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Insurance Choices

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So if you've made it to this article, it probably means that being a dependent on a parental plan doesn't work for you and your school sponsored plan doesn't make the grade. So what other options do you have? In this article, we'll discuss this common dilemma and some additional options that might be available to you.

- **Employer sponsored.** If you have access to an employer sponsored plan, this is usually a reasonable option with a variety of good features. You may not have to satisfy a waiting period if you have a pre-existing condition and there are usually ways to continue your insurance even if you stop working for the company. At most companies, the premium is very reasonable through a combination of employer negotiating power and employer contributions. Sometimes, though, for young adults, these plans may actually be more expensive than what you can get individually, so still shop around.
- **Association sponsored.** If you maintain an affiliation with a professional group (there are literally thousands of groups representing all sorts of professions, from librarians to nurses, commercial fishermen to free-lance writers) or even with your college's alumni association, you can often purchase individual health insurance coverage through the group's preferred insurance company. The insurance plans offered are purchased individually, making them similar to the individual policies that we'll discuss below. An additional benefit of going through an association is that the insurance company may discount the premiums across the board for certain organizations and you'll also help out your school or group at the same time.

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- **Individual insurance plans.** For most college students who've exhausted other options, this is likely where you'll turn next. Contact the health insurance companies directly (make sure you contact a reputable,

national company and not a fly-by-night operation advertising on a telephone pole) or through a reputable health insurance broker to inquire about the options available to you. For most students, the plan with the most affordable monthly premiums will likely be an individual high deductible health plan (HDHP). Common things to look for when selecting at an individual plan:

o **How much will the plan cover toward your lifetime medical costs?** Remember, a major accident or illness could run into the hundreds of thousands of dollars, so a lifetime maximum of one million dollars is not unreasonable.

o **What are the premiums and what are the circumstances in which they will increase?** A few dishonest companies will offer you an inexpensive plan to start but if you make a claim will jack up your premiums to unaffordable levels.

o **Will I be able to automatically renew my insurance at the end of the term?** There have been reports of some companies refusing to renew plans at the end of the contract term, thus leaving patients stranded midway through chemotherapy or other important medical treatments.

o **How much will I have to pay out-of-pocket before my insurance kicks in?** Just like with other types of insurance, the lower the premium, the higher the deductible. Unfortunately for most college students or young adults, the most affordable individual plans will require that you meet a deductible (usually a thousand dollars or more) before your health insurance kicks in. This might sound unpleasant, but wouldn't you rather be out a few thousand dollars versus a few hundred thousand dollars?

o **What type of pre-existing conditions and family history will I be required to provide?** When you apply for individual insurance, you'll go through a process called underwriting. That's when you tell the insurance company your medical and family history so they'll be able to price your insurance accurately and weed out fraud. It's similar to giving an auto insurance company your driving history. Be as absolutely thorough as possible when filling out the application, because some insurance companies have been known to cancel policies if they later determine you've omitted even relatively minor information. Also, keep in mind that individual policies may not cover treatment of pre-existing conditions, so you'll still have to budget for these additional expenses.

I hope that this article has familiarized you with some common questions to ask when considering a health insurance plan. Next Wednesday, we'll wrap up the series and re-emphasize the most important points from all the previous articles.

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