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## **Health Insurance [1]**

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Many studies show that successfully managing and treating illness depends on a person's access to high-quality health care. In the United States, getting access to high-quality health care services usually requires having health insurance. Health insurance can cover or offset the costs of cancer care.

Most people get health insurance through their employer or through government programs such as Medicare or Medicaid. However, the Patient Protection and Affordable Care Act (often referred to as health care reform) changed many of the rules for health care insurance coverage in the United States. Find out more about [the Affordable Care Act and Cancer](#) [3].

### **Types of health insurance**

The type of health insurance you have defines what costs you will pay throughout cancer treatment and recovery. The following information will help you understand the different types of health insurance. It also describes how they differ in covering medical costs. Find definitions for many of the terms used in this section in the [glossary of terms related to cost](#) [4].

### **Private health insurance**

A person may buy private health insurance from an insurance company. Or, a person's employer provides private health insurance coverage as an employment benefit. However, some people do not receive health insurance at work. Others are not eligible for a government insurance program like Medicare or Medicaid. If this is your situation, you may wish to visit [www.HealthCare.gov](http://www.HealthCare.gov) [5] to learn about your options for purchasing health insurance from a private insurer.

## Types of private health insurance

To help pay for and control the costs of medical services, private health insurers use different approaches, or models, of care. Two common ones are health maintenance organizations (HMOs) and preferred provider organizations (PPOs).

**HMO.** An HMO delivers health insurance through a network of contracted providers. Patients who are enrolled in an HMO plan choose a primary care physician that is part of the HMO's network. That provider oversees the patient's health needs. He or she often acts as a "gatekeeper" who refers the patient to specialists to receive other health care services. HMOs often have the lowest patient costs of any type of private health insurance. However, HMOs generally limit coverage in these ways:

- There are fewer choices of doctors and hospitals, as only doctors and hospitals that are members of the HMO are covered under the plan. However, many companies make exceptions for emergencies and when medically necessary. Many HMOs also allow you to visit doctors outside the plan for a higher fee (called "out-of-network" care).
- Access to a specialist often requires a referral from your primary care doctor.
- You may need to get precertification before non-emergency hospital visits and some types of specialist care. HMOs also may require notification of the HMO within 24 hours of emergency care.
- Some types of services may not be covered.

**PPO.** A PPO is where a group of physicians, hospitals, and other health care professionals agree to provide health care services at a reduced fee. Most of your medical costs are covered when visiting doctors that are part of the PPO network. Unlike an HMO, a PPO typically does not require you to see a designated primary care doctor who manages your care and acts like a gatekeeper to the rest of the network. A PPO may also be more flexible than an HMO in allowing visits to out-of-network doctors. But, these visits may require you to pay a larger portion of the bill. Like an HMO, a PPO traditionally has some restrictions that may include:

- You may be limited to accessing health care services from doctors and hospitals that are within the PPO network. PPOs networks tend to have more providers to choose from than HMO networks.
- You may need to get precertification for some types of care, especially if the facility or

doctor is outside of the network.

- Some types of services may not be covered.

## **FSA and HSA**

Flexible Spending Accounts (FSAs) and Health Savings Accounts (HSAs) are special accounts people can use to save for medical expenses. Many employers provide these to their employees enrolled in private health insurance plans. They give you the opportunity to plan for medical expenses and provide you with tax benefits.

**FSA.** In an FSA, you set aside money at the start of the health plan year. This money will be used to pay for all the out-of-pocket medical expenses you think you will have. You need to provide receipts for your expenses to be paid back. But, you must use all of the funds before the end of the year or the funds will be lost.

**HSA.** Unlike an FSA, the funds you put in an HSA do not expire. But, an HSA can only be used with a high-deductible health insurance plan. In high-deductible health plans, the insured person is responsible for 100% of the costs of their care until they meet their deductible. Once you meet your deductible for the year, your insurance policy will pay 100% of the covered services for their ongoing care. The money in an HSA can also be invested or taken with you to another job. Talk with your employer or health insurance provider for information specific to your plan.

