

Health, Health Care Insurance and Bankruptcy

Imagine for a moment that your health has taken a turn for the worse. You need extensive medical attention and expensive treatments. Would you be prepared to account for these medical costs? Or would you or a family member ultimately have to deal with this financial burden?

Surely, you would not want to suffer the consequences of paying big medical bills on your own. This is why health insurance is so important. A Harvard study conducted in 2001 found that medical bills caused half of all bankruptcies. Therefore, you should make sure that you have some form of medical insurance. You should also make sure that your money is well-spent on insurance that meets your needs.

Insurance Provided by Employer

You should feel lucky if you are in the minority of people who receive health insurance through your employer. According to bankrate.com, company health insurance is actually part of a group insurance plan. Your employer pays for most of your insurance and also pays for your insurance with portions of your paychecks. Everyone in your group plan pays the same rate. The premiums paid by healthy members go towards paying the bills of sick members. Bankrate.com recommends that you study up on your employee benefits package to make sure that the insurance plan you choose provides you with the services and options you will need. If you are young and/or relatively healthy, you may want to consider choosing to pay for your company's cheapest health plan.

Bankrate.com also recommends that you review your insurance plan periodically. You may be paying more money for services you no longer need. For example, if you have children that have graduated from college or are no longer on your insurance plan, you should change your insurance plan accordingly. Additionally, if you have lost weight or quit smoking, you could qualify for a cheaper insurance plan.

Have You Been Laid Off?

If you have recently lost your job, you may want to consider the Consolidated Omnibus Budget Reconciliation Act (or COBRA) plan. With a COBRA plan, you pay for the medical benefits your former

employer paid for on your own. The plan lasts up to 18 months. Keep in mind that the COBRA plan is a bit expensive. In addition to paying the premiums your company used to pay, you would also have to pay a 2% service fee.

Are You Uninsured?

Unfortunately, according to bankrate.com you may face discrimination from insurance companies if you try to insure yourself on your own. You may have difficulty buying insurance if you have any medical problems whatsoever. Remember, with a company group insurance plan, your insurance provider only has to pay the medical bills of the sick members in the group.

Look for health plans that have higher premiums. You may pay more upfront for medical coverage, but you will ultimately spend less on deductibles. At the very least, financial analyst Suz Orman recommends paying for worst-case-scenario insurance for medical bills that top \$5,000. This way you can at least be sure that you will not have to foot the entire bill for high costs.

Conclusion

No one wants to live their life fearing the worst. By insuring yourself, you can at least rest assured knowing that you are prepared if your health takes a turn for the worse. As a result you or your family would not have to suffer the additional hardship of having to pay for your medical costs yourself. The good news is that if you can not afford insurance coverage, bankruptcy could eliminate your medical bills if necessary.