Are You Cover

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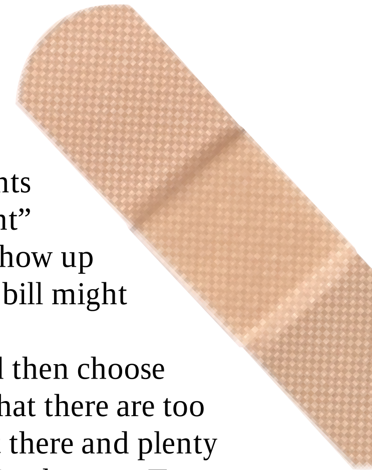
by *1099* Staff

Here's some premium information about healthcare for soloists



Accidents happen. People get sick. Eventually, we all need medical help. But if you're an independent professional, the odds are alarmingly bad that you don't have healthcare coverage. According to a poll by American Express Small Business Services, 75 percent of respondents say that finding affordable healthcare is a "very important" issue. If you're one of them, read on. You don't want to show up at the emergency-room door without any coverage. The bill might cause a relapse.

To find a good plan, you need to do some research and then choose carefully. The problem isn't that IPs are uninsurable or that there are too few policies to go around. There's plenty of coverage out there and plenty of reputable carriers that would be happy to cover you. But beware: To find the right plan, you'll have to slog through tons of jargon and piles of fine print. And it's hard to find a policy that you can comfortably afford.

The biggest strike against you is your soloist status. When it comes to healthcare, there is safety in numbers. One of the key reasons a large company can negotiate a reasonably priced plan for its employees is that it can spread the dollars out over a lot of policyholders. That means providers don't have to worry about the health risk each worker poses: Even if a dozen employees needed expensive, David Crosby–style liver transplants, providers know that the rest of them will get by with just the occasional aspirin or turn-your-head-and-cough exam. And those are pretty cheap.

With individuals, it's a different story. Healthcare providers insist on peering into your medical past to see what your healthcare future might hold. If you're a health risk, the price jumps; and if you have a preexisting condition, it may be excluded from your coverage. Or say you get sick and have to stay in the hospital for a few days. Chances are that whoever provided you with your Solo Worker Deluxe Health Plan will lose a bundle. And those folks don't like losing money.

Although healthcare in the United States may be the best in the world — if you can afford it, that is — it's also a tangle of expensive high-tech procedures, sky-high prescription costs, hospital mergers and closings, and crazy regulations too complex for you to face alone. So don't. And the good news: You don't have to.

Join the Gang

To take some of the sting out of getting coverage as a solo worker, you can join a good-sized organization. Signing on through an association makes it more likely that a carrier will accept you. It also should lower your premiums, thanks to the group's buying power.

PHOTOGRAPH BY ZOE CAMPAGNA

For more details about professional groups, see "Plans Built by Association" at 1099.com/health

Some chambers of commerce, for instance, offer healthcare plans to their members. You also can get coverage by hanging with the National Association of Private Enterprise, the Small Business Benefit Association, or the National Association for the Self-Employed. "[NASE has] a great health-insurance program," says freelance writer Angela Bendorf Jamison. "I was on it until I got married. I had full coverage, and it was only $150 per month, which I thought was very reasonable."

Many industry and professional groups also offer health benefits. In the film industry, for example, both the Association of Independent Video and Filmmakers and Mass Media Alliance extend healthcare programs to members. And the Professional Photographers of America, the Independent Computer Consultants Association, and the Public Relations Society of America all make sure that their people can afford to get sick.

Have we failed to mention your profession? Well, fret not. The *Gale Encyclopedia of Business and Professional Associations* offers a comprehensive list of national, state, and regional organizations. Alas, it's not available online, but your local library should have a copy.

There is one twist to getting a plan through an association: It may not actually be offering you a group rate. For instance, group rates are available through the National Federation of Independent Business . . . but only to businesses that have at least two employees. As an IP, you could be a member of the NFIB's insurance group, but you would be buying an individual policy.

Just Pick Out a Plan, Stan

The types of plans organizations offer range from inclusive policies — health maintenance organizations (HMOs) and preferred-provider organizations (PPOs), for example — and traditional indemnity policies, to very specific programs — catastrophic-illness plans and medical savings accounts (MSAs). Here's a primer on the differences.

Become a Network Star

An HMO acts as a broker between medical facilities and physicians, and the employers and individual patients who use their services. Employers usually pay a portion of each employee's monthly premium; the employees pay the rest plus an out-of-pocket fee, or copayment, each time they use a service. Because IPs are both employer and employee, they get to pay the entire monthly premium as well as any copayments.

