



What Benefits Are Covered by Health Insurance? vineyards

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Medical emergencies arising from accidents or illnesses wipe out savings. Health insurance, which protects savings from becoming depleted, is available in different forms from various insurance companies. The benefits available under various plans differ depending on the age of the beneficiary and cost of the insurance.

Health insurance plans are categorized according to the benefits they offer. The most common types of plans are:

- High-deductible health plans
- Health savings accounts
- Substandard health annuities
- Health reimbursement accounts
- Medicaid
- Medicare
- Long-term care insurance
- Custodial care
- Respite care

The High-Deductible Health Plan (HDHP)

This type of health insurance plan requires the insured to bear the initial costs of medical treatment. The portion of the initial cost borne by the insured is known as the deductible. These plans have high deductibles that vary from year to year. Deductibles for individuals and families are different.

High-deductible health plans lower healthcare costs by forcing the insured to be more conscious of his or her medical expenses. The higher deductible lowers insurance premiums, making health insurance more affordable.

The Health Savings Account (HSA)

An HSA is an account that can be created only by an individual who has a high-deductible health plan (HDHP), has not

enrolled in Medicare, and is not listed as a dependent on another person's tax return. Individuals or their employers can contribute to health savings accounts, and their contributions are limited to maximum amounts each year. Contributions made to health savings accounts can be used to pay for qualified medical expenses, including dental care, vision care, and over-the-counter drugs.

The money contributed to an HSA is tax-deductible, the growth of the money is tax free, and withdrawals from the account are tax free if the money withdrawn is used for qualified medical expenses.

The Substandard Health Annuity

Individuals suffering from terminal diseases purchase substandard health annuities. These plans pay more per period compared to straight life annuities because the life expectancy of the beneficiary is shorter than the average life expectancy of a healthy person of the same age.

The Health Reimbursement Account (HRA)

Health reimbursement accounts are employer-funded plans that reimburse employees for the medical expenses they have incurred because the standard health insurance plans offered by their employers do not cover certain medical expenses.

The reimbursement received by the employee is generally tax-free. However, health reimbursement accounts are employer-sponsored, so the employer has the right to cancel or alter the distribution.

Medicaid

This is a joint federal and state program that helps low-income individuals and families pay for long-term medical costs and custodial care costs covered by the program.

Medicaid covers the entire cost of staying in a nursing home or other facility as long as care is needed.

Medicare

This is a subsidized federal health program for:

- Individuals above the age of 65 who are U.S. citizens or have been permanent legal residents of the U.S. for five years.
- Individuals who are disabled and have been paid Social Security for a minimum of two years.
- Individuals who are undergoing dialysis for kidney failure or who require kidney transplants.
- Individuals who have Amyotrophic Lateral Sclerosis.



Medicare is divided into two parts. The first part covers in-patient hospital, skilled nursing facility, home health, and hospice care. The second covers almost all medical services, including doctors' services, wheelchairs, x-rays, and laboratory services.

Long-Term Care (LTC) Insurance

Long-term care is very expensive, making insurance coverage a necessity. As the name suggests, this type of coverage provides long-term care at a nursing home, in one's home, or at an adult daycare facility for individuals older than 65 or for those with chronic or disabling conditions that require constant monitoring. This type of insurance is more flexible and offers many options. Long-term care insurance policies generally provide only a specific dollar amount per day to a nursing facility or for home-care visits.

Custodial Care

Custodial care insurance plans cover non-medical care that helps individuals with daily

living activities such as administration of medication and preparation of special diets.

Custodial care is normally covered under long-term care insurance plans and is covered by Medicaid if custodial care is provided by a nursing facility. However, custodial care at home is covered only by long-term care insurance.

Medicare covers only medically necessary custodial care, and if provided at home, skilled care must be a part of the custodial care.

Respite Care

Respite care insurance coverage is for short-term or temporary care. The duration of such care may be a few hours or weeks. Respite care for the sick or disabled provides relief to their regular caregivers, who are usually family members. If caregivers do not take the breaks they need, incidents of neglect or abuse may occur.

ON THE NET

Health Insurance Plans
www.healthadel.com/articles/4/1/Health-Insurance-Plans/Page1.html

What Types of Health Insurance Plans Are There?
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Checkup on Health Insurance Choices
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