

Health Insurance

The **BIG** Idea

- Why do I need health insurance and where can I get it?

AGENDA

Approx. 45 minutes

- I. Warm Up: Thanksgiving Break (5 minutes)
- II. Health Insurance Check-Up (15 minutes)
- III. Examine the Options (20 minutes)
- IV. Wrap Up (5 minutes)

MATERIALS

PORTFOLIO PAGES:

- Portfolio pages 14-18, Freshman Year Budget (from Money Matters 1)

STUDENT HANDBOOK PAGES:

- Student Handbook page 127, Thanksgiving Break
- Student Handbook pages 128-129, Health Insurance Check-Up
- Student Handbook page 130-132, Examine the Options
- Student Handbook page 133-134, What's My Plan Worksheet

FACILITATOR PAGES:

- Facilitator Resource 1, Examine the Options Answer Key

- Calculators, one per student

OBJECTIVES

During this lesson, the student(s) will:

- Understand the need for health insurance.
- Learn the basic terms and options.
- Research their own health insurance needs.
- List their health insurance expenses on their budget.

OVERVIEW

In this lesson, students discover the importance of having health insurance and keeping it current. They gain familiarity with health insurance terms and options. They learn about employer benefits and the cost advantage of being covered through a policy at work. They hear about insurance options for college students, and ways that individuals who are not covered by employers can find individual or group coverage. They investigate their own health insurance costs for next year, and add them to their budgets.

PREPARATION

- List the day's **BIG IDEA** and activities on the board.
- Write the **VOCABULARY** words on the board or a piece of chart paper.
- Visit www.whitehouse.gov/files/documents/health_reform_for_young_adults.pdf for information about how the Affordable Care Act (2010) is expected to affect health insurance for young adults. Share with your students the recent changes re: pre-existing conditions, obtaining low-cost health insurance, and remaining on parents' plans. You may wish to print out a copy for each of your students.
- To provide your students with the most up-to-date insurance information and answers to any further questions they might have, please see the websites listed under **BACKGROUND INFORMATION**.

BACKGROUND INFORMATION

Health insurance is complicated, even for most adults, and health-care reform may render some of the information in this lesson obsolete.

To provide your students with the most current information about Medicaid and other insurance programs for low-income families, please check state and local government websites.

Students should also be encouraged to consult with their parents concerning health insurance coverage as they make the transition into young adulthood.

The following websites may provide additional information regarding health insurance issues. NOTE: The companies, agencies, and websites referenced in this lesson plan are for informational purposes only and should not be considered an endorsement by Roads to Success.

General Info

<http://healthinsurance.about.com/od/faqs/f/College.htm>

Insurance options for college students. Click the “Medicaid” tab for more info on that topic.

<http://healthinsurance.about.com/od/individualpolicies/a/indpolicy.htm>

Where to find an individual insurance policy.

<http://lifel happens.org/health-insurance/where-can-i-get-coverage>

Comprehensive info from a non-profit supported by the insurance industry.

<http://lifel happens.org/health-insurance/cost-estimator>

Costs of common medical procedures.

Employer Provided Benefits

<http://www.practicalmoneyskills.com/personalfinance/lifeevents/benefits/>

Award-winning website from VISA includes free downloadable lesson plans, as well as financial advice for adults. This link takes you to the Employer Provided Benefits section of Jean Chatzky’s Practical Money Series.

<http://www.opm.gov/insure/health/planinfo/index.asp>

Federal Employees Health Benefits Programs, searchable by state.

Individual Policies

<http://ehealthinsurance.com/>

Licensed to market and sell health insurance in all 50 states and the District of Columbia, eHealthInsurance has partnerships with more than 175 health insurance companies, offering more than 10,000 health insurance products online.

www.nahu.org

National Association of Health Underwriters, searchable by state.

Student Health Insurance

<http://www.studentshealthinsurance.com/>

Site selling student health insurance, searchable by state.

<http://www.aetnastudenthealth.com>

Student health plans sold by Aetna, searchable by school.

Insurance Plans for Freelancers

<http://www.freelancersunion.org/insurance/index.html>

Insurance options for freelancers in selected professions, searchable by zip code.

VOCABULARY

(In the order presented in the lesson)

Health Insurance Policy: a health insurance plan

Coverage: medical procedures your health plan pays for

Premium: the amount of money you pay to belong to a health plan

Deductible: a fixed \$ amount you pay each year before your plan begins paying

Co-pay: the flat fee you must pay for each medical expense

Coinsurance: percentage of the bill you must pay for each medical expense

HMO: a Health Maintenance Organization, which manages and provides medical care

PPO: a Preferred Provider Organization, which gives you flexibility in choosing medical providers

Network: a group of physicians, hospitals, and other providers who participate in a particular plan

Primary care physician: family or personal doctor

Prescription: Medication or drugs taken as directed by a doctor. (NOTE: Prescriptions do not include over-the-counter medications like aspirin or cough syrup.)