When you sign up with an HMO, you choose or are assigned a primary-care physician who functions as a gatekeeper for the HMO. Your PCP decides, for example, whether or not you should see a specialist for that bleeding ulcer you earned on your last project. This is the downside to HMOs: To lower costs, they sometimes refuse to pay for services that you want but they deem nonessential. You also are limited to the doctors in the network: If your general practitioner doesn't belong to your new HMO, you have to switch doctors or pay full price to keep seeing your physician.

So which HMOs are best? Kaiser Permanente is one that provides inexpensive care and high-quality service. In *U.S. News & World Report*'s most-recent ratings of HMOs — published in 1998 — Kaiser's HMOs were the only plans in California that earned four stars. "For the most part, Kaiser owns the hospitals it runs and keeps its physicians under contract," says James Walsh, editor of *Hassle-Free Health Coverage* and *The Insurance Buying Guide*.

Still, Kaiser has plenty of competition. Michael E. Carbine, editorial vice president of Atlantic Information Services, which publishes *Managed Care Week*, says that WellPoint Health Networks, which offers coverage through Blue Cross in California and UNICARE in twelve other states, "is consistently held up as one of the best-run and [most] consumer-friendly health plans." Carbine adds that another reputable national provider is UnitedHealth Group.

TIPS

Healthcare for IPs-to-Be

Are you planning to go solo and worried about losing your employer-provided health insurance? Well, here's an instance where the government truly wants to help. Thanks to the benevolence of the 99th Congress and the health-benefit provisions in its Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, you can keep that nice policy a while longer.

Under COBRA, certain workers who leave full-time jobs or lose health-insurance coverage because of reduced work hours can keep their old health-insurance policies for 18 months by picking up the payments themselves. Yes, coverage costs more than it did when these people were working full-time, but at least they don't have to worry about health insurance.

"Although the premium [I'm paying now] is higher than the company-subsidized premium, the COBRA rate is still lower than anything I could find through my research," says Todd Appleman, an IP PR man in Los Angeles. "Ultimately, during the 18-month period, I'll save $1,152. It was easy to do and one less change to make as I started my freelance career."

There are limits to and some restrictions on COBRA coverage. For instance, the program is available only if your employer had 20 or more employees for at least half of the last calendar year. If you're eligible for COBRA coverage, you should receive a notice from your healthcare provider after you leave the bosom of your former employer. You then have 60 days in which to start paying premiums on your own.

Getting Around the Gatekeeper

An interesting variation on the basic HMO plan is the point-of-service plan. A POS is essentially an HMO with some out-of-network coverage. The plan reimburses members for certain out-of-network expenses, even those their PCP hasn't recommended.

With a POS, routine in-network benefits like preventive health-and-wellness services are similar to those offered by an HMO and carry similarly low out-of-pocket costs. Out-of-network benefits and costs vary depending on the point of service at which members receive care. In practice, you usually pay the bill up front, and the carrier reimburses you later for a certain percentage of the cost. Premiums for this type of coverage are a bit higher than they are with a standard HMO plan.

The PPO: More Flexible Than a Bendy Straw

A PPO resembles an HMO in that it consists of a network of healthcare professionals and hospitals that contracts with an employer or insurance company to deliver medical care to a specified group of patients. However, unlike the HMO with its gatekeeping PCP, PPO members can see any doctor or specialist in the network without a referral. Another PPO plus: The network of care providers often is larger than an HMO network.

The penalty for all this relative freedom in terms of whom you see and when you see them is, of course, higher monthly premiums. A possible downside: PPOs don't coordinate care as well as HMOs do. Which is to say, healthcare providers in an HMO have access to your medical records and are familiar with the other folks in the network; PPO providers aren't always as well connected.

HMO. POS. PPO. How do you choose? Do some comparison shopping with a large carrier, many of which offer lots of different plans. One example is Philadelphia-based CIGNA. Theirs is "a good managed-care program, and CIGNA runs both an HMO and a PPO," says Walsh. There's also Aetna U.S. Healthcare, which, like CIGNA, offers a range of plans: Health plans available from either of these companies include several HMOs, a PPO, a POS or two, and more specialized plans — but not every plan is available in every state. (Check out "All Over the Map: Insurance Providers by Region" for a more extensive list of health plans by locality.)

Durable Indemnity

Indemnity plans are the oldest, simplest, and most expensive U.S. health-insurance option. These traditional fee-for-service

TIPS

All Over the Map: Insurance Providers by Region

As long as insurance laws and regulations vary from state to state and even county to county, your search for healthcare must proceed, at least in part, along a regional path. The following insurers received the highest ratings in their regions from the National Committee for Quality Assurance. The ratings are based on scores in five categories that seek to measure customer satisfaction, freedom, and health benefits.

