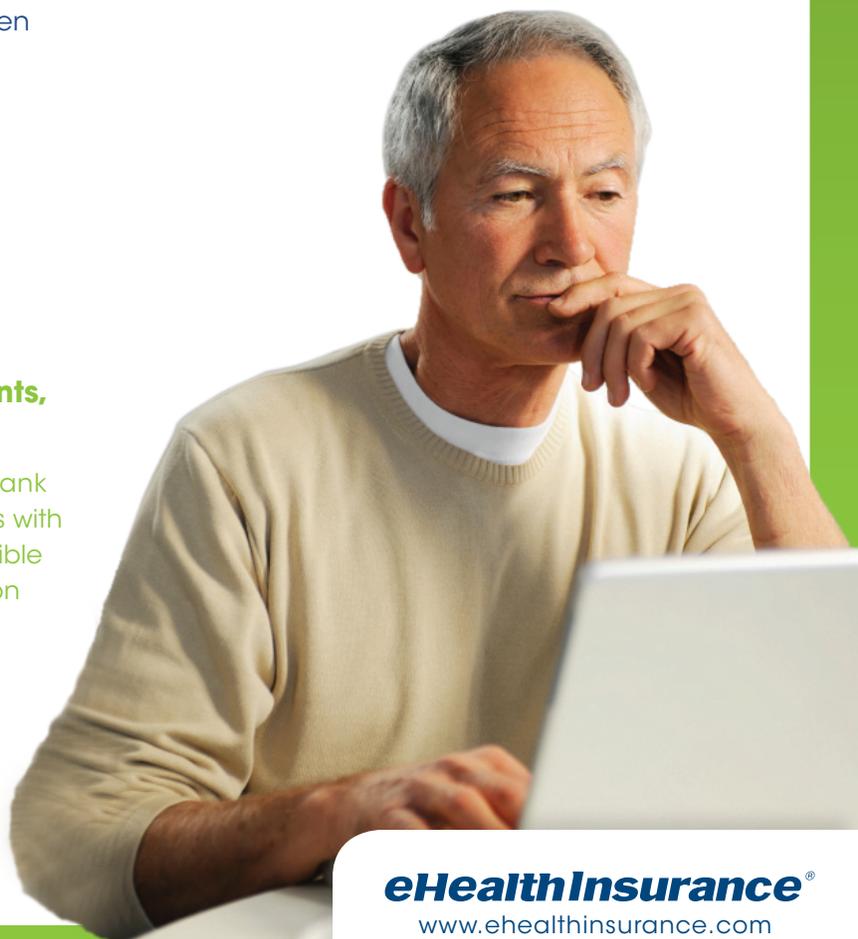
Health Savings Accounts (HSAs) are special bank accounts designed for use with insurance plans with higher deductibles. By matching a high deductible health plan with an HSA, you can save money on health care and lower your income tax liability. You’ll find more information about HSAs online at eHealthInsurance.com.

4. Indemnity

Indemnity plans allow you to direct your own health care and visit most any doctor or hospital you like. The insurance company then pays a set portion of your total charges. You may be required to pay for some services up front and then apply to the insurance company for reimbursement. Because of the freedom they allow members, Indemnity plans are sometimes more expensive than other types of plans.

An Indemnity plan may be right for you if:

- You want the greatest level of freedom possible in choosing which doctors or hospitals to visit
- You don’t mind coordinating the billing and reimbursement of your claims yourself





Get to Know the Lingo

FIVE HEALTH INSURANCE TERMS YOU MUST KNOW

1. Premium: Your premium is the amount you pay to the health insurance company each month to maintain your coverage. When trying to understand the cost of a health insurance plan, the premium is the first thing to consider. But make sure to balance it against other costs, such as copayments, deductibles and coinsurance. A good rule: choose a lower premium/higher deductible if you want to save money now, and a higher premium/lower deductible if you want to be more financially prepared for unexpected medical expenses later.