Pre-existing condition: An injury or sickness that was diagnosed or treated, or for which prescription medication or drugs were taken or prescribed, during a specific period before the date health care coverage begins

IMPLEMENTATION OPTIONS

For **Activity III, Examine the Options**, you may choose groups in advance, and assign students which option to read.

For **Activity III, Examine the Options**, if you feel pressed for time, instead of fielding a discussion you may call on one student per option to read all his/her answers.

ACTIVITY STEPS

I. Warm Up: Thanksgiving Break (5 minutes)

1. [As students enter the classroom, refer them to **Student Handbook page 127, Thanksgiving Break**. Give them a few minutes to read the story and fill out the sheet.]
2. **SAY SOMETHING LIKE:** Welcome, everyone. With a show of hands, who can tell me how they feel today? [Let hands go up.] Now, who can tell me how they'll feel tomorrow? What about next week? Next month? [Hands will drop.] Who here knows for sure when you'll next get sick, or have an accident? Of course you don't! No one ever knows when they're going to need medical care. And you also never know how much it will cost. Take Sean, for instance, who broke his leg on Thanksgiving. How much money did you think his accident cost?
3. [Let students share their answers.]
4. **SAY SOMETHING LIKE:** Those are good guesses. The real total is over \$10,000. (SOURCE: <http://lifehappens.org/health-insurance/cost-estimator>) Most people do not have that kind of money to pay out every time they have an accident or require medical care, which is why everyone needs health insurance, including you.

II. Health Insurance Check-Up (15 Minutes)

1. **SAY SOMETHING LIKE:** Health insurance, like car insurance, protects you financially. By paying a little every month you avoid paying a huge amount if something unexpected happens. But even day-to-day medical expenses, like seeing doctors and taking medication, can add up to a lot of money. So having health insurance is a "must", and you need to budget for it next year. But how much will it cost? Where will you get it? And what do you need to know, to choose a plan wisely? Let's check up on health insurance and find out.
2. [Ask students to turn to **Student Handbook pages 128-129, Health Insurance Check-Up**, which has the same **Vocabulary** words you've written on the board or chart paper. Suggest your students take notes on each term as you cover it. Point to each term as you say it.]
3. **SAY SOMETHING LIKE:** The first thing you need to know is there are many different kinds of plans, or **policies**. They each cost different amounts of money, and cover different kinds of medical services. For example, one policy might include dental care;

whereas another will pay for prescriptions. The list of what your policy does, and doesn't cover, is known as your **coverage**. And depending on your needs, one plan might have better coverage for you than another.

4. **SAY SOMETHING LIKE:** Although the details of insurance plans differ, they all have one thing in common: you have to pay a **premium**, or a basic amount of money, to belong to the plan. It's sort of like paying dues. Depending on the plan, a premium might be as low as \$90 a month, or as high as \$1000. However, if you work full-time, employers often pay a portion of your premium, which can help considerably.
5. **SAY SOMETHING LIKE:** In addition to a premium, most plans also have a **deductible**. Anyone remember what a deductible is, from when we talked about car insurance? [Let students answer.] That's right - it's the amount of money – besides the premium - you have to pay every year before your plan starts to contribute. So if your deductible is \$500 a year, and your medical bills total \$800, how much do you pay on your own? [Let students answer.] That's correct - you pay the first \$500, and your insurance company will help to pay the other \$300. But the key word here is "help." You will still have some out-of-pocket costs. Exactly how much depends on your plan.
6. **SAY SOMETHING LIKE:** With some plans, you pay a flat fee, called a **co-pay**, for every medical service. For example, when you go for a check-up, your co-pay might be \$25, and your insurance plan will pay the rest.

Or, if you have **coinsurance**, your share might be a percentage. Typically, an insurance plan pays 80 percent of an approved amount, and your coinsurance is 20 percent. But this can vary from plan to plan. So, let's talk about a few different kinds of plans, and see some of the differences.

7. **SAY SOMETHING LIKE:** The two most common types of plans are called **HMOs** and **PPOs**. HMO stands for Health Maintenance Organization, and PPO stands for Preferred Provider Organization.

