The Artists' Guide to Health Insurance

A FRACTURED ATLAS POCKET GUIDE

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How It's Supposed to Work

At its most basic level, health insurance provides payment for healthcare services. So when you need your annual physical, a cast for a broken leg, or surgery for appendicitis, your health insurance will either pay for services outright or make them affordable. You pay a little now to save a whole lot later on. The monthly cost of being insured is the premium.

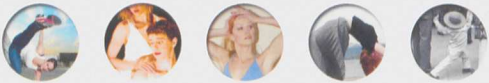
The purpose of insurance is to protect you against the unexpected risk of crippling debt. Fundamentally, insurance limits the total amount of money you would be responsible to pay out of your own pocket for large claims. This basic premise rings true whether you're talking about home, auto, health or life insurance.

Put another way, what if you could play poker and limit the amount of money you could lose? If you don't win, this service guarantees you protection against debt for a small fee. Would you ever play without taking advantage of this?

That's a lot like how health insurance works. By getting insured, you're fixing the odds in your favor. This is especially relevant considered from Groucho Marx's point of view: "A hospital bed is a parked taxi with the meter running."

Don't leave yourself at the mercy of a running meter!

- *Where do I start?*
  Turn to page 2: Understanding Your Options
- *These plans are confusing! How do I tell them apart?*
  Turn to page 3: Find Your Plan
- *I'm worried about the medical debt I already have.*
  Turn to page 11: Getting Stuck with the Bill



Understanding Your Options

The insurance industry has created a whole business around confusing consumers with dense language, backwards talk, and insider lingo. But you don't need to be a rocket scientist to understand health insurance plans. What you need is a way of quickly figuring out "is this plan right for me?"

What's the secret to doing this?

Learn to love the **summary of benefits!** The summary of benefits is typically a one page chart that summarizes the main benefits a plan provides and, if you know what you're doing, it can be decoded at a glance. Understanding basic terms will help you compare and contrast plans across the board:

- **Copay:** Flat fee you pay for medical care at the time of service. (Ex: $50 for a doctor's office visit.)
- **Coinsurance:** You and the insurance company share a percentage of the cost of select medical services. (Ex: your bill for an MRI is $1000. With an 80/20% plan, your insurance company pays $800, and you pay $200.)
- **Deductible:** Amount you must pay for select (or all) medical services on an annual basis, before the insurance company chips in. Deductibles reset once annually (either on a calendar year or policy year.) Make sure you check with the insurance company!
- **In-network:** A group of doctors, hospitals, and medical facilities an insurance company has contracted with to provide medical services to individuals enrolled in their plans.
- **Out-of-network:** A medical doctor, hospital, or facility that is not a preferred provider of medical services under your healthcare plan. You pay more if you go out-of-network.
- **Out-of-pocket max:** The maximum amount you are responsible to pay for your healthcare expenses in a year (from your own pocket), not including premiums. Typically, the out-of-pocket max is the plan deductible + any coinsurance amount.

Okay, I know my basic terms. I'm ready to shop!
Turn to page 3: Find Your Plan

Are there other choices for coverage?
Turn to page 4: Health Savings Accounts

Find Your Plan

A mysterious acronym indicates the type of features your health insurance plan will offer. These features pretty much apply across the board (with slight variations):

- **Health Maintenance Organization (HMO)** Your healthcare is managed through a Primary Care Physician (PCP), who refers you to specialists when needed. Generally, you pay a copay (a set flat fee) for medical services included in your plan's benefits. All medical care must be received in-network, or you'll get stuck with the full bill.
- **Preferred Provider Organization (PPO)** You can choose from in-network and out-of-network healthcare providers. But if you do go out-of-network, you end up paying a lot more. You don't need to choose a PCP, and no referrals are required in order to see a specialist.
- **Exclusive Provider Organization (EPO)** This plan is generally the same as a PPO, except that you can only choose doctors in-network.
- **Point of Service (POS)** A hybrid between an HMO and a PPO. Like a PPO, you can choose from in-network or out-of-network providers. Again, you pay more if you go out-of-network. Otherwise, if you stay in-network, plan benefits are copay based (like an HMO.) You may need referrals from a PCP to see specialists.
- **High Deductible Health Plan (HDHP)** There are a variety of plans that fit into this category, including PPO and EPO. For a lower monthly premium, these plans feature a high deductible, the amount you must pay for select (or all) medical services each year, before the insurance company starts to cover the costs.

