



Making Health Care More Affordable and Accessible for All Americans

### What Can Consumers Do to Help?

1. When possible, choose health care the way other goods and services are selected—based on the best quality for the best price. A higher price does not necessarily mean better quality in health care.
2. Obtain care only when medically necessary and use the emergency room only for “true” emergencies.
3. Ask your medical providers about the care they are prescribing and what other treatment options are available.
4. Talk to your doctor and pharmacist about using less-costly generic prescriptions.
5. Remember prevention is the best medicine—make sure you and your family get regular checkups to stay in good health.
6. Make healthy lifestyle choices for yourself and your family—eat a balanced diet, get enough exercise, wear a seatbelt, don’t smoke, and drink alcohol in moderation.

Health insurance is expensive because health care is expensive.



### For More Information

The best source of high-quality health insurance at an affordable price is a professional health insurance agent or broker. To find a professional in your community, go to [www.nahu.org](http://www.nahu.org) and click on the “Find an Agent” feature.

# A CONSUMER Guide to Health Insurance

Sharing a Common Goal:  
Making Health Care More Affordable  
and Accessible for All Americans



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## Sharing a Common Goal:

## Making Health Care More Affordable and Accessible for All Americans

### What Is Health Insurance?

## Health Insurance

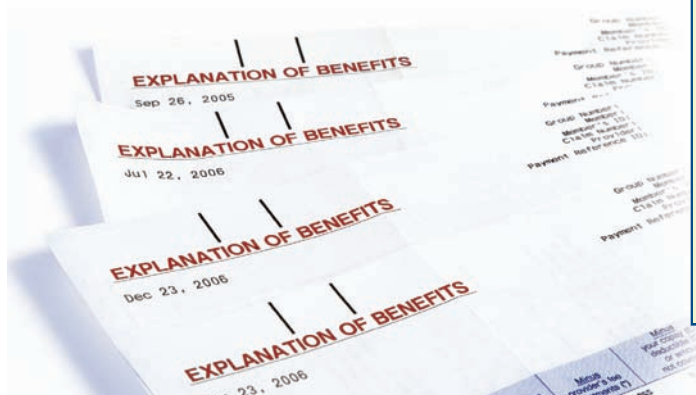
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Financial protection against expenses incurred for health care due to illness or injury. Private health insurance usually provides coverage for visits to the doctor or emergency room, hospital stays, medicines and other medical expenses.

### How Does Health Insurance Work?

There are many different types of health insurance policies. You may have health insurance coverage through your employer, or you might purchase coverage as an individual or family. Regardless of where your coverage is purchased, most policies have some common elements. Most policies have a deductible and require co-payments or coinsurance for certain services. A deductible is the amount of money a policyholder pays before the insurance starts paying its portion of expenses. After the deductible, most policies begin paying a fixed percentage of eligible expenses. The policyholder pays the remaining percentage, called coinsurance.

For example, if the insurance policy pays 80%, the coinsurance amount paid by the policyholder would be 20%. Many policies require co-payments, for example, \$20 for an office visit, instead of or in addition to coinsurance. Policies also differ in what they cover, the size of the deductible and/or co-payment, limits of coverage and the options for treatment available to the policyholder.



### Why Do We Need Health Insurance?

The purpose of health insurance is to help you pay for health care. It protects you and your family financially in the event of an unexpected serious illness or injury. You need health insurance because you cannot predict what your medical bills will be. In some years, your costs may be low, but in other years you may have very high medical bills. Health insurance gives you peace of mind, knowing that

you will be protected from most of these costs.

We are fortunate to live in a time when medical knowledge and technology are being used in amazing ways to help us live longer and more fulfilling lives. However, the price we pay to help us enjoy this lifestyle is extremely high, and is rising at an alarming rate. As the cost of health care has risen, so has the cost of health insurance.



### Important Questions to Ask When Seeking Medical Care

- Do you take my health insurance and, if so, are you in my preferred provider network?
- How much will the services you're recommending cost?
- Why do you recommend this treatment or procedure?
- What are the possible risks and/or side-effects?
- What other alternatives are available to treat my condition?
- If I choose not to be treated, what will happen?
- Are there any specific symptoms that should alert me to seek immediate care?
- Will I have any discomfort or pain from the treatment/procedure and how will that be managed?
- Does my condition/illness cause any restrictions (i.e., activity, diet, over-the-counter medications)?
- What medications will I need to take and for how long?
- Are there any side-effects or interactions with other medications I should be aware of?
- Do I really need a prescription? If so, is a generic available?
- How many times have you performed this procedure?

### CONTRIBUTORS TO THE RISING COST OF HEALTH CARE:



#### Demographics

The population is aging. As people reach middle age, they tend to require more medical care. In 10 years, spending on the elderly will total \$1.8 trillion.



#### Medical Technology

New developments have revolutionized the health care industry, giving us earlier diagnoses and better outcomes. However, state-of-the-art technology comes at a price. While new technology has enhanced the quality of life for many people, research shows that spending on medical technology has accounted for about 20% of the growth in health care spending and now exceeds \$200 billion a year.



#### Consumer Demand

Americans are heavy consumers of medical services. We want access to advertised drugs and services, as well as a wide choice of providers. And many consumers mistakenly believe the cost of treatment is just the amount of their co-pay. Recent studies show that 25% of doctor visits and 55% of emergency room visits are medically unnecessary.



#### Prescription Drugs

Prescription medication represents one of the fastest-growing health care expenses in our country today, and costs are projected to grow 20-30% each year over the next several years. New drugs have been developed to better treat conditions that would have been untreatable in the past.



#### Government Regulation

Both federal and state governments periodically develop new rules, regulations and laws. Although typically well-intentioned, each new mandate enacted puts a strain on the cost of health care.

Individually the mandates might be inexpensive, but together they add up.



#### Behavioral and Lifestyle Choices

As much as 50% of all health care spending is due to unhealthy behaviors like smoking, alcohol abuse and obesity. These behaviors lead to many serious chronic health conditions such as cancer, diabetes, heart and cardiovascular disease, and consumers are seeking medical solutions for the results of these lifestyle choices rather than engaging in activities that promote wellness.



#### Treating the Uninsured

More than 40 million Americans do not have health insurance. However, this does not mean most of them do not receive care when needed. Doctors and hospitals treat a large number of uninsured patients who simply cannot pay their medical bills. These uncollectible costs are shifted to the prices charged to insured patients, creating a vicious cycle of increased health care costs that result in decreased coverage for those who cannot afford the higher rates and premiums.