

Understanding the Cost of Individual's Health Insurance Plans

Which health plan costs do you need to know about your individual's health insurance plan?

Your premiums

Your premiums are payments you make to keep your plan in effect. Usually, premiums are paid each month. Premiums are set by your insurance company based on factors such as health status, age, where you live, and where you work.

Your deductible

The deductible is the dollar amount you'll be responsible for before your plan begins coverage. Most individual health insurance plans let you choose your own deductible, so how do you choose the amount that's best?

It might seem like a lower deductible would be better. But a low deductible means you'll have to pay higher monthly premiums. It works the other way too — the higher your deductible, the lower your month's bills. You'll have to decide if you want lower monthly premiums or lower medical bills for your health care.

Copayments and coinsurance

If you have an individual HMO, you might pay \$15 at the doctor's office for a check-up. That's called your copayment. You pay a certain dollar amount of the bill and your plan covers the rest. HMOs offer copayments as low as \$10, while individual PPOs often charge copayments of \$40 or less.

Coinsurance is similar to a copayment, except it's expressed as a percentage rather than a dollar amount. A coinsurance rate of 80/20 means you'll be responsible for 20% of a medical bill.