Why Health Insurance is Important

The purpose of insurance is to protect you from unexpected financial burdens due to catastrophic events. A tornado takes the roof off your house, your homeowner's insurance helps pay for a replacement. You get in a car accident and damage your car; your auto insurance helps pay for repairs.

Health insurance has the same purpose -- to protect you from large medical bills due to illness or injury. And it offers some additional coverage that other insurance doesn't. Preventive services, like annual physicals, blood tests, cancer screenings, as well as immunizations are fitting examples of extra coverage you get with health insurance.

Maintain Your Health

Maintaining your health through regular checkups keeps overall costs low and makes it easier to catch conditions like cancer or diabetes early so that treatment can start right away. Taking care of yourself this way keeps your long-term medical costs much lower by reducing emergency room visits and hospital stays.

Since the passage of the Affordable Care Act, health insurance covers preventive services at 100%. This gives you the opportunity to have regular preventive services at no direct cost to you.

Making better lifestyle choices like eating healthy foods, exercising regularly, not smoking and keeping alcohol consumption to a moderate amount are all ways you can keep your medical costs low.

Benjamin Franklin said, "An ounce of prevention is worth a pound of cure." By making healthy choices and getting regular checkups, you can make an ounce of prevention *save* a pound.

Cost of Care

Large medical bills put you and your family at financial risk. By having health insurance, you can pay less for services than those without insurance. A recent search on the health exchange for the State of Nevada showed the costs for several services, with and without health insurance. Among them:

Service	Cost with Insurance	Cost without Insurance
Mammogram	No cost or copay	$80 to $212
ACL Reconstruction	$800 to $3,000	$20,000 to $50,000
Brain MRI	$20 to $100+ copay	$1,000 to $5,000
Hernia Repair	$700 to $2,000	$4,000 to $11,000
Emergency Room Visit	$50 to $150 copay	$150 to $3,000+
Well Baby Doctor Visit	$10 to $30 per visit	$95 per visit average

As you can see, having health insurance can save you significant dollars, no matter what services you are using. And insurance will cap the amount you could owe, such as $6,000, and you don't pay anything after that. This is an "out of pocket maximum."

Prescription Drugs

In addition to saving at the doctor, hospital or emergency room, your medications can cost a lot less with health insurance. You could pay hundreds of dollars for drugs like insulin to manage diabetes or statins to maintain cholesterol levels without insurance.

Having health insurance, you are less likely to pay the full cost of the medication and instead, pay a manageable copay -- sometimes as low as $10 or $20 for a 30- or 90-day supply. You can also save money by shopping around since costs can vary from pharmacy to pharmacy.

And if you get a prescription for a medication -- take it as directed by your doctor. The Annals of Internal Medicine recent study showed that 20% to 30% of medications are never filled and 50% are not taken properly by the patients receiving the prescriptions. The estimated costs for this non-compliance are between $100 billion and $289 billion per year.

Follow-up Care

Once you have seen your doctor and either received a clean bill of health or a diagnosis, how you follow-up is critical. If you're healthy, good for you! Create a plan to stay that way.

If you received a diagnosis, hopefully it's a manageable condition that you and your doctor caught early. Now create a plan with your doctor to reverse the condition or halt the progress. Stick with the plan and see your doctor regularly. Paying a little at a time to see your doctor will cost much less than ignoring your condition and getting treatment at the emergency room.

Overall Costs

According to the Centers for Disease Control and Prevention (CDC), 7 out of 10 adults in the United States die every year due to chronic conditions. Those deaths account for 75% of the total healthcare expenditures. Sadly, most of those deaths can be avoided by simple preventive screenings and adopting healthy lifestyle choices.

The CDC also states that "nothing kills Americans more than heart disease and stroke." The economic toll is staggering: $199 billion per year in healthcare costs *plus* an additional $131 billion in lost job productivity.

In addition, cancer is diagnosed in more than 1.6 million people each year in the United States and almost 600,000 die from it -- the 2nd leading cause of death. Costs of care are expected to reach $174 billion in 2020.

These are incredibly large numbers totaling over $500 billion dollars. Everyone pays -- you and me, insurance companies, healthcare providers and the government. No one is untouched by the effects of these diseases.

Options for Coverage

You usually have more than one option for getting health insurance. Over half of people in the United States get their coverage through their employer. You can also purchase coverage on the open market, either directly through an insurance company or on a health care exchange.

Plan types vary from no deductible with copays to high deductible plans. What plan you choose will often depend on how much premium you can afford and the amount of your deductible and out-of-pocket maximum (the maximum amount you pay in a year).

The option to forego coverage, as you can see, is not wise. Costs for care and treatment can take all of your savings and then some, should you have to pay full price. Having health insurance can reduce those costs significantly.

Conclusion

Health insurance is a valuable piece of your overall financial picture. Just like saving for retirement and paying down debt are smart financial moves, having health insurance is, too. Be sure to find the right plan for you and your family – the benefits will someday far out way the costs.