

# Health Insurance: How's Your Coverage?

Coverage for the financial costs of illness and accident is one of the most important forms of protection an individual or family can have. Most people have health insurance through their jobs. But some people have no coverage, and others may have inadequate benefits.

If you want to buy a complete health insurance package, or supplement on-the-job coverage, here's what you should know.

## *Types of Health Insurance*

Basic health insurance covers part or all of the costs associated with hospitalization, surgery and medical care, often up to a yearly or lifetime dollar limit.

- Major medical insurance, sometimes called catastrophic insurance and usually designed to pick up where basic health insurance leaves off, provides protection against the financial costs of major or long-term illness. It comes with *deductibles and co-payment* features, which help to keep costs down. You may elect to pay a larger share of your yearly costs, in exchange for reducing the premium you pay. With co-payment or co-insurance you pay a portion, often 20 percent of costs up to a specified level.
- Hospital indemnity policies often sold by mail or through associations provide direct cash benefits when you are hospitalized. These policies do not provide comprehensive coverage, but can be helpful in supplementing other coverage and covering out-of-pocket expenses.

Bear in mind, however, that these policies provide benefits only while you are hospitalized and only after a specified number of days.

- Disability income policies provide you with an income, usually a percentage of your customary income, should you be disabled by accident or illness and therefore unable to work. You may have some disability coverage on the job, and you may be eligible for Social Security disability benefits as well. But if these benefits won't protect your family should you be out of work for an extended period, consider an individual disability income policy as well. You can keep premium costs down by electing to wait 30 or even 90 days before benefits begin. Be sure to select a policy that covers both accident and

illness, and one that pays benefits at least to age 65.

- So-called dread disease policies, applying only to the costs of a specific illness, such as cancer, are generally not a necessary purchase. It's preferable to improve your overall health insurance coverage, spending your premium dollars on better comprehensive benefits, rather than concentrating on one disease.
- Medicare supplements are insurance policies designed to fill some of Medicare's coverage gaps for older people. There are a number of such policies available, typically paying Medicare's deductible and co-insurance amounts, as well as covering some health services not covered by Medicare at all. Contact your agent for more information.
- Long Term Care policies generally cover a full range of care services from home care to adult day care and assisted living facilities, to nursing home care. The cost of long-term care as a result of a prolonged illness, disability or injury can be significant. Medicare and regular health insurance do not cover long-term care associated with everyday living such as bathing, dressing, eating or when individuals require regular monitoring. Premiums depend on the person's age when the policy is taken.
- Critical illness policies provide living benefits for critical illness survivors by paying a lump sum upon the diagnosis of a qualifying critical illness. This lump sum can be used to pay for private nursing costs, make upgrades to their homes, pay off a mortgage, pay for a child's education, or any other purpose. Conditions that are usually covered are: heart attack, stroke, life-threatening cancer, coronary artery bypass surgery, coronary angioplasty, major organ transplant, Alzheimer's, Multiple Sclerosis, renal failure, paralysis, blindness, and deafness.