Insurance

When you get your first job offer it will likely come with a benefits package including options for insurance. Health insurance can be one of the most important investments that you make. Paying out of pocket for medical expenses can be extremely expensive, having adequate health insurance coverage can help save you when medical related costs come up.

Key Concepts

Premium: The amount you pay your insurance company for health coverage each month or year. (A portion of this is usually covered by your employer).

Deductible: The amount of money you must pay out-of-pocket before coverage kicks in.

Co-pay: The amount of money that you pay at the time of service. This amount is usually standardized by your plan based on the type of service you are receiving.

Coinsurance: The amount of money you owe to a medical provider once the deductible has been paid. Coinsurance is usually a predetermined percentage of the total bill

In-network/ out-of-network: In-network refers to physicians and medical establishments that deliver patient services covered under the insurance plan. Services from out-of-network providers are usually more expensive than those rendered by in-network providers.

Enrollment period / open enrollment: The window of time during which you can apply for health insurance or modify a plan. Policy-holders are unable to adjust their plan until the next open enrollment unless they experience a qualifying life event (marriage, divorce, birth of a child, changes to individual/household income).

Referral: An official notice from a qualified physician to an insurer that recommends specialist treatment for a current policy-holder.

Where to Get Health Coverage

Short-term coverage: This option is designed for individuals who are uninsured and/or waiting for their individual/group coverage to kick in.
Group Coverage: Unlike an individual coverage plan, which requires the policy-holder to pay for the entire premium, group coverage plan premiums are divided between beneficiaries and the institution that facilitates the group coverage.

Employer-sponsored coverage: Employers usually pay more than 50% of the monthly premium.

COBRA: Under the Consolidated Omnibus Budget Reconciliation Act, employees who lose their group coverage under certain circumstances are allowed to obtain continuation coverage for a certain period of time.

Understanding your Health Insurance
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