

#healthyadulting

A YOUNG INVINCIBLES INITIATIVE

#HealthyAdulting 101: How Does My Health Insurance Work?

What is Health Insurance?

Health insurance is a contract between you, the consumer, and an insurance provider, usually a private company or government program, to share the costs of your health care services. The Affordable Care Act (ACA) now requires most people to maintain health insurance that meets "[**minimum essential coverage**](#)" or pay a fine.

Yes! Accidents can happen to anyone. Health insurance can protect you from overwhelming medical debt if you get sick or injured. Plus, now thanks to the ACA, preventive services like an annual check up, screenings, and vaccinations are covered by your insurance at no additional cost to you!

Do I need it? Why?

The Affordable Care Act requires health plans to be comprehensive, meaning there is a minimum standard that must be included in all plans sold on the health insurance marketplace. [**The 10 Essential Benefits**](#) include:

What's In it?

- Outpatient services
- Emergency services
- Hospitalization
- Maternity & newborn care
- Mental health and substance abuse disorder services
- Prescription drug coverage
- Rehabilitative and habilitative services
- Lab services
- Chronic disease management/preventive and wellness services
- Pediatric services

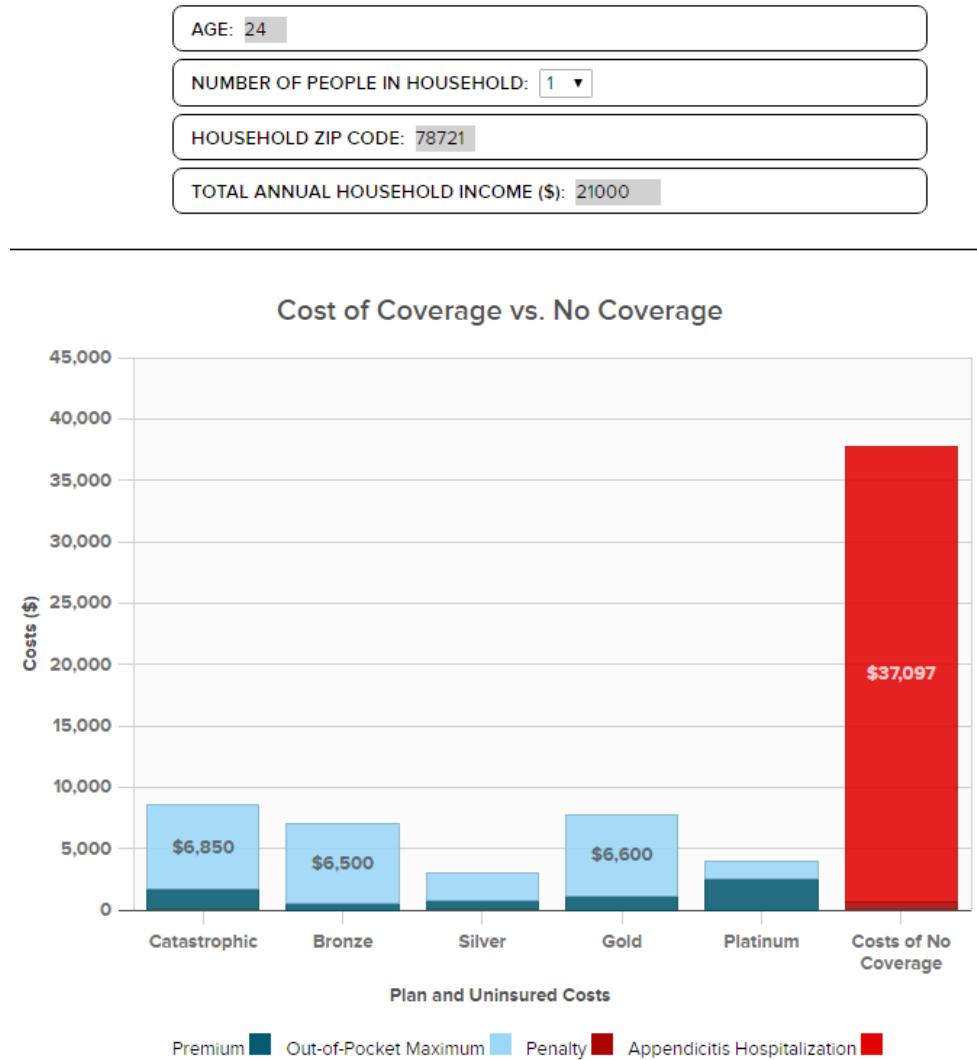
Generally, you (the consumer) will pay a **premium**, or monthly payment, directly to your insurance provider to stay enrolled in your health insurance plan. Consumers are also responsible to pay some of their out of pocket costs, known as "**cost-sharing**." Cost-sharing can take many forms, but most plans include a **deductible**, or the amount of money you must pay before the insurance provider starts paying for your medical costs. Many plans also include a **co-pay**, which is a fixed amount for certain types of care, like a doctor's visit or a prescription drug, and **co-insurance**, which is a percentage

But How Does it Work?

If you use a lot of health care services, you may reach your **out of pocket maximum**, or the maximum amount you would pay in a single year for **in-network**, covered services. Once you hit this amount, the insurance provider covers the rest of your in-network costs.

[**Click here for a full glossary of health insurance terms.**](#)

What if your appendix bursts? If insured, no matter what kind of plan you have, in addition to your premiums you would pay no more than \$7,000 out-of-pocket, so long as you use doctors, hospitals and other providers included in your plan's network. Without insurance, hospitalization (plus that penalty!) could cost you nearly \$40,000! Want to see your own cost comparison results? **Check out: ACASpotlight.org.**



How do I
get it?

- If you're under 26, you can stay on your parent's health insurance
- Job-based coverage through your employer or your spouse's employer
- Student health plan through a college or university
- Medicaid for qualifying low-income families and individuals
- The health insurance marketplace: HealthCare.Gov

The Penalty: Why Pay Something for Nothing?

If you don't maintain health coverage all year, you may pay a penalty of \$695 or 2.5% of your income, whichever is greater. Why pay a hefty fine and still be vulnerable to high medical costs in case of an accident? Depending on your income, you may be eligible for a tax credit to lower your monthly premium, making coverage a much better deal for your health and your wallet. Check out our Tax Credits 101 fact sheet to learn more.

Have more questions about health insurance? Download our free HealthYI app!