

Individual Health Insurance VS. Group Health Insurance part 2 – Transcription

Individual health insurance can be cheaper than a group health insurance plan and here is how.

When you have a group plan, each person that works in the organization has a certain health risk. What the company does is they go to the health insurance company and tell them about how many people they have, what the average age is and other factors that will influence the price. The insurance company then takes all the information and aggregates all the risk. They come up with a dollar amount per person to cover all of the groups including the high risk group. This means, that even though there may be some people who are young or in excellent physical condition they are going to have to pay a higher amount due to the other people in the group plan.

On the other hand, an individual plan is underwritten on an individual basis so it is solely based off your information and statistics. They take into consideration such factors as age, weight, zip code, and if you smoke to determine a risk category for you. This puts you into a much larger pool of people, which can actually lower your insurance rates for your plan.

Also, individual health insurance carriers have the right to deny people insurance due to being too high risk. Some companies will deny high risk people, while other ones may just rate them up so that they are paying a higher amount for their plan than people who are lower risk. Make sure that when you apply for individual health insurance that you talk to an advisor about what possible risk area you will be in so that you can determine what kind of costs you will be paying. This better prepares you for when the company makes you an offer you can tell if it is the right price.