  Note: An HDHP PPO plan generally features two deductibles, in-network and out-of-network. The out-of-network deductible is usually 2x the amount of in-network! The out-of-network deductible does not count towards the in-network and vice versa.

- **HSA qualified High Deductible Health Plan (HDHP with HSA) or Consumer Directed Health Plan (CDHP) with HSA** This features an annual deductible that applies to all plan benefits. Once the deductible has been met, the insurance company pays 100% of the healthcare costs.

I'm in information overload! I need tips on making a decision.
Turn to page 5: 5 Tips for Shopping

Awesome! I'm ready to pick a doctor.
Turn to page 7: Finding Dr. Right

Health Savings Accounts

A Health Savings Account (HSA) is a bank savings account in which you can save money for qualified healthcare expenses:

- **You can deposit money pre-tax** (if it's not pre-tax money, then it's tax deductible when you file your taxes.) Any money you've deposited into the account but haven't spent automatically gets rolled over year after year. This account is a great tool for saving up to the deductible over an extended period of time.
- **The account can grow with interest.** You can also invest money in funds, just like a 401K. All earnings are tax free. This can create a nice pool of money for you to access at an older age, when healthcare expenses often increase.
- **Withdrawals for qualified healthcare expenses are tax free.** (If you withdraw funds for non-qualified expenses, you get taxed and hit with a pretty hefty penalty of 20%.)

  What are qualified healthcare expenses? The IRS publishes a detailed list called Publication 502 on their website. Qualified healthcare expenses include doctors' visits, prescriptions, dental treatment and more.

  For instance, if your insurance plan includes coverage for doctors' visits as a benefit, then it's a qualified expense that counts towards meeting your annual deductible when you pay out of pocket. For a service that is not a benefit, then it will not count towards your annual deductible.

Other info you should know...

The IRS sets a limit as to how much money you can deposit annually. For example, in 2010 the limit was $3050 for an individual. Just be sure not to go over!

You get to keep the account and use it, even if you switch plans. However, if you switch to a non-qualified health insurance plan, you won't be able to deposit more money into it. You can, however, still withdraw funds to pay for healthcare expenses.

There are so many options! How do I narrow them down?
Turn to page 5: 5 Tips for Shopping

So coverage = protection from debt. How much coverage do I really need?
Turn to page 6: How Much Is Too Much

5 Tips for Shopping

Follow these simple tips and you'll quickly find your best fit:

1. **Make a list of plan benefits that are "must haves."** Order these items in order of importance. Take note of: a) what moved down the list b) what is your "deal breaker."
2. **Be realistic.** Don't get wrapped up in an idealistic vision of a plan. You know the one: the magic plan with tons of coverage, no deductible, and small copays with a dirt cheap premium (in other words, the Fantasy Plan.) In effect, this narrows your options to none because no plans would meet your unrealistic expectations. You need to strike a balance between your fantasy plan and the one you can afford.
3. **Look beyond the sticker price.** If a plan looks too good to be true, chances are it is. Find out if it is a discount plan versus health insurance. Otherwise, you may not be buying insurance, leaving you with huge gaps of coverage. If the plan is referred to as a "discount," "indemnity," or "basic hospital and surgery" plan, these are telltale signs that it's not insurance. By law, these types of plans must explicitly state: "This is not insurance." But that's not always made obvious (buried in all the fine print.) Know what you're buying.
4. **Focus on the big picture.** Make sure you know what the out-of-pocket maximum is on all potential plan options. This is the true measure of a plan's worth (not how much copays are for doctor's visits.)
5. **Do the math.** Compare plans across the board strictly based on monthly price and the total out-of-pocket maximum. The out-of-pocket maximum is the true measure of a plan's value in light of the monthly cost. Everything else is secondary. That plan that looked really good at first may not look so hot now when measured up against the competition. Doing this will help you snag a plan with the appropriate coverage without breaking the bank.