HMOs are a little more limited than PPOs, but they can also be cheaper. Typically, HMOs cover medical care only given by professionals in their **network**, which is a specific group of providers they have contracts with. Also, in an HMO, before you can see a specialist, you must first get approval from your **primary care physician**, who's usually your main, or family doctor.

PPOs are more flexible than HMOs. They prefer you see a doctor in their network, and will pay a higher percentage of the bill if you do. But they will still cover out-of-network care, though at a lower rate. So, you pay more, but have more choice. Plus, you can seek medical care whenever you want, without first consulting your primary care physician.

8. **SAY SOMETHING LIKE:** When you're shopping for a health insurance plan, you must compare all the details we just covered. Here are some questions you need to ask:

- What kind of plan is it? (HMO, PPO, or other)
- What types of services are covered?
 - Are **prescriptions** covered?

Some health insurance plans do not cover prescriptions. Others may include coverage subject to a deductible or co-payment.

- Are **pre-existing conditions** covered?

There may be limitations on coverage for pre-existing conditions. These limitations may be waived or reduced if you can prove you were covered by an insurance plan within a specified period of time prior to your new plan.

- What's the premium?
- What's the deductible?
- What's the co-pay or coinsurance?
- What doctors and providers belong to the plan, and are they located near me?
- What steps must I take to get the care I need?

III. Examine the Options (20 minutes)

1. **SAY SOMETHING LIKE:** Okay, now that you've got the big picture, let's focus on you. Where will you get health insurance next year? Your options will be determined by your circumstances. You'll either be a full-time student, an employee with coverage provided by your employer, or an individual in need of a plan.
2. [Instruct students to turn to **Student Handbook pages 130-132, Examine the Options.**]
3. **SAY SOMETHING LIKE:** During this activity, you'll work in groups of three, each reading up on one of these options. You'll have 5 minutes to read and answer the questions at the end of your section, and then 5 minutes to share what you've learned with the rest of your group. Then, we'll get back together as a class, and spend 5 minutes summarizing our findings.
4. [Divide the class into groups of three. Tell students to decide, in their groups, who

will read and answer the questions for each option. They should then begin. After 5 minutes, announce that it's time to share information within their groups. Suggest they spend about 1 minute per topic. When 5 minutes has passed, call everyone back together.]

5. **SAY SOMETHING LIKE:** We should all be experts now on our health insurance options for next year! To summarize, who can tell me the key points that college students, employees, and individuals need to know?
6. [Field a discussion. Call on students to cover the material, using **Facilitator Resource 1, Examine the Options Answer Key** as your guide.]

IV. Wrap Up (5 minutes)

1. [Tell students to turn to **Student Handbook pages 133-134, What's My Plan Worksheet**.]
2. **SAY SOMETHING LIKE:** Now you're going to apply what you've learned to your own situation for next year. Pick the most likely scenario of the three we just discussed and, using **Student Handbook pages 133-134, What's My Plan Worksheet**, estimate your health insurance costs for next year.
3. [Give students a few minutes to work.]
4. **SAY SOMETHING LIKE:** Now, add your expenses to the "Estimate" column of the Health Insurance section, which you'll find on **Portfolio page 17, Freshman Year Budget**.
5. [Give students a few minutes to work.]
6. **SAY SOMETHING LIKE:** Very good work. As you can see, health insurance costs are nothing to sneeze at! So, before next week's class, when you finalize your budget, talk to your parents about health insurance. Find out if you'll be covered on their plan, or if you're going to buy your school's insurance. If you have a job lined up, check into the health care benefits and find out what your monthly payment will be. And if you need to look into other options, start to search right away. Have a great week, and I'll see you next time!

Examine the Options Answer Key

I. Full-time Student

1. What requirements must you check on your parents' policy, to see if you'll be covered next year?

Answer: Age limits, full-time status requirement, documents of proof

2. If your parents have an HMO or PPO, what must you find out about the region where you are attending school?

Answer: If you can access your HMO or PPO providers in that area

3. What reasonably-priced option may exist for students not covered by their parents' plan?

Answer: Many college and universities offer student health plans

(NOTE: Mention that students should find out the deadline for signing up.)

