

Radio Glencoe Podcasting

The Money Roundtable

Episode 3 – The Value of Health Insurance

Glenn and McGraw interview a health insurance consultant who talks about how health insurance works, the importance of health insurance for young people, and how you can get health insurance.

Glenn Good day, everybody. Welcome to Radio Glencoe Podcasting. I'm your host Glenn Coe.

McGraw And I'm your host McGraw Hill. And this is *The Money Roundtable*, where we talk about financial topics of importance in today's world.

Glenn Our show today is about something that young people don't usually think about—*until* they get the flu, or break their arm, or something like that.

McGraw And when that happens, gee, are they glad when they can see a doctor or go to a hospital without having to pay a fortune. That's because they have health insurance. And that's the topic of our show today.

Glenn Our guest is Jesse Ramirez, an insurance consultant who works with families and young people. Jesse, tell our listeners about what happened to you when you were younger that got you into the health insurance business.

Jesse I never thought about health insurance when I was in high school. My dad had insurance for our family through his job, but I was clueless. After high school, I was a part-time student at a local college and I wasn't covered by his insurance any more. Then one afternoon, I was playing baseball with my friends. I hit a home run, and I was rounding the bases, but I wasn't paying attention. Next thing you know, I tripped on second base, fell down, and broke my arm *and* my nose.

McGraw Wow. And you didn't have any health insurance, right?

Jesse None. And you won't believe how expensive this was—close to \$3,000. I had to pay for the emergency room and all the doctor's fees myself.

Glenn And that's how you got into health insurance?

Jesse It actually was. I majored in business, and when I finished college, I got a job with an insurance company. Now I like to talk to young people who are getting ready to graduate high school, so thanks for having me here today.

McGraw So tell us, why would high school students want to think about health

insurance when they've got dating and music and homework to think about?

Jesse I know insurance is pretty dull, but for some kids, when they finish high school and they're looking for their first full-time job, they're going to be faced with thinking about health insurance. For other kids who might be going full time to college, they'll need to think about it in a few years too.

Glenn But if someone is getting a job, won't their company give them health insurance?

Jesse Some jobs do, but it's not guaranteed any more. In some companies, you now have to buy your own health insurance. But even if you get a job that provides health coverage, there's a lot you have to learn about the decisions to make. The fact is, health care costs have been rising about 10% per year for a long time and many companies are *increasing* the premiums, the deductible, and the co-payments, while *decreasing* the benefits.

McGraw Slow down a second. You better tell our listeners what all those things mean.

Jesse Sure. Let's say you get a job and your company offers you health insurance. These days, you usually have to share the cost of it with your employer. You pay what's called a *premium* each month, which could be \$25 or \$50 dollars if you're single, or maybe \$100 if you have a family. Your company pays part of it too, but more and more companies make employees pay a bigger amount.

Glenn What do you get for paying your premium?

Jesse It depends on the type of policy you have. Some policies pay a large part of any visits to the doctor, lab tests, emergency room visits, surgery, hospitalization, you name it. But that's only after you've paid what's called the *deductible*.

McGraw What's that?

Jesse. It's an amount that *you* have to pay first, before the insurance company will even pay anything. For some policies, the deductible might be \$500 per year, or \$1,000, or even \$3,000. Each employer policy can be different.

Glenn Gee, that's a lot of money. And once you've paid this, then what happens?

Jesse Again, it depends on your company's policy, but most coverage will pay a portion of any medical fees you have beyond the deductible. For a lot of

policies, the insurance company pays either 70 or 80% of each medical claim you file, and you have to pay the remaining 20 or 30%.

McGraw But that means that the policy holder still has to pay, even with insurance?

Jesse Yes, but when you add it all up, it's still a lot better than NOT having insurance. Let me give you an example. Imagine all you teens out there that you've rented your first apartment and you decide to repaint the walls. Unfortunately, you fall off the ladder and break your arm in three places. You go to an orthopedic surgeon who resets your bones and puts you in a cast for six weeks. Now let's say the whole thing costs \$4,000, just as an example.

Glenn If you don't have insurance, you have to pay the entire \$4,000, right?

Jesse Exactly. But here's how it works if you have insurance. Let's say this is your first medical bill this year so you have to pay your deductible first, which is \$500. That leaves \$3,500 on your bill. Now the insurance company will pay 80% of it, which comes to \$2,800. Then you have to pay the remaining 20%, which is \$700. So *your* total cost is the \$500 deductible plus the \$700 co-insurance.

McGraw That comes to \$1,200 if you have insurance versus \$4,000 if you don't. What a huge difference!

Jesse And that's just one small incident. I know young people don't usually get very sick, but you never know when you might come down with a serious illness or get injured in a car accident or develop a chronic medical condition. If you need to see lots of doctors or stay at a hospital for a week, the bill can be \$20,000, \$30,000, or more. That kind of expense can really put you into serious debt that will take years to pay off.

Glenn Well Jesse, I think one of your messages for us today is to be sure we find a job that has a good health insurance plan.

Jesse It definitely helps to ask about health insurance when you're looking for a job. But there are other options if you don't find a job that has health insurance. There are now health insurance policies designed just for young people that you can buy on your own. And they're very reasonably priced because they're based on the statistics that young people don't get sick much. These policies don't pay many benefits for ordinary doctor's visits, but they do cover you in the event of catastrophic illness or hospitalization.

McGraw Jesse, what if you finish high school or college and you simply can't afford to buy health insurance.

Jesse That's a great question and I want listeners to pay close attention to this, because they or someone they know might not have any health coverage even now. The U.S. government has a health insurance program in your state and every state in the country for children and teens at little or no cost.

Glenn What do you have to do to get this insurance?

Jesse Each state has its own qualifications, so check with your state government. And there's a Web site you can go to called www.insurekidsnow.gov. That's www.insurekidsnow.gov.

McGraw Jesse, we really appreciate your coming in here today and all this great information you've given us.

Jesse Thanks for having me. I wish all your listeners the best of luck in finding a great job when they finish high school or college—especially a job that provides them with good health insurance.

Glenn And that wraps up our show today. I'm Glenn Coe and remember, it's your money.

McGraw And it's your health—so take good care of yourself. This is McGraw Hill saying goodbye.