Module 8 Article

The Importance Of Employer Health Insurance

Advantages Of Employer Insurance

Obtaining health insurance coverage through an employer plan has many advantages compared to buying private insurance or being uninsured. One of the greatest benefits of getting health insurance from your employer is that it typically costs less than purchasing a private plan. Typically, employers pay a majority of the premiums for their employees, and those premiums are often much lower than what individuals can find on the private market. This can be especially beneficial for those who may not have the financial resources to purchase their own plan.

Another advantage of having an employer-sponsored health plan is access to a wide range of coverage options and benefits. Employers usually provide several different health insurance plans, allowing employees to select coverage that best meets their needs. This provides workers with more control over what is covered in their policy and how much they pay out-of-pocket for expenses like deductibles and copayments. Furthermore, employer plans typically offer additional benefits such as vision and dental that are not typically included in private policies.

Additionally, employer plans are generally easier to obtain than individual ones due to the guaranteed issue provision associated with group plans. This means applicants cannot be denied coverage based on pre-existing conditions or other factors when applying for an employer-sponsored policy. By contrast, it is difficult for people with pre-existing conditions or who are older or have higher healthcare needs to find adequate coverage on the individual market at an affordable rate.

Finally, another benefit of having employer-sponsored health insurance is greater job stability since employee benefits can make a job more attractive and therefore help reduce turnover rates among employers. Health insurance is an important part of overall compensation packages; if one job offers better healthcare options than another, it could influence an employee's decision when considering which position to accept or stay in long term.

It’s Cheaper In The Long Run To Pay For Insurance

The cost of health insurance can often seem like a burden, especially in comparison to the immediate financial gain of spending money elsewhere. However, it is essential to consider the long-term implications of not having health insurance and how this could potentially cause far greater financial difficulties than just not having that extra cash on hand.

A study by the Harvard School of Public Health revealed that medical bills are the leading cause of bankruptcy in America, with over 60% of bankruptcies being related to medical problems. This was true for people with and without health insurance coverage alike, demonstrating how costly even the most basic treatments can be if you lack coverage.

Moreover, those who do not have health insurance may also be deprived access to preventative care services such as regular check-ups or vaccinations. These visits are necessary for ensuring early diagnoses and can drastically reduce costs further down the line, both in terms of cost of treatment and potential missed work days due to illness. The CDC states that preventative care measures save billions across the US each year – but only if you have access to them through insurance coverage. Not having access to these key services can lead to complications which require more intensive treatment and can be financially devastating in extreme cases.

Paying Medical Expenses Out Of Pocket Can Be Really Bad

Consider a plan with a $2,000 deductible and 20% coinsurance rate on services after the deductible is met. In this situation, an individual would need to pay the first $2,000 of their healthcare expenses before the insurance company would start covering any portion of the costs. Once they've met their deductible, they will then be expected to pay 20% of all expenses up to their maximum out-of-pocket limit. So if they receive $10,000 worth of care in a year after meeting the deductible, they would need to pay an additional $2,000 over and above what their insurance company paid.

A higher deductible and/or coinsurance rate can have an even greater impact on out-of-pocket costs. For example, let's say someone is enrolled in a plan with a $4,000 deductible and 30% coinsurance rate. In this situation, the person would need to pay the full $4,000 before any coverage kicks in from their insurance company – meaning that if they received care totaling $8,000 for the year after meeting their deductible, they would still be responsible for another $3,200 in out-of-pocket expenses.

It's also important to note that some health plans come with other cost sharing mechanisms such as copays which can further contribute to overall medical expenses. A copayment is generally a fixed amount paid for specific services (e.g., doctor visits or prescription drugs) regardless of how much those services cost overall. Copays are typically lower than both deductibles and coinsurance payments but can add up quickly depending on how often someone needs care throughout the year.

For instance – let's say someone has a health plan with a $3,500 deductible and 25% coinsurance rate but also includes a copayment of $30 per doctor visit; if they needed 8 doctor visits throughout the year that would add an additional $240 to their total out-of-pocket costs (in addition to whatever else may be owed towards the deductible or coinsurance).

STANDARDS: 6.12.5a, 6.12.5b, 6.12.5c