4. What happens if you're currently covered by your parents' Medicaid?

Answer: You will lose eligibility at the age of 18, and must find other coverage or apply to Medicaid on your own

II. Employee With Coverage Provided by Employer

1. What are the cost advantages of a group health insurance plan provided by your employer?

Answer: A lower premium, and your employer pays part of it

2. What fraction of your base pay might employer-sponsored benefits (including health insurance) be worth?

Answer: A third or more

3. What are some of the coverages you might find in a good employer-provided plan?

Answer: Prescriptions, dental, vision

4. What plan is available if you leave your job? Who pays the premiums and how long does it last?

Answer: COBRA, you pay the premiums, it typically lasts 18 months

3. Individual in Need of a Plan

1. How might an individual find a group health insurance plan?

Answer: Join a union, professional association, or other group that offers it

2. What can you do if you work part-time?

Answer: See if your company will let you in on their plan

3. What's the downside to individual coverage?

Answer: More expensive, and you pay the premium yourself

4. How can you find an individual health insurance plan?

Answer: Use an independent insurance agent, or look online

Thanksgiving Break

It happened on Thanksgiving Day. Sean, his sisters, and all fifteen cousins decided to play a quick game of touch football before dinner. They promised their parents that no one would get hurt during the game, and in fact, no one did. It was after the game – after Sean made the winning touchdown by catching a spectacular pass in the end zone – that his cousins leaped on him to celebrate. He ended up on the bottom of the pile-up, breaking a leg.

Instead of heading home to eat turkey, Sean took an ambulance to the hospital, checked into the emergency room, got an X-ray, met with an orthopedist, and had a cast put on his leg.

1. Estimate how much money you think all of these medical expenses cost.

\$ _____

2. If this, or any accident, happened to you, how do you think you would pay for it?

Health Insurance Check-Up

Health Insurance Policy: a health insurance plan

Notes: _____

Coverage: medical procedures your health plan pays for

Notes: _____

Premium: the amount of money you pay to belong to a health plan

Notes: _____

Deductible: a fixed \$ amount you pay each year before your plan begins paying

Notes: _____

Co-pay: the flat fee you must pay for each medical expense

Notes: _____

Coinurance: percentage of the bill you must pay for each medical expense

Notes: _____

HMO: a Health Maintenance Organization, which manages and provides medical care

Notes: _____

PPO: a Preferred Provider Organization, which gives you flexibility in choosing medical providers

Notes: _____

Network: a group of physicians, hospitals, and other providers who participate in a particular plan

Notes: _____

Primary care physician – family or personal doctor

Notes: _____

Prescription – Medication or drugs taken as directed by a doctor

Notes: _____

Pre-existing condition – An injury or sickness that was diagnosed or treated, or for which prescription medication or drugs were taken or prescribed, during a specific period before the date health care coverage begins

Notes: _____

Questions to ask about health insurance plans:

1. What kind of plan is it? (HMO, PPO, or other)
2. What types of services are covered?
 - Are prescriptions covered?
 - Are pre-existing conditions covered?
3. What's the premium?
4. What's the deductible?
5. What's the co-pay or coinsurance?
6. What doctors and providers belong to the plan? Are they located near me?
7. What steps must I take to get the care I need?

Examine the Options

1. Full-time Student

Parents' Insurance Plan

If you will be a full-time student next year, you must check if you can still be covered under your parents' plan. Some insurers allow it, but there are often age limits to continuing **coverage**. Some plans have a cut-off age of 19, others go up to 25 or 30. And if you marry, you may lose eligibility altogether.

In addition, up to 60% of insurers require you to maintain full-time student status, and to prove it every semester with a document from your college.

If you are covered by an **HMO** or **PPO**, and you are going away to college in another state or region, you should check that you can find your HMO or PPO providers in that area. If you are going to college far from home, you may not be able to find a doctor or hospital near your school that will accept your HMO's coverage. If this is the case, you'll have to use out-of-network medical providers, which may not be covered at all, or may cost a lot of money.

School Plans

Most colleges and universities offer their own student health plans. These plans are usually reasonably priced (often under \$1000/year) and give you access to doctors and hospitals near the school. If you are attending college far away from home, this is an option you should consider.

What about Medicaid?

If you currently receive health care provided by Medicaid, you will lose eligibility under your parent's plan at the age of 18, whether you are a student or not. You can apply for Medicaid on your own, as an adult. If you will attend a college that offers a health insurance plan, that may be an option for you. You can also investigate individual health insurance plans – a more expensive option if no others are available.

(adapted from <http://healthinsurance.about.com/od/faqs/f/College.htm>, ©2009 About.com, a part of The New York Times Company.)

NOTE: The companies, agencies, and websites referenced in this lesson plan are for informational purposes only and should not be considered an endorsement by Roads to Success.

Key Questions:

1. What requirements must you check on your parents' policy, to see if you'll be covered next year?
2. If your parents have an HMO or PPO, what must you find out about the region where you are attending school?
3. What reasonably-priced option may exist for students not covered by their parents' plan?
4. What happens if you're currently covered by your parents' Medicaid?

