



The Benefits Store
Save Money with Better Coverage



What Is Health Insurance?

Overview

Health insurance is a contract between you (or your employer) and an insurance company. You pay a monthly premium, and in return, the insurance company helps cover a portion of your medical costs.

Why Health Insurance Matters

Health insurance protects you from high and unexpected medical expenses. It also provides access to essential health benefits, including preventive care like vaccines, screenings, and annual check-ups - often at no cost to you.

How Health Insurance Works

You pay a monthly premium to maintain coverage. When you receive care, your costs depend on your plan and whether the provider is in-network.

After a visit, your provider submits a claim to your insurance company. Once processed, you receive an Explanation of Benefits (EOB) outlining what was covered and what you owe.

Key Cost Terms to Understand

- Premium: Your monthly payment for coverage
- Deductible: What you pay before insurance starts covering costs
- Copayment (Copay): A fixed amount you pay for services
- Coinsurance: Your share of costs after meeting your deductible
- Out-of-Pocket Maximum: The most you pay in a year for covered care

In-Network vs. Out-of-Network Care

Insurance plans have networks of providers. Staying in-network usually results in lower costs, while out-of-network care may be more expensive or not covered at all.

Types of Health Insurance Plans

- HMO: Lower costs, must stay in-network, requires referrals
- PPO: More flexibility, allows out-of-network care at higher cost
- EPO: No referrals required, but must stay in-network
- POS: Requires referrals, allows out-of-network care at higher cost
- HDHP: Lower premiums, higher deductibles

Government Programs

- Medicare: For individuals 65+ or with certain conditions
- Medicaid & CHIP: For low-income individuals and families

Eligibility and coverage vary by program and state.

Common Questions

Q: Do I have to pay even if I don't use my insurance?

A: Yes. Your premium is required to keep your coverage active.

Q: Why do I pay more out-of-network?

A: Because providers outside your network do not have negotiated rates with your insurance company.

Q: What is an Explanation of Benefits (EOB)?

A: It's a summary showing what your insurance covered and what you owe after a claim is processed.

Q: What should I look at when comparing plans?

A: Consider both monthly premiums and out-of-pocket costs like deductibles and maximums.

Key Takeaway

Health insurance helps protect both your health and your finances. Understanding how it works - and what you'll pay - can help you choose the right plan and avoid unexpected costs.

<https://www.healthcare.gov/why-coverage-is-important/>

<https://www.forbes.com/advisor/health-insurance/health-insurance-what-is-health-insurance/>

