



TIPS

from the Consumer Health Action Network

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Limited Benefit Plans – a new insurance option Consumers Beware

Have you been offered a health insurance plan from your employer that’s been called limited-benefit, mini-med, bare bones, minimum benefit, or flexible benefit plan? With a choice between one of these plans and a more traditional and probably more expensive health insurance plan, how do you know what the difference is and which one is right for you and your family?

Limited-benefit health plans are a cheaper health benefit option for employers to offer their workers. Companies offer these plans because they believe employees think that some health insurance is better than no health insurance. But there are some serious restrictions and limitations to how much coverage these plans provide. Figuring out which type of plan to buy really depends on what you (and your family) need. **Insurance companies in Connecticut are mandated to inform consumers that limited benefit plans are NOT designed to be substitutes for basic health insurance or major medical coverage.**

Possible advantages	Possible disadvantages
Cheaper monthly premiums (\$50-\$100)	Still have a co-pay Usually no out-of-pocket maximum
More physician choices	Often limit the number of visits per year
Coverage for hospital stays	Very low amounts paid for hospital stays (only pays a few hundred dollars per day when hospitals usually cost thousands per day) Limited number of days covered
Can be used with Health Savings Accounts	Have to purchase a catastrophic health insurance plan
No pre-existing condition limitation	Limits on lab work covered Limited types of prescription drugs covered Limited prescriptions filled per month Limited or no coverage for chronic diseases

Some questions you should ask before buying into a limited benefit plan:

- How much does the plan pay for emergency care?
- What are the financial caps on hospital stays? What is the daily maximum? How many days are covered?
- How much in total will the plan pay out in a year? Is there a deductible?
- How much coverage is there for surgical procedures?
- What prescription drugs are covered? What is the co-pay or deductible for the drugs? What is the monthly maximum for prescription drugs?

It is also very important that you investigate what the services you may need actually cost. Call your doctor or hospital and ask what they charge. The limited benefit plan financial limits may sound very high, but many people who have always had insurance are shocked when they learn what health care services now cost. You will be responsible for the balance, which could be many thousands of dollars.

Health insurance and health care is expensive. Buying one of these plans is gambling that you won't get sick or have an accident. While limited benefit plans are a cheaper option, make sure you understand what you're buying before you pay for it. If you can't afford a comprehensive health insurance plan, you may be better off setting aside the money you would have spent on premiums for limited benefit plans and saving it for future medical bills.

SOME INSURANCE IS NOT ALWAYS BETTER THAN NONE!

If you have any questions about your employer's health benefits, call us toll-free at 1-888-873-4585 or the Connecticut State Office of Health Care Advocate toll-free at 1-866-HMO-4446.