› *Insurance is so expensive. Am I spending too much?*
Turn to page 6: How Much Is Too Much

› *Awesome! I'm ready to get my annual physical.*
Turn to page 7: Finding Dr. Right





How Much Is Too Much

Comprehensive plans that pay for everything are so expensive, it actually costs more to keep up with the monthly payments. You may be tempted to think that a more affordable plan with an out-of-pocket maximum of a few thousand dollars (like $5,000) is worthless. You think, "I can't afford $5,000. But I also can't afford the plan that covers everything. Why get insurance at all?" Don't get frustrated. When you are reviewing plan options, one of the most important features to look at is the annual out-of-pocket maximum. This is a true measure of a plan's worth.

Put the value of insurance coverage in context: the high cost of hospital care can quickly add up in the tens of thousands (even to $100,000 and above.) The average cost of one day in the hospital (depending on your area) ranges from $7,500 to as much as $30,000! Multiply that by a couple of days and you get the point. The out-of-pocket maximum protects you against crippling medical debt above and beyond a set amount. Again, remember to look at the big picture of insurance. Ultimately, the goal is to get a plan that: 1) you can afford and 2) offers you coverage against catastrophic debt.

Being insured under a more affordable plan that includes an out-of-pocket maximum can mean the difference between owing $5,000 versus $75,000. With insurance, since a huge bulk of the bill was covered by your plan, a hospital is more likely willing to respond to your negotiation efforts for the remaining balance. It's easier for a hospital to agree to an extremely generous low payment plan for $5,000 (or even forgive it altogether), than it would be for $75,000. There's debt that's manageable and then there's debt that's impossible to climb back out of.

- *Okay, I have just enough coverage. Off to the doctor!*
  Turn to page 7: Finding Dr. Right

- *Oh no! I already have an emergency.*
  Turn to page 8: Dealing with Emergencies

Finding Dr. Right

Finding your dream doctor can be difficult, but you shouldn't get discouraged. Here are items you should always consider:

- **Explore your options within your plan's network.** If you go out-of-network, insurance will cover fewer costs, leaving you on the hook for a good chunk of money.
- **Location, location, location.** This is awfully important in establishing a long term relationship with your doctor. You won't seek care if your doctor's office is out of your way. See who's easily accessible to you (like near your home or workplace.)
- **Check credentials.** Are your top contenders board certified? Are their licenses current? What about their medical malpractice record? If you can't easily find this information about a particular doctor, move on.

  (A word of caution: a doctor can have a malpractice record in one state, but move and set up shop in another state with a clean slate. Research malpractice and disciplinary actions online.)
- **Know thyself.** By this, we mean your comfort level with your doctor. If you can't communicate openly, your doctor can have a hard time figuring out the root of your problem. (Just bear in mind, age or gender is no indication of your doctor's proficiency or ability to treat you.)
- **Is your doctor a listener?** This is a primary asset in prescribing the best treatment. Is your doctor patient with you, taking the time to explain medical issues in an understandable way? If your doctor is rude or insulting, then move on.
- **Hospital affiliation may inform your decision.** Most insurance companies' websites list provider hospital affiliations when you search for doctors online. Just be sure that the hospital also participates in your network.
- **The power of Google.** What do websites say about your doctor's interests, professional background, or accomplishments? What about other patient reviews on physician rating/ranking sites or Yelp?

