

## [How Much Health Insurance Should You Have?](#)

Fox Business

The short answer: enough to help you and your family weather an unexpected illness or injury and/or manage chronic health conditions without undue financial hemorrhaging.

“You know you’ll likely need something, even if you’re a totally healthy person,” says Amy Bach, executive director of United Policyholders, a San Francisco-based insurance consumer advocacy group. “For most people, it’s about comparing deductibles, copays, benefit limits and reimbursement rates — basically, everything that you could be responsible for — and then any portion of services that would fall to you, such as hospital stays.”

Not much freedom of choice

Unlike home or auto insurance, there’s no way to place a value on the asset being insured — in this case, your health and the health of your family. And because the worst-case cost of medical remediation can be astronomical, insurers tend to hedge their risk and keep coverage affordable by offering their densely detailed cost-sharing contracts with little or no customization. So, often the question isn’t really, “How much health insurance do I need?” but, “What health insurance can I get?”

“Health insurance is offered much more on a take-it-or-leave-it basis,” says Bach. “About the only thing you get to choose is how many people you put on your plan.”

Typically, the employer-sponsored group plans that cover most Americans cost consumers less than individual insurance policies because the employer pays part or all of the premium.

The downside is, employers tend to offer only a limited number of plans, often one each from a health maintenance organization (HMO), a preferred provider organization (PPO) and/or an exclusive provider organization (EPO). Choosing from such a small slate of group plans may sound simple, but there can be challenges.

“You don’t want to sign up and find that the doctor you really like and have been going to for 10 years isn’t in the plan you chose,” says Dr. Keith Davis of Shoshone, Idaho, named 2014 national Family Physician of the Year by the American Academy of Family Physicians. “That could steer your decision.” Not ‘How much?’ but ‘Which plan?’

Like work-based health insurance, individual coverage that you buy directly from insurers on the private

market also presents more of a question of “Which plan?” than “How much?” And, selecting the right individual market plan has not been easy.

“You couldn’t do an apples-to-apples plan comparison because the plans looked so completely different,” says Bach. “There was no way to categorize them.”

That challenge eased dramatically late last year with the opening of the state health exchanges, America’s first public health insurance marketplace, created by President Barack Obama’s landmark Affordable Care Act.

The one-stop, online marketplaces provide easy-to-browse summaries of every policy in your state that is exchange-approved to comply with the Affordable Care Act. For ease of shopping, the exchanges organize their plans into four metal categories: from the highest priced/lowest deductible platinum plans on down through gold and silver to the lowest priced/highest deductible bronze plans.

Jen Mishory, deputy director of Young Invincibles, an advocacy group for consumers aged 18 to 34 years old, says the new federal minimum coverage requirements for exchange policies further simplify shopping for coverage.

“On the exchanges, you now have the 10 essential health benefits, so you know that you’re getting a plan that covers a lot of the services that young people need, such as free annual checkups, access to prescription drugs, and mental health and maternity services,” she says.

Health insurance rules of thumb

Follow these steps to find the right health insurance plan for you:

**Do a health inventory:** How’s your overall health? How often do you visit the doctor? Is your lifestyle risky? “The same principles apply to buying health insurance that apply to any other kind of insurance, which is: Try to know your risk,” says Amy Bach.

**Measure your health care consumption:** How many times did you visit the doctor last year? The year before? “If you went an average of 10 times a year, and your primary care copay was \$20, that’s \$200,” says Bach. “Now break out your copays for specialty/urgent care, lab tests, prescription drugs and so forth. That should give you the rough math of your health care consumption.”

**Survey your options:** If you have health insurance through work, understand your choices. Or, if you buy your own coverage or are currently uninsured, peruse your state exchange to become familiar with your plan options there. You may qualify for a tax credit to help pay your exchange plan premium.

**Identify your priorities:** Lower deductibles and copays will be top of mind if you make frequent visits to your doctor or have a chronic health condition. Or, a lower premium may matter more. “The classic mistake would be to have a low deductible when you don’t really need to and overpay for premiums,” says Dr. Keith Davis. “High-deductible plans can benefit a lot of people.”

Find your best fit: Once you've narrowed the field, closely compare the details of the plans most likely to meet your needs. "Don't go on price alone," Davis warns. "You may be happy with it because it's inexpensive, but it may not really give you good value."

Get a second or third) opinion: Before signing on for coverage, run your short list by others who are familiar with buying health insurance. "I still think getting an insurance agent is wise," says Davis. "Before changing plans or for a first-time purchase, I would get an opinion from at least one independent agent to make sure you're on the right track."

Sources: Amy Bach, Dr. Keith Davis, Jen Mishory

How much is just enough?

If your most basic answer to the "How much health insurance?" question is, "As little as possible," then you'll want to know that the exchanges also feature a list of compliant "catastrophic" plans for those who don't mind risking a high deductible in exchange for the lowest-possible premium. But be forewarned: Catastrophic plans are reserved for consumers who are under 30, or who have faced hardships, including having their previous health insurance canceled.

"If you're considering a catastrophic plan, it's important to think about your out-of-pocket burden," Mishory advises. "For instance, you could end up spending \$6,000 or more in deductible out of pocket before you see any cost-sharing from your insurer. Maybe for you that makes sense if you're willing to essentially self-insure to that amount."

So, how much health insurance do you need? As reforms continue to take hold, Bach expects more consumers will come to have a better understanding of what's "just right."

"Once we get through this painful period where people suddenly have to pay attention to health insurance for the first time, things are going to be a lot better for everybody," she says. "Part of what drove health reform was the need for people to take a little bit more responsibility for their health benefits. This will not only get more people into the system to balance it, but also encourage people to be more savvy consumers of health insurance."

Copyright 2014, Bankrate Inc.