2. Copayment: Your copayment, or “copay,” is the specific dollar amount you may be required to pay up front for a specific type of service. For example, your health insurance plan may require a \$15 co-payment for an office visit or brand-name prescription drug, after which the insurance company pays the remainder of the charges. A good rule: if you make frequent doctor’s office visits, make sure you choose an affordable and consistent copayment.

3. Deductible: Your annual deductible is the amount you may be required to pay out-of-pocket before the insurance company will begin paying for your medical claims. Keep in mind, your monthly premiums and copayments will often not count toward your deductible. Not all plans require a deductible, but choosing a plan with a higher deductible can keep your monthly premiums lower. A good rule: keep your deductible to no more than 5% of your gross annual income.

4. Coinsurance: Coinsurance is the amount that you are obliged to pay for covered medical services after you’ve satisfied any co-payment or deductible required by your health insurance plan. Think about it this way: the insurance company may limit coverage for certain services to, say, 80% of charges. So, for example, if your insurance benefits cover 80% of x-ray charges, you will need to pay the remaining 20%, even if your annual deductible is already met. That 20% is considered coinsurance.

5. Maximum Out-of-pocket Costs: Pay attention to this amount when considering a new health plan. Your maximum out-of-pocket cost sets a limit to your annual financial liability. Once you have paid out of pocket (typically through deductibles, copayments or coinsurance) to the “maximum” amount, the insurance company pays the full charges for any additional covered medical services rendered that year. Your monthly premium will not count toward your maximum out-of-pocket costs.

“What kinds of benefits do Individual and Family plans offer?”

Many of the plans offered through eHealthInsurance cover medical benefits like prescriptions, preventive care, lab and x-ray work, maternity, chiropractic, and emergency room services.



Assess Your Needs

Selecting the best health insurance plan for your needs means making an informed choice and knowing your personal priorities. Is budget most important? Which benefits do you really need? Consider the following questions.

FIVE KEY QUESTIONS TO HELP YOU ASSESS YOUR NEEDS:

1. Do you maintain a savings or do you live paycheck to paycheck?

Why it matters: If you don't maintain a cushion of funds in the bank, you're going to want a health plan with a low deductible, or none at all. If you do keep a savings account and can afford a higher deductible if necessary, you may be able to find a plan with lower monthly premiums.

2. How often did you visit the doctor last year?

Why it matters: If you visit the doctor regularly, it may make sense to pay a higher monthly premium in order to keep your office-visit copayment and deductible low.

3. How much did you spend on health care last year?

Why it matters: If you spend a lot on health care, it's important to know what you spend it on and if you expect to spend at the same pace. If these are recurring costs (for prescription drugs, for example),

make sure that the plan you select covers these services. If you don't spend much on health care, then you could save money with a plan that provides less generous coverage for office visits or prescription drugs.

4. Do you have any pre-existing medical conditions?

Why it matters: Some pre-existing medical conditions (like heart disease, cancer, or diabetes) can make it difficult to get approved for Individual and Family coverage. If you're concerned, a licensed eHealthInsurance agent can help direct you to insurance companies more likely to approve your application. Call 1-800-977-8860 to talk to an agent.

5. Are any specific benefits necessary or irrelevant?

Why it matters: If you're a regular user of prescription medication, make sure you find a plan that covers prescriptions at a copayment level you can afford. If it's possible you or your spouse could become pregnant, pay close attention to maternity benefits too. If you don't need prescription drugs or maternity benefits, you could save money.

“ What if I have a pre-existing medical condition? ”

If you are over 18 years old, in most states you can be declined for Individual and Family coverage due to a pre-existing medical condition. However, you may still have options. Talk to a licensed agent at eHealthInsurance for help. If we can't find an insurer likely to accept you, we can help direct you to government-sponsored solutions in your state.





Assess Your Needs

“ How Does Individual and Family Coverage Compare with Employer-sponsored Coverage? ”

It differs in several key ways:

Pricing: Pricing is based on an individual or family's specific needs and medical history and can vary from state to state.