Will my medications cost a million dollars?
Turn to page 9: Getting Your Prescriptions

Shoot, I broke my ankle/cut my hand/started throwing up! What should I do?
Turn to page 8: Dealing with Emergencies

Dealing with Emergencies

So you can't totally plan for the unexpected, but that doesn't mean that everything is out of your hands. Emergency planning sounds like an oxymoron, but believe it or not, there are certain actions you can take ahead of time. Like what? Well, glad you asked:

- **Check if your doctor's office provides after-hours care.** If there is none offered, find another doctor's office that does as a back-up.
- **Not all emergencies are equal.** Some plans offer a 24-hour emergency hotline or nurse helpline. Calling can help you figure out whether you really need to make that trip to the emergency room. Speaking of which...
- **Find out what urgent care centers and walk-in clinics are near you and within your plan's network.** An urgent care center can handle most medical emergencies that are not life threatening, like a sprained ankle, stitches for a cut, and more. Plus, you'll probably have a much shorter wait time than the emergency room (where you could be stuck for up to 24 hours before someone sees you!)
- **Know which hospitals in your area are covered within your plan's network.**
- **Know what emergency services your plan covers.**
- **Find out what your plan defines as an emergency.** It's usually something along the lines of "without treatment":

  your health or life would be in serious jeopardy

  you would suffer impairment or dysfunction of bodily functions, organs, or limbs

  you would suffer disfigurement

Basically, if you're not sure whether your emergency qualifies as such, then see "not all emergencies are equal." Otherwise, you can be left stuck with the bill (which can easily be a few thousand dollars). In other words, think twice before you consider going to the emergency room for a run-of-the-mill cold. Do yourself a favor and find a walk-in clinic on your plan's website!

The ER gave me a prescription. Is it covered?
Turn to page 9: Getting Your Prescriptions

I'd like to save even more on medical costs!
Turn to page 10: More Deals & Steals

Getting Your Prescriptions

The doctor sends you off with your prescriptions in hand. You get to the pharmacist, only to discover that your plan won't cover your medications. You either pay up or leave without your meds, your blood boiling. Here's how to avoid this tricky situation.

Know your prescription coverage. Just because your plan includes prescription coverage doesn't mean that all your meds will be covered. Check your summary of benefits:

- Does your plan have a deductible for prescriptions?
- If so, does it apply to all prescriptions? Or only select types like brands or nonpreferred (also called nonformulary) medications?
- What is your coverage for generic medications?
- What is your coverage for brand medications?
- What is your coverage for nonpreferred medications?

Next figure out...

- Is your prescription generic or brand?
- Is your prescription preferred or nonpreferred?

This last question may require a little extra research to find out. Luckily, most insurance companies make this information easily available online. You can either look up drugs on their site or download a list.

Both options will let you know whether a drug is generic or brand and preferred (formulary) or nonpreferred (nonformulary.)

Talk to your doctor. Now that you know how prescriptions are covered on your plan, find out what all your options are. If your plan only covers generics, ask your doctor if your brand medication has a generic option. If it doesn't, see if your plan would agree to cover it if you get prior authorization.

The key is open, direct, proactive communication with your doctor, before visiting the pharmacy.

Okay, I switched to generics. I'd like to save more on medical costs.
Turn to page 10: More Deals & Steals

I have existing medical debt. Can I get it reduced?
Turn to page 11: Getting Stuck with the Bill

More Deals & Steals

It pays to stay in-network. Make sure your medical providers participate in your plan's network. Even if your plan has out-of-network benefits, the difference in price is still pretty big.

Take advantage of discounts. It may not always be easy to dig up info on discounts that are included with your plan, but it could be well worth the hassle (like sending in that rebate for your brand new computer or phone.) Plans may offer discounts on acupuncture, massage therapy, vitamins, smoking cessation programs, gym/health club memberships and more.

Chances are you're already shelling out money for some of this stuff. Why pay full price? 10-25% here or there seems small, but altogether, that can add up to $600-$1000 a year you're spending unnecessarily. Hmmm....what can you do with that extra grand in your pocket?