## **Government-sponsored insurance programs**

**Medicare.** Medicare is the federal health insurance program for people 65 and older and some disabled Americans. It has different “parts” that serve different, sometimes complementary, purposes.

- Medicare Part A covers inpatient care (such as hospital care), skilled nursing care, hospice care, and a limited scope of home care services.
- Medicare Part B covers physician services, outpatient care, physical and occupational therapy, many cancer drugs that are administered in outpatient medical offices and clinics, and selected supplies that are deemed medically necessary. You are not required to enroll in Part B. But, if you decide not to enroll when you are initially eligible for Medicare, you may face a late-enrollment penalty if you wish to enroll later.
- Medicare Part C is also called Medicare Advantage. It is a managed care program that allows Medicare-approved companies to provide the Part A and B benefits to Medicare beneficiaries. In some cases, Medicare Advantage plans also include Part D prescription

drug coverage.

- Medicare Part D is a voluntary prescription drug benefit. It covers prescription drugs that are not otherwise covered under Medicare Parts A or B.

Medicare does not cover all health care expenses and some Medicare beneficiaries have supplementary coverage to help them pay their co-payments, co-insurance, deductibles, and other out-of-pocket expenses. These supplementary policies may be private insurance products referred to as “Medigap” policies.

**Medicaid.** The federal and state governments both fund Medicaid. Each state operates the program individually and determines who is eligible and what services the state’s program will provide.

Medicaid traditionally covered people who are eligible because they are elderly, blind, or disabled, as well as certain people in families with dependent children. States that elected to expand Medicaid under the ACA may also provide coverage for other low-income adults.

Find more information about Medicare and Medicaid at [www.cms.gov](http://www.cms.gov) [6] and [www.medicare.gov](http://www.medicare.gov) [7]. Visit [www.HealthCare.gov](http://www.HealthCare.gov) [5] for full information about the changes made to Medicare and Medicaid under the Affordable Care Act.

## Other types of insurance

Although health insurance covers some of the costs of cancer care, it does not cover all the costs. Many of these additional expenses may be covered if you have purchased other types of insurance.

**Supplemental insurance.** A supplemental insurance policy helps cover expenses not covered by your primary insurance. Or, it may cover the costs you pay as part of your existing plan. This policy generally covers deductibles, co-insurance, co-payments, and other out-of-pocket expenses. It may also offer additional benefits, such as compensation for lost earnings due to missed work.

**Disability insurance.** Disability insurance replaces income lost if you are unable to work due to a long-term illness or injury. Such coverage is often provided through your employer or government-sponsored programs, although individual policies are also available.

**Hospital indemnity insurance.** Hospital indemnity insurance provides limited coverage for hospital stays, usually a fixed amount each day up to a maximum length of stay. People may decide to purchase this type of insurance if their basic insurance plan limits coverage of hospital care.

**Long-term care insurance.** Because most basic private insurance plans and Medicare generally provide very limited coverage for long-term care, such as nursing home care, some people decide to obtain additional coverage to offset the costs of such care.

## Health insurance marketplaces

On October 1, 2013, the health insurance marketplaces, or exchanges, opened for enrollment. Created as part of the 2010 Patient Protection and Affordable Care Act, the exchanges provide a new way for individuals and families to choose and purchase health insurance. Depending on where you live within the United States, you can compare different health insurance plans and prices and find one that works best for you.

For people who do not currently have health insurance or are not covered by an employer, this marketplace may be helpful. For coverage starting in 2016, the open enrollment period is November 1, 2015 through January 31, 2016. The period where you can choose a new plan is called open enrollment. You may not enroll outside of this time unless you qualify for a special enrollment period (such as having a baby).

To explore and compare health insurance plans and learn more, visit the official resource for health insurance marketplaces, [www.HealthCare.gov](http://www.HealthCare.gov) [5], or call 800-318-2596 (TTY: 855-889-4325). You may also sign up to receive health insurance options and updates by email and text message by subscribing at HealthCare.gov.

Other resources that can help you understand more about your insurance options under the Affordable Care Act include the [Health Law Helper](#) [8] and the [Cancer Insurance Checklist](#) [9].