Buying direct from the providers listed below may not always be the cheapest option. In fact, it may be the most expensive. On the other hand, buying direct gives you the greatest selection, and exploring the options here will give you a good lesson in what's available if you do decide to turn to other sources for your healthcare. Most of the following companies, in addition to meeting the NCQA's highest standards, offer a variety of plans for individuals and families.

Northeast:
Aetna — CT, DE, NJ (aetnaushc.com)
AmeriHealth — NJ (amerihealth.com)
BlueCHiP — MA, RI (bcbsri.com)
Blue Cross Blue Shield — MA (bcbsma.com)
Excellus Health Plan — NY (bcbsra.com)
Fallon Community Health — MA (fchp.org)
Preferred Care — NY (preferredcare.org)
Tufts Health Plan — MA (tufts-healthplan.com)

Southeast:
Aetna U.S. Healthcare — LA (aetnaushc.com)
BlueChoice PPO — GA (bcbs-ga.com)
CIGNA HealthCare — SC (hlthsrc.com)
Companion HealthCare BCBS — SC (companionhealthcare.com)
Kaiser Permanente — GA (kp.org/ga)
Prudential Healthcare — FL (407) 875-6600
Prudential Healthcare — TN (615) 248-7100

North Central:
Arnett Health Plans — IN (arnettplans.com)
Blue Plus—IA, MN, ND, SD, WI (bluecrossmn.com)
Exclusive Healthcare — NE (mutualofomaha.com)
Health Alliance Medical Plans — IL (healthalliance.org)
PersonalCare — IL (personalcarehmo.com)
Physicians Plus — WI (pplusic.com)
UnitedHealthcare of Ohio — IA, IN, KY, NE, OH (unitedhealthcare.com)

South Central:
CIGNA HealthCare — KS, MO (cigna.com)
PacifiCare — OK (pacificare.com)
Prudential HealthCare Plan — TX (713) 984-6400
Scott and White Health Plan — TX (254) 724-2111

Northwest:
Intermountain Health Care — ID, NV, UT, WY (ihc.com)
PacifiCare — OR (pacificare.com)
Premera Blue Cross — WA (425) 771-3111
Providence Health Plan — OR (503) 215-2981

West:
Aetna — CA (aetnaushc.com)
CIGNA HealthCare — CA, NV (cigna.com)
Health Plan of the Redwoods — CA (hpr.org)
Kaiser Permanente — CA (kaiserpermanente.org)
PacifiCare — CA, NV (pacificare.com)

plans date back to the 1920s. In one of the earliest programs, Dallas schoolteachers were offered 21 days of hospital care in exchange for $6 a year. The deal was immensely popular and soon expanded into other industries, until the small teachers' health plan had become Blue Cross. Over the next 50 years the program evolved into Blue Cross Blue Shield.

Here's how indemnity plans work today: You pay an annual deductible — that is, your first *X* dollars' worth of healthcare bills each year — and a percentage of each charge you incur beyond that dollar amount until you reach the plan's cap. At that point, the plan pays for everything. Suppose your deductible is $1,000, and your cap is $5,000. You would pay all of the first $1,000 of healthcare bills and 20 percent of the next $4,000; your insurer would pick up the tab for everything else. Remember that your copayments are in addition to your monthly premium: The higher your deductible and cap, the lower your premium.

Indemnity plans typically come with some of the highest premiums out there, but you're free to choose any doctor or hospital you want. Most indemnity plans have an out-of-pocket maximum and pay 100 percent of all "usual and customary" charges after you reach it. Because they are so expensive, though, many insurance companies no longer offer indemnity plans.

Healthcare à la Carte

If you're feeling fit and can't abide the thought of paying hundreds of dollars each month for healthcare coverage, think about a policy with a high deductible. Providers of health insurance — like providers of car insurance and homeowner's or renter's insurance — reward you for accepting greater risk (read: paying higher out-of-pocket expenses) by charging you lower premiums. If you take this route, you may want to think about opening a tax-advantaged MSA to deal with minor medical stuff.

