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Health Insurance 101

From [Kelly Montgomery](#),
Your Guide to [Health Insurance](#).
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The basics about the most common health insurance options

Once upon a time, when people needed medical attention, they paid the doctor directly for his or her professional advice. But times have changed. Modern medicine can work miracles our grandparents and great-grandparents never dreamed of - but at a staggering price. Nowadays, most Americans rely on a third party - either a private insurer, or a public governmental entity - to help them finance the cost of their medical needs. In this article, you will find some basic information about the major types of private and public health financing options available in the U.S.

Private Health Insurance

1. Job-based coverage

Most Americans get their health insurance through their employer, or by being the spouse or dependent of someone who gets their health insurance through their employer.

This is probably the most "consumer-friendly" kind of insurance you can have, although it is not without its faults.

Some of the benefits of having job-based coverage include:

- Guaranteed issue - All employees are accepted for coverage, regardless of their health status.
- Guaranteed renewability - Your health insurance cannot be cancelled if you become sick.
- Limits on Pre-existing Conditions Exclusions - The insurer can exclude coverage for a health condition you had when you enrolled in coverage, but only for 12-18 months, depending on your circumstances.
- Portability - If you had insurance before enrolling in your job-based coverage, in most cases, the insurer must reduce the pre-existing condition exclusion period by the amount of time you were covered on your previous plan.
- COBRA continuation coverage - When you leave your job (or have another qualifying event), you must be offered COBRA continuation coverage, which lasts for 18-36 months, depending on your situation.

2. Individual policies

Some people cannot access job-based coverage because their employer does not offer it, or because they are self-employed. To obtain health insurance, they must go to an agent and purchase an individual policy. The laws and regulations governing individual policies are very different than those governing job-based coverage. As a general rule, individual policies do not offer anywhere near the benefits and protections one can enjoy through job-based coverage, although this varies based on the state where the policy is purchased.

- Guaranteed issue - In most states, applicants can be turned down for coverage based on their health status.
- Guaranteed renewability - Your health insurance cannot be cancelled if you become sick.
- Limits on Pre-existing Conditions Exclusions - These limits vary widely depending on what state you live in. In some states, insurance companies can impose exclusion riders that completely eliminate coverage for pre-existing conditions for the entire life of the policy.
- Portability - Portability requirements vary by state. In some states, you get no credit for prior coverage and must wait out the entire pre-existing condition exclusion period.
- COBRA continuation coverage - COBRA only applies to job-based coverage.

A great resource for people who have job-based insurance or an individual policy is Georgetown University's [Healthinsuranceinfo.net](#). Georgetown's Health Policy Institute has written consumer guides with information specific to each state. This is especially helpful for people with individual policies, because your rights and protections are very different depending on which state you live in.

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Suggested Reading

[Job-Based Coverage](#)[Individual Policies](#)[High Risk Pools](#)

Elsewhere on the Web

[Health Insurance at a Glance](#)

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