

REDUCING YOUR HEALTH INSURANCE PREMIUM

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Almost all Iowans annually see an increase in their health insurance premiums. This is particularly true in the most vulnerable groups for rate increases in health insurance, the small employers and individual policy holders, whose numbers include over 565,000 Iowans. For those in this category, paying for an increase in health insurance premium will mean changes to their budgets which are often already stretched thin or perhaps discontinuing health insurance. Consumers deciding how they can afford a premium increase should consider ways in which they may be able to reduce their health insurance premium.

The first step in exploring ways to reduce health insurance premiums should include evaluating what is needed and wanted from a health insurance policy. In other words, what are the basic or minimal requirements that must be present in a policy in order for that policy to properly service the policy holder. As an example, a fifty-something male may not need maternity benefits, but a young woman may feel maternity benefits are essential to any policy purchased. Once a policy holder knows what will be needed from their health insurance policy, that policy holder can consider what other factors would be desirable or ideal. With this knowledge, a policy holder will have the necessary information needed to evaluate health coverage.

Some policy holders may decide they are satisfied with their current insurance company. This is often true for individuals who are concerned that changing their insurance company may mean the loss of one of their doctors as an "in-network" provider. Policy holders wishing to stay with their current insurance company but might still have options for reducing their premiums. One of the most common ways to reduce a premium is by increasing the deductible. This option is often popular with those who rarely use their policy. However, a policy holder must understand that increasing a policy's deductible may delay when an insurer will start contributing to the payment of claims. Another way to reduce premiums on a current policy would be to explore possible ways to eliminate or reduce certain coverage options. Some policy holders may determine that a benefit is not one they will use and can therefore be eliminated. The extent of the benefit reduction available will depend on the policy and the insurance company offering coverage.

In the case where a policy holder decides their current insurance policy will no longer meet their needs, shopping around is recommended. Each insurance company has a different underwriting practice, which is the company's process of evaluating a potential policy holder for acceptance as a person to be covered by their policy, as well as for determination of different premiums that may be available. Some policy holders have even successfully qualified for cheaper policies with their current health insurance company upon investigation and application.

Some Iowans don't know where to start when shopping for insurance. For policy holders who are comfortable researching on their own, some insurance companies place plan information on their company website for review. Policy holders that would like more guidance in the review of policy options may wish to work with an agent. An alternative starting point for finding an insurance policy is

to review a government health insurance information website. The state of Iowa Insurance Information Exchange website at <http://www.insuranceinfoexchange.iowa.gov/index.html> and the federal website www.healthcare.gov provide additional resources to review. Healthcare.gov may even provide some possible policy options to explore for both small business and individual shoppers of health insurance.

As health insurance premiums keep increasing, affordability will become an issue for more and more Iowans. Knowing what options may be available to maintain health insurance coverage is a necessary tool all policy holders should have.