2. Employee With Coverage Provided by Employer

Many employers offer group health coverage. The big advantage to you as an employee is that this coverage costs less than health insurance you purchase on your own. Premiums are generally lower than with individual coverage. And, in the workplace, the employer usually pays a significant part of the premium. The combined value of health insurance and other employee benefits can be worth a third or more of your base pay. So, if your salary is \$24,000/year, your health insurance and other benefits may be worth \$8000 or more. (You won't see this money, but employee benefits mean you don't need to dig into your own pocket for stuff you really need.) Employer-sponsored health plans often provide good coverage, with prescription, dental, and vision plans included.

Another nice feature is that if you work for an employer with more than 20 employees, you can keep your coverage if you leave your job. Under this plan (called COBRA), your employer no longer pays any part of the premium. You have to pay it yourself, plus a small administrative fee. The advantage of COBRA is that you're still eligible for the company's group rate, which may be less expensive than purchasing a policy on your own. COBRA only allows for temporary coverage (typically 18 months), but it's a great way to keep your health insurance until you find other employment or obtain coverage elsewhere.

(sources: <http://lifehappens.org/health-insurance/where-can-i-get-coverage>, <http://www.practicalmoneyskills.com/personalfinance/lifeevents/benefits/>)

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Key Questions:

1. What are the cost advantages of a group health insurance plan provided by your employer?
2. What fraction of your base pay might employer-sponsored benefits (including health insurance) be worth?
3. What are some of the coverages you might find in a good employer-provided plan?
4. What plan is available if you leave your job? Who pays for the premiums and how long does it last?

3. Individual In Need of a Plan

If you will not have health insurance coverage at work or under your parents' plan, you will have to find a policy on your own. Group **coverage** is always cheaper than an individual policy with similar coverage, so you should first look into joining a union, professional association, or other group that has a health insurance option. Many professional organizations (like The Freelancers Union) are easy to join, and some only charge a small upfront membership fee, like \$25 or \$50.

If you work part-time, you should see if your company will let you in on their plan. You may have to work a certain number of hours, but given the cost benefit, it's always worth investigating.

Individual insurance plans can be expensive, but this is a better option than having no insurance at all. You will have to pay the entire premium yourself, so shop around to find a plan that fits your needs at a price that you are willing to pay.

Here are two good ways to search for an individual policy:

- Use an independent insurance agent. You can get a list of licensed salespeople from your state department of insurance, or visit the [National Association of Health Underwriters](http://www.nahu.org) website (www.nahu.org) to find an independent agent in your state.
- Look for health insurance coverage online. Several websites, like eHealthinsurance.com, allow you to compare policies from different insurance companies, side-by-side. Then you can contact the companies on your own.

(adapted from: <http://healthinsurance.about.com/od/individualpolicies/a/indpolicy.htm>, ©2009 About.com, a part of The New York Times Company, and <http://lifehappens.org/health-insurance/>)

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Key Questions:

1. How might an individual find a group health insurance plan?
2. What can you do if you work part-time?
3. What's the downside to individual coverage?
4. How can you find an individual health insurance plan?

What's My Plan? Worksheet

Adding Health Insurance Costs To Your Budget

College Students

1. If you know you will be covered by your parent's policy, use \$0.00 as your monthly health insurance cost.
2. If you take prescription drugs on a regular basis, and know what the monthly co-pay or co-insurance is, add where indicated.

OR:

1. If you will purchase health insurance from your school, and know what it costs per year, divide by 12 and use this amount as your monthly health insurance cost.

\$_____ (divided by 12) = \$_____per month

2. If you don't know how much it costs, use \$1000 as an estimate. \$1000 divided by 12 = \$83.33/month.
3. If you take prescription drugs on a regular basis, and know what the monthly co-pay or co-insurance is, add where indicated.

Employees with Coverage Provided by Employer

1. If you expect your employer to provide health insurance, and think you know your yearly salary, assume you'll spend 6% on your health insurance premium. Find 6% of your yearly salary, and divide by 12 to find your monthly expense.

Yearly salary x .06 = yearly health insurance premium

\$_____ x .06 = \$_____ (divided by 12) = \$_____per month

2. If you take prescription drugs on a regular basis, and know what the monthly co-pay or co-insurance is, add where indicated.

Individual In Need of A Plan

1. If you know the yearly cost of your premium, divide by 12 to find your monthly expense.

\$_____ (divided by 12) = \$_____per month

2. If you aren't sure what your plan will cost, use \$500/month as an estimate.
3. If you take prescription drugs on a regular basis, and know what the monthly cost, co-pay or coinsurance is, add where indicated.