Choice: An employer may offer one or two options, but there may be dozens of Individual and Family choices with a range of rates and benefits to match your needs and budget.

Portability: Individual and Family health insurance is not tied to your job, so it can stay with you as long as you like. However, if you move to another state, you will likely need to get a new plan.

Eligibility: Be aware that in most states, if you're over 18, it is possible to be denied coverage for an Individual and Family plan based on your medical history.

Unemployed and Uninsured?

If you were recently laid off or voluntarily left an employer, you may have more than one choice when it comes to finding health insurance. By understanding your needs and situation you have a better chance of finding the coverage that works best. Here are a few options:

- **Your spouse's plan** – Learn how much, if any, your spouse's share of the premium would increase if you join the plan.
- **COBRA coverage** – COBRA allows you to temporarily extend coverage under your employer-sponsored health plan at your own cost. It's a good choice if you have a pre-existing medical condition, since you can't be declined based on your medical history. However, many people find COBRA prohibitively expensive.
- **Individual and Family plans** - Before you decline COBRA, take a look at the Individual and Family options in your area. You could even apply for an Individual and Family plan and use COBRA as a back-up just in case.
- **Public options** – Every state offers public programs and plans for individuals or families struggling financially or unable to get approved for coverage elsewhere.





Compare Your Options

Get Quotes

Now you're ready to review your personal health insurance quotes. If you want to save money and make the most of your health insurance dollars you'll need the broadest possible view of all your Individual and Family health insurance options. By working with a licensed agent like eHealthInsurance you can save time and get a selection of quotes from top insurance companies in your area.

Get free, instant health insurance quotes from eHealthInsurance

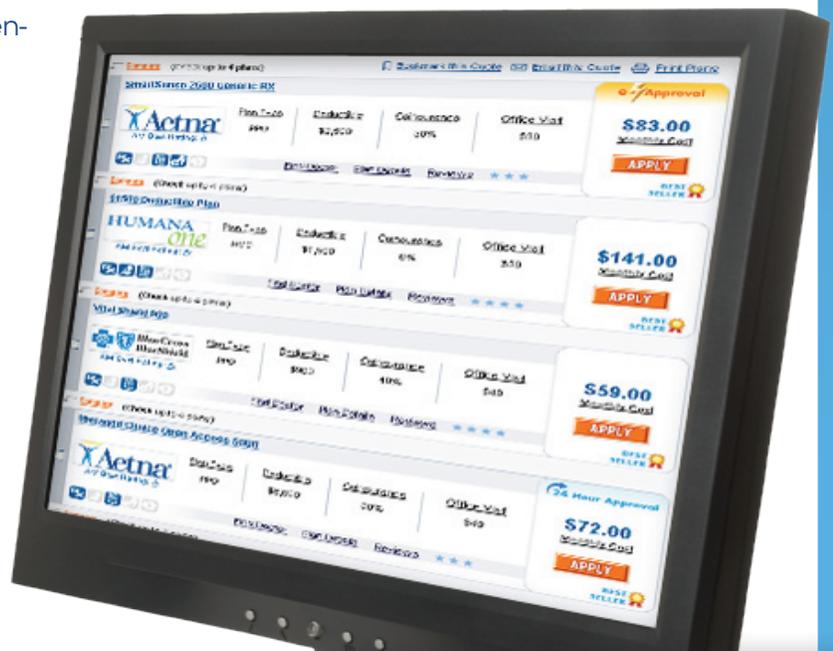
eHealthInsurance makes it easy to find the right health insurance plan for your needs and budget. Unlike many other online services, eHealthInsurance won't require you to provide any sensitive personal information before getting your quotes. Just go to **eHealthInsurance.com**, enter your ZIP code and your age, and get:

- **Instant personalized quotes** from a broad selection of top carriers
- **Side by side comparisons** of plan rates and benefits
- **Special online tools** that generate personal recommendations based on your needs or identify plans accepted by your favorite doctor
- **Customer reviews and industry ratings** to help guide your decision
- **Personal unbiased help** from licensed agents by phone, email, or online chat

“ Are there any particular pitfalls to avoid? ”

Yes.

