Answering the Most Common Health Insurance Questions: eHealthInsurance Covers the Basics

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MOUNTAIN VIEW, CA, Apr 04, 2011 (MARKETWIRE via COMTEX) --

Today eHealthInsurance (NASDAQ: EHTH), the leading online source of health insurance for individuals, families and small businesses, highlighted five questions commonly asked by consumers contacting the eHealthInsurance customer care center.

"Our customer care center is staffed by over 100 licensed health insurance professionals and we take thousands of calls each day," said Gary Matalucci, eHealthInsurance Vice President of Customer Care. "Over the past year, we've seen that while consumers are struggling to understand what health care reform means for them, they also continue to ask basic questions like 'what is a copayment?' or 'how does a deductible work?' It's important to understand the health insurance basics if you really want to find the right plan for your needs."

The five questions below represent a sample of the most common questions received at the eHealthInsurance customer care center. An additional five common questions will be highlighted and answered at eHealthInsurance's consumer blog, Get Smart - Get Covered.

Health insurance consumers may contact eHealthInsurance by telephone, email and live online chat. The customer care center can be reached by telephone toll-free at 800-977-8860.

Most Commonly Asked Consumer Health Insurance Questions

Question: "What are copayments, deductibles and coinsurance -- and how do they differ from one another?"

Answer: A "copayment" or "copay" is a specific dollar amount ($10, $15 or $20, for example) that you may have to pay for an office visit or a prescription drug. A "deductible" is a dollar amount (typically between $500-$3000) that you may be required to pay out-of-pocket each year before the health insurance company pays medical bills for some covered services. "Coinsurance" usually describes the percentage of a total bill that you may have to pay for certain services.

Things can get a little complicated when you want to understand how all these things work together, but here are a few things to remember. First, keep in mind that not every plan has a deductible or coinsurance -- though many high quality plans do. Second, keep in mind that many preventive care medical services (check-ups, immunizations, etc.) may be covered at no out-of-pocket cost, even if your deductible has not been met for the year. Third, remember that copayments and coinsurance don't usually count toward your annual deductible -- though you may have an "annual out-of-pocket limit" that puts a ceiling on how much you can be expected to pay out-of-pocket each year for covered services. Lastly, keep in mind that some plans have more than one deductible. For example, a health insurance plan may have a standard deductible that applies to most medical services and a prescription drug deductible that only applies to prescription drugs.

Question: "Can my application for individual or family coverage be declined? Are pre-existing medical conditions covered?"

Answer: Until 2014, when the last major consumer provisions of the health care reform law come into effect, it is still possible for adults in most states to be declined coverage due to a pre-existing medical condition. There are a few exceptions. Several states (among them New York and Massachusetts) will not allow insurers to decline an applicant on this basis. And as a result of health care reform, children under age 19 can no longer be declined coverage solely on the basis of pre-existing medical conditions -- though they may have to wait for special open enrollment periods to enroll.

Not all pre-existing medical conditions will result in a declination of coverage. If your application for individual or family coverage is approved, the insurance company may or may not require a waiting period before coverage of certain conditions begins.

Question: "How long do I need to keep this health insurance policy? What if I don't need it for very long?"

Answer: Unlike employer-sponsored health insurance plans that might lock you into your coverage for a year, individual and family plans that you buy on your own can be cancelled at any time. You'll typically pay for your coverage on a month-to-month basis. When you want to discontinue your coverage, contact your licensed agent or the insurance company directly.

Question: "Can I buy a health insurance policy from one state and use it in another?"

Answer: "Health insurance is regulated on a state-by-state basis and each state has its own health insurance market. Buying health insurance across state lines is not allowed at present -- and the fact is that it wouldn't make much sense to do so. Health insurance companies negotiate with doctors and hospitals in their state or local area to secure discounted prices on medical services for their members. That's one of the basic benefits of health insurance. However, health insurance companies do not typically negotiate discounted rates with health care providers outside of their state. As a result, if you were to buy a plan in one state and use it in another, you would probably have to pay more for your medical care than if you bought a health insurance policy for your own state.

Question: "What is an HSA? Can I pay my monthly premiums using HSA funds?"

Answer: HSA stands for "Health Savings Account." HSAs are special savings and investment accounts designed to be used only in conjunction with qualifying high-deductible health insurance plans. Because qualifying health plans often have higher annual deductibles, they typically come with lower monthly premiums, which can make them attractive to many consumers. If you have an HSA-eligible health insurance plan, you may also open an HSA and make deposits to it on a tax-advantaged basis up to an annual limit, so long as those funds are used to pay for qualifying medical expenses. HSA funds cannot, however, be used to pay for monthly premiums.

Deposits to your HSA can be made either by yourself (in which case they're tax-deductible) or by your employer (on a pre-tax basis). Funds can grow from year to year and be invested at your discretion to earn interest on a tax-free basis too. You can use those funds to pay for copayments, deductibles, prescription drugs and a whole host of other medical services (but not monthly premiums!). If you use funds in your account for pay for anything other than qualified medical expenses, you will face tax consequences at the end of the year.

Additional Resources:

-- Visit eHealthInsurance's consumer blog, Get Smart - Get Covered, for answers to five more common questions this week
-- Individual and family health insurance consumers are encouraged to download eHealthInsurance's health insurance buyer's guide
-- Self-employed persons and small business owners are encouraged to read eHealthInsurance's 'Health Insurance for Entrepreneurs' buyer's guide

About eHealth eHealth, Inc. (NASDAQ: EHTH) is the parent company of eHealthInsurance, the nation's leading online source of health insurance for individuals, families and small businesses. Through the company's website, www.eHealthInsurance.com, consumers can get quotes from leading health insurance carriers, compare plans side by side, and apply for and purchase health insurance. eHealthInsurance offers thousands of individual, family and small business health plans underwritten by more than 180 of the nation's leading health insurance companies. eHealthInsurance is licensed to sell health insurance in all 50 states and the District of Columbia, making it the ideal model of a successful, high-functioning health insurance exchange. eHealthTechnology's solution (www.eHealthTechnology.com), is also a leading provider of health insurance and provides a suite of hosted e-commerce solutions that enable health plan providers, resellers and government entities to market and distribute products online.

For more health insurance news and information, visit the eHealthInsurance consumer blog: Get Smart - Get Covered.

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