Health Insurance Made Easy

fifs Franconia Insurance & Financial Services

KEYSTONE

Understanding Health Care Literacy

Personal health care literacy refers to your ability to find, understand and use health care information and services to make informed decisions for yourself. It includes being familiar with health care basics, understanding common medical terms and navigating health care information effectively. Improving your health care literacy can help you avoid unnecessary spending, stay healthy and prevent health problems down the line.

Health Care Literacy Levels

The National Assessment of Adult Literacy categorizes individuals into four levels of health literacy:

1. **Proficient**—People with proficient health literacy have the least difficulty navigating the health care system because they have the necessary skills to perform complex and challenging literacy tasks. They can understand detailed written materials, synthesize information and make complex inferences. This group is typically effective at following health instructions and adhering to treatment plans.

2. **Intermediate**—Individuals at this level can read and understand moderately complex health care documents, extract relevant information and draw reasonable conclusions. They can interpret graphs and charts and make inferences from information on drug labels and other documents. These individuals can generally navigate the health care environment.

3. **Basic**—Those at the basic level can handle simple, everyday literacy tasks, such as reading, understanding and using information from short health articles, brochures and medical pamphlets. They also have some understanding of common medical conditions. However, these individuals may struggle with navigating more complex health care concepts and some treatment plans.

4. **Below basic**—Individuals at this level have limited literacy skills; they may be nonliterate or able to locate information in basic documents, such as hospital forms and medical pamphlets. They can often perform simple math operations, such as addition, and understand a short set of instructions given before a medical exam. However, this level of literacy is significantly lower than what is necessary to navigate the health care environment.

Why Health Literacy Matters

Studies show that low health literacy is linked to various adverse health outcomes, such as poorer overall health, limited understanding of chronic disease management and lower adherence to medication. Additionally, people with inadequate health literacy are more likely to:

- Use emergency services
- Have trouble predicting health care costs
- See the wrong provider
- Not follow the directions of a health care provider
- Make poor lifestyle and health decisions
- Not know where to access health services
- Pay more for health care than necessary
- Be readmitted to the hospital within 30 days

Conclusion

Health care literacy is essential for better managing your well-being and preventing the risk of diseases. Check with HR or your manager for health care resources that may be available from your organization.

What Is a Deductible?

A deductible is a common health insurance term you may have questions about. Your health insurance deductible is a set amount you must pay before your insurance company starts to share the cost for covered medical expenses. Essentially, it represents your initial financial responsibility before insurance helps cover the financial burden of medical care.

Understanding our out-of-pocket health insurance costs can help you manage your annual medical expenses and improve your health literacy. This article provides an overview of deductibles.

Overview of Deductibles

You will typically be responsible for paying 100% of your medical expenses until you reach your deductible for the year. Routine preventive care, like annual check-ups and vaccinations, may be covered by insurance without first meeting the deductible. Once you've reached your deductible, your health insurance coverage will kick in to begin sharing the cost of medical expenses. For example, if you have a health insurance plan with a $1,000 deductible and receive a covered medical service that costs $1,500, you are required to pay the first $1,000 (the deductible). Then, your insurance plan will typically cover the remaining $500, subject to any copayments or coinsurance specified in the plan terms.

Generally, the higher your deductible is, the lower your monthly premiums will be, and vice versa. It's important to note that not all health care expenses count toward the deductible. Health care costs that are out of network or not approved by the health care plan may not count toward the total.

Choosing Your Deductible

Finding the health care plan with the right deductible for you will vary depending on your health and financial circumstances. For example, if you are healthy, don't need much medical care and prefer lower monthly premiums, a higher deductible health plan may be right for you. Alternatively, if you expect high medical costs for the year and prefer more comprehensive coverage, a health care plan with a lower deductible may be a better choice. You can often select your deductible when signing up for health insurance.

The Cost of Medical Expenses After Reaching Your Deductible

Your health insurance will begin sharing the cost of medical expenses with you after you've reached your deductible. However, you will still be responsible for paying your monthly premiums. Additionally, your plan may require you to pay a copayment or coinsurance for medical services. Here's what you should know about these payments:

- **A copay** is a set amount you'll pay for each health care service. These payments usually begin after you've reached your deductible. For example, your copay for a routine doctor's visit might be $15.

- **Coinsurance** is the percentage you pay for covered health care services. Your coinsurance will typically start after you've reached your deductible. For example, if your coinsurance is 20%, you'll be responsible for paying 20% of your medical expenses until you reach your out-of-pocket maximum.

Conclusion

Understanding how your health insurance works can help you manage your finances and protect your health. Your deductible plays a critical role in helping you plan and mitigate the cost of medical services throughout the year.

Contact your employer to learn more about your health insurance.