- Be cautious if you have a pre-existing medical condition or were recently laid off – talk with an agent for personal advice.
- If you think you may need maternity coverage or prescription drug benefits, make sure you select a plan that provides it – not all Individual and Family plans do.
- And lastly, know what you are buying. So-called “limited benefit” plans don't provide substantial protection.





Compare Your Options

Choose a Plan

FIVE KEY CRITERIA TO HELP GUIDE YOUR DECISION

You may need some help narrowing down your choices. Consider the following five criteria to help you focus on the plans that best match your needs:

- 1. Health benefits:** Which plans provide the must-have benefits you've identified? Buy only what is important to you to keep your costs low. Avoid expensive benefits (like maternity or prescription drugs) if you don't need them.
- 2. Costs:** Which plans fall within your budget when it comes to premium, deductible, copayments and coinsurance? Consider a high-deductible plan if your primary requirement is a low monthly premium.

3. Physician network: Do you have a favorite doctor you want to keep? Which plans does he or she accept? At **eHealthInsurance.com**, you can use our "Plans with Your Doctor" tool to find plans that are accepted by your doctor.

4. Brand: Are there brand-name carriers that you prefer? Are there any you want to avoid?

5. Consumer and industry reviews: eHealthInsurance offers customer reviews for many of the plans we sell, and we present the AM Best ratings for carriers. These ratings reflect AM Best's analysis of a company's credit rating and ability to pay claims.

“ Can I save money if I buy direct from the insurance company? ”

No. Due to government regulations, you will pay the same monthly premium for the same plan whether you buy it from a licensed agent or direct from the insurer. So for no additional cost, shopping through a site like **eHealthInsurance.com** can give you more objective, unbiased help to find the right plan.

“ Should I consider a Short-term plan? ”

Possibly. Short-term health insurance provides emergency protection for a limited period of time. If you are relatively healthy and know you will have employer-sponsored coverage again within six months, a Short-term plan may work for you. Just keep in mind that it won't cover existing medical conditions, prescription drugs, or many office visits.





Apply for Coverage

Once you've submitted your application it may take anywhere from a few days to a few weeks before the insurance company makes a decision. If you submit your application through eHealthInsurance, we will inform you of the insurance company's decision as soon as possible. You may receive any one of the following responses:

"You're approved!"

Most of the people who apply for Individual and Family health insurance through eHealthInsurance are approved². Once approved, your health insurance coverage will begin on the "effective date" confirmed by the insurance company.

"You're approved, with conditions."

The insurance company may offer you coverage but limit benefits for specific conditions based on your medical history.

"More information is required."

In some cases, the health insurance company will ask for more information regarding your application, and may request medical records from your doctor before coming to a final decision.

If your application is denied.

Please talk with one of our licensed agents by phone. There may be reason to appeal the decision or try again with a different insurance company. If not, we can help put you in touch with government-sponsored options available in your state.