A relatively new arrival on the healthcare scene, the MSA was created by the Health Insurance Portability and Accountability Act of 1996. People with high-deductible policies — currently $1,600 to $2,400 for individuals, $3,200 to $4,800 for families — may be eligible to set up an MSA. An MSA allows you to deposit money into a designated account each month and pay small medical bills as they arise by writing checks against those funds. You set up an MSA as you would an IRA, through a bank or some other financial institution; and like contributions to an IRA, contributions to an MSA are tax-deductible. The only time you pay taxes is when you withdraw funds for nonmedical expenses, either at the end of each year or at age 59½, when it's time to spring for a diamond-encrusted walker. Note: The feds limit yearly contri-

The Price They Pay: Six IPs and Their Healthcare Costs

***1099* asked a handful of IPs about their real-life experiences getting healthcare coverage. As you might expect, some were happy, some were not; but all had interesting and useful stories.**

IP	Business	Plan Provider	Type of Plan
Beth Blenz-Clucas, Portland, Oreg.	Publicist	ODS Health Plans	HMO
Heidi Clevenger, San Diego, Calif.	Editor	PacifiCare	HMO
Meredith Emmanuel, Los Angeles, Calif.	Publicist and graphic designer	Cal State Northridge Associated Students Union	Fee for service (80/20 percent, general; 90/10 percent, drugs)
Charrisse Min Johnston, Princeton, N.J.	Event planner	Horizon Blue Cross Blue Shield of New Jersey	Traditional indemnity
Nina P. Messina, Cleveland, Ohio	Graphic designer	Medical Mutual of Ohio	HMO
Kerry Nesbit, Winston-Salem, N.C.	Writer and graphic designer	Partners Medical Plan	HMO

butions to MSAs to 65 percent of the deductible for individuals and 75 percent of the deductible for families. So an individual whose policy has a deductible of $2,000 can contribute a maximum of $1,300 a year to an MSA.

You also should know that MSAs may be an endangered species. Healthcare costs are a big topic in Washington. Last year, Congress passed legislation to keep MSAs alive … at least for a while longer. Thanks to former President Clinton's end-of-term bill-signing frenzy, you now have until December 31, 2002, to set up an MSA that can serve you your whole IP life.

Don't Let the Fancy Brochures Fool You

It's not enough to pick a plan; you need to pick the right one for you. The only way to know if the plan fits is to ask questions. Where to start? Consider the following before you sign on the dotted line:

• **Quality ratings.** The nonprofit National Committee for Quality Assurance (ncqa.org) grades HMOs and POSs on its Web site. HealthGrades.com rates more than 200 plans based on data from comprehensive, nationwide surveys of plan members. Caredata.com, although designed for those working in the healthcare industry, has surveyed nearly 50,000 health-plan members. You can find its ratings in the Consumers section of the Web site. Finally, check your state's insurance department to see if complaints have been filed against companies you're considering.

• **Benefits design.** You can't be sure what kind of medical services you're going to need in the future, but you can be sure which services are covered. Ask. Does the plan offer prescription-drug coverage when you go outside the network? Does it cover mental-health costs? Drug rehabilitation? Maternity? Are experimental or nontraditional treatments covered? What about preexisting conditions? Allergies? High blood pressure?

• **Doctor – patient relations.** Do you have a choice of doctors? What's the procedure if you want to change your PCP? Does your insurance plan pay doctors per patient? Does it offer financial incentives to doctors who minimize costs? Can you appeal the decisions your doctor makes?

• **Insurance company – IP relations.** Do you have to submit a claim to be reimbursed for your expenses? "Dealing with health-insurance companies if you have a claim is an incredible thing. It takes hours to get through to them," says Scott McCartney of the McCartney Agency in Ardsley, New York.

In the end, you have to be ready to spend a lot of money for no tangible benefit. If you're healthy, that is. In time, you may even learn to ignore the large expense — just as you did with car insurance — and write the premium checks without cringing. Going without any type of healthcare plan is asking for trouble. Save yourself that trouble, and get some coverage. 1099

Premiums	How Acquired	Quality
$470 per month for a family plan, some of which is subsidized	Through her husband's employer	"The plan is fine, but the price is very high. Next year, we may switch to a program that provides greater freedom of choice."
$144 per month; $1,872 per year (figures based on 4-week month, 52-week year)	Through her husband's employer	"It's good for routine medical care. The prescription benefit is a boon: I pay anywhere from $5 (for generic drugs) to $20 (for newer drugs)."
Approximately $600 per year as an individual	Through her school	"Great deal, but I must use the student health center for all initial consultations and referrals. A nice perk of getting an advanced degree is that it allows me to get super-cheap health insurance."
$227.96 per month (up from $148.47 per month in 1998) as an individual	Through an insurance agent	"One word: *awful*. I'm getting minimum coverage for an exorbitant price. The cost has gone up approximately 25 percent every year since I first signed up."
A little over $200 per month as an individual	Through the local chamber of commerce	"The plan is okay, but certain diagnostic tests are not covered, and the coverage for prescriptions doesn't generally save me much."
$260 per month	By incorporating, she can buy into a group plan individually	"It's a vast improvement over the traditional indemnity policy I had. My former plan had no prescription-drug benefits. Now I'm paying substantially less than before."