Like "Buy 2 get 1 Free"? Who doesn't, right? That's exactly the kind of deal you get by using mail order pharmacies.

This is a benefit that many people frequently pass up (and along with it, extra savings.) When you use mail order for ongoing prescriptions, your copays can be reduced by as much as 50%. Not only that, you're also getting more for your money (as much as a 90-day supply vs. the standard 30-day supply.) Would you rather pay the full copay for a 30-day supply or half price for a 90-day supply? And shipping is often free, so you won't have to make any more trips to the pharmacy. The savings speak for themselves.

Go generic. Most brand name drugs have generic equivalents. Generic prescriptions are required to match the quality and effectiveness brand name ones, as per the US Food and Drug Administration (FDA.)

It's always best to talk to your doctor beforehand about any concerns to see if a generic drug equivalent of a brand is really right for you. The point we're trying to make is that you have nothing to lose in asking doctor about generic prescriptions. So, speak up!

When I was uninsured, I racked up a lot of medical bills.
Turn to page 11: Getting Stuck with the Bill

Getting Stuck with the Bill

Know this: you have an advantage in dealing with the healthcare system. Healthcare is a business, just like any other. Hospitals and doctors often view patient bills in terms of "Days Sales Outstanding." Some healthcare providers even gauge outstanding bills in seconds. Providers want to get paid. But don't underestimate your power in this relationship.

If you end up with medical debt, it may be tough to know where to begin. First of all, you should know what a bill represents. It lists medical services received and the dollar amount due for each. Note: the bill lists the going "retail" rate the healthcare provider bills for each service. Think of this as the MSRP (Manufacturer's Suggested Retail Price.)

Here's a little something most people don't know. The remaining debt for medical services is negotiable. If your insurance company picked up the bulk of the tab and healthcare providers were paid a large percentage of what they were owed, your money is just icing on the cake at this point. And if your medical debt hasn't been paid at all, the provider may be willing to accept a smaller fee. Hospitals and doctors are very often willing to reduce the amount owed (or even write off the debt!) You just need to call, explain your situation, and ask what you can do.

- *I learned a lot, but I'm still unclear on the finer points of healthcare.*
  Turn to page 12: Congratulations!





Congratulations!

You are now a health insurance expert! Here's a checklist to sum it all up, and refresh your memory if anything is a little unclear:

- Health insurance protects you from unexpected debt.
  Turn to page 1: How It's Supposed to Work
- Decoding a summary of benefits.
  Turn to page 2: Understanding Your Options
- Finding the best coverage for your needs.
  Turn to page 3: Find Your Plan
- Controlling healthcare costs.
  Turn to page 4: Health Savings Accounts
- Getting to the point and picking a plan.
  Turn to page 5: 5 Tips for Shopping
- Understanding how best to spend your healthcare dollars.
  Turn to page 6: How Much Is Too Much
- Choosing the perfect provider.
  Turn to page 7: Finding Dr. Right
- Responding to urgent healthcare problems.
  Turn to page 8: Dealing with Emergencies
- Making sure your medications are covered.
  Turn to page 9: Getting Your Prescriptions
- Strategies for getting the most out of your health insurance.
  Turn to page 10: More Deals & Steals
- Negotiating down medical debt.
  Turn to page 11: Getting Stuck with the Bill

Notes

Fractured Atlas is a national non-profit arts service organization with a multi-disciplinary membership of over 15,000 independent artists and arts organizations. Our core service areas include health insurance, fiscal sponsorship, professional development, and advocacy as well as the nation's only arts liability insurance program.

We are not an insurance company. We try to provide our members with access to affordable, appropriate insurance options. We can't guarantee the availability, suitability, or sufficiency of any type of coverage for anyone. The coverage descriptions in this brochure are an attempt to summarize our experience along with what we've been told by the insurance companies.

Visit us at fracturedatlas.org

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