## Insurance examples

It can be hard to understand the benefits and limitations of your health insurance policy. But, it is important to learn exactly what your coverage provides. The following examples help illustrate how co-pays, co-insurance, and deductibles work. You are strongly encouraged to talk with a representative of your insurance provider, who can explain the details of your specific plan.

### Example #1: Co-pays

Anna needs to see two specialists this week: Dr. Martinez and Dr. Jones. Dr. Martinez charges \$100 a visit, and Dr. Jones charges \$500 a visit. If Anna's insurance requires her to pay \$20 co-pays for specialist visits, how much does she pay out-of-pocket at the appointments?

Answer:

Anna will pay \$20 out-of-pocket for each appointment (\$40 total). Co-payments are a set amount so Anna's payment does not depend on the amount of the bill.

### Example #2: Co-insurance

Martin needs to see two specialists this week: Dr. Andrews and Dr. Lee. Dr. Andrews charges \$100 a visit, and Dr. Lee charges \$500 a visit. If Martin's insurance requires a 20% co-insurance for specialist visits, how much does he pay out-of-pocket at the appointments?

Answer:

Martin will pay Dr. Andrews \$20 and will pay Dr. Lee \$100.

A coinsurance payment is calculated by multiplying each bill by the co-insurance percentage.

- Martin's payment to Dr. Andrews would be \$20 since  $\$100 \times 20\% = \$20$
- Martin's payment to Dr. Adams would be \$100 since  $\$500 \times 20\% = \$100$

### **Example #3: Co-insurance and deductibles**

Jasmine has a deductible of \$2,000 a year, and her co-insurance for a hospital visit is 20%. She has not incurred any medical costs yet this year. She recently had a surgical procedure that cost \$10,000. How much does she have to pay out-of-pocket?

Answer:

Jasmine will pay \$3,600 out-of-pocket for her procedure.

STEP ONE. Subtract the deductible from the total bill:  $\$10,000 - \$2,000 = \$8,000$ .

STEP TWO. Multiply the difference by the co-insurance percentage:  $\$8,000 \times 20\% = \$1,600$ . This gives Jasmine's co-insurance amount.

STEP THREE. Add together the deductible (\$2,000) and the co-insurance amount (\$1,600) to find the total amount that Jasmine would pay:  $\$2,000 + \$1,600 = \$3,600$ .

## **Taxes**

Some medical expenses not covered by insurance, including mileage for trips to and from appointments, prescription drugs, and meals during lengthy medical visits, can be deducted from federal income taxes. A tax advisor can help clarify these rules.

## **More Information**

[Understanding the Costs Related to Cancer Care](#) [10]

[Financial Resources](#) [11]

[Managing Your Care](#) [12]

[Health Insurance Coverage of Clinical Trials](#) [13]

## **Additional Resources**

[American Cancer Society: Health Insurance and Financial Assistance for the Cancer Patient](#) [14]

[CancerCare: Sources of Financial Assistance](#) [15]

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### **Links**

[1] <http://www.cancer.net/navigating-cancer-care/financial-considerations/health-insurance>

[2] <http://www.cancer.net/about-us>

[3] <http://www.cancer.net/node/24921>

[4] <http://www.cancer.net/node/24917>

[5] <http://www.healthcare.gov/>

[6] <http://www.cms.gov/>

[7] <http://www.medicare.gov/>

[8] <http://www.healthlawhelper.org/>

[9] <http://www.cancerinsurancechecklist.org/>

[10] <http://www.cancer.net/node/24922>

[11] <http://www.cancer.net/node/25370>

[12] <http://www.cancer.net/node/25015>

[13] <http://www.cancer.net/node/30756>

[14]

<http://www.cancer.org/treatment/findingandpayingfortreatment/managinginsuranceissues/healthinsuranceandfinancialassistanceforthecancerpatient/health-insurance-and-financial-assistance-toc>

[15] [http://www.cancercare.org/publications/62-sources\\_of\\_financial\\_assistance](http://www.cancercare.org/publications/62-sources_of_financial_assistance)