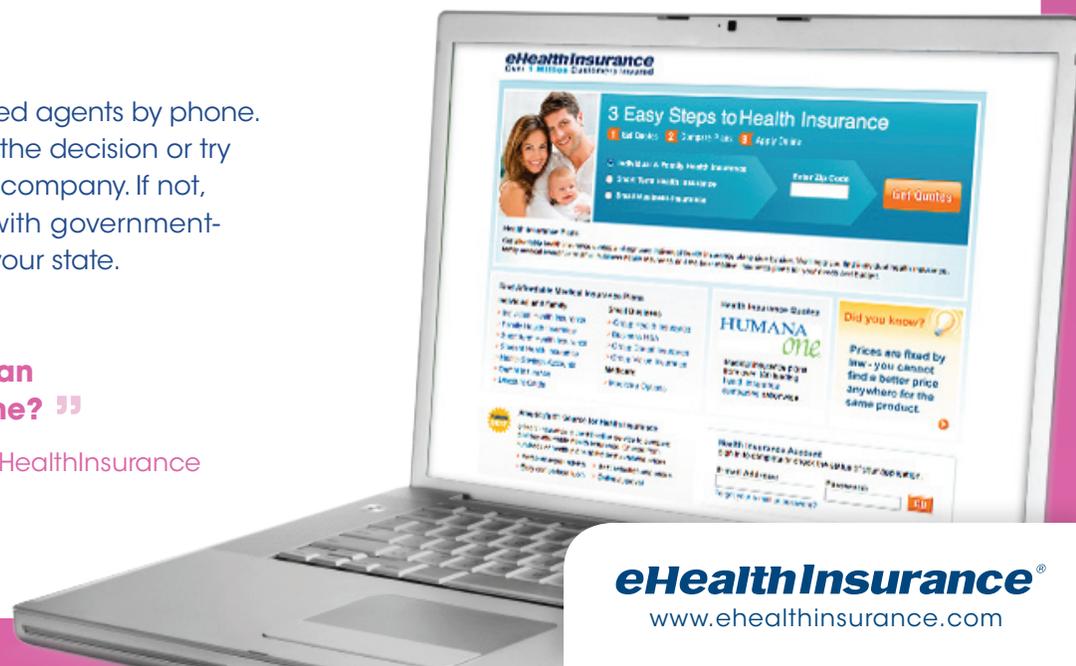
"Should I submit more than one application at a time?"

Possibly – talk to a licensed eHealthInsurance agent for personal advice.

"Why should I submit my application through eHealthInsurance?"

Good question. eHealthInsurance is the nation's #1 online source for Individual and Family health insurance. We represent over 180 brand-name health insurance companies across the country, and we've helped nearly two million Americans find the coverage they need. When you shop through eHealthInsurance, you'll not only get the benefit of our national scope and local expertise, you'll also enjoy:

- **A broader view of your options** – and knowing what's really available can help you save money
- **A speedier submission and review process**, thanks to our industry-leading technology
- **An advocate with the insurance company** to help you resolve billing or claim disputes in the future
- **All our services and assistance provided at NO EXTRA COST to you**



Additional Resources

We hope this guide has provided you with valuable information and helped prepare you to make an informed health insurance shopping decision. Every person's needs are different, however, so if you need additional information, there is a wealth of resources available to help you find the right solution.

For more information about Individual and Family health insurance plans, please contact:

- A licensed eHealthInsurance agent at 1-800-977-8860
- Or go online to **ehealthinsurance.com** to review FAQs, get free quotes, compare plans, and apply online

To learn more about health reform law, visit:

- **www.healthcare.gov**

If you are unemployed and want to know more about your COBRA insurance alternatives, eHealthInsurance can help:

- Call our toll-free COBRA Alternatives Hotline at 888-407-1127, open from 6am to 5pm Pacific Time, Monday through Friday
- Visit the eHealthInsurance Media Center at **news.ehealthinsurance.com** and click on the "Video" link to find video presentations describing COBRA alternatives and the expiring federal COBRA subsidy

If you are unable to qualify for or afford individual health insurance, there may be public programs available. For information about public programs please contact:

- The Foundation for Health Coverage Education (FHCE) at 800-234-1317
- Or go to their web site is www.coverageforall.org
- Or check your local state insurance commission's website

Footnotes:

1 Average premiums and benefits listed are from February 2010 based on plans purchased through eHealthInsurance active as of that date. More information and a complete methodology of the study can be found in eHealth, Inc.'s 2010 report: Cost of Individual and Family Health Insurance Plans.

2 AHIP Center for Policy Research, Individual Health Insurance 2006-2007: A Comprehensive Survey of Premiums, Availability, and Benefits, Individual market, analysis of offer rates, 2006, p.11; http://www.ahipresearch.org/pdfs/Individual_Market_Survey_December_2007.pdf