Ways to Save Money on Health Care and Health Insurance in Troubled Times

Whether you buy your healthcare coverage through your employer or independently, you need to look at your coverage the same way cost-cutting entrepreneurs do. Buying coverage in the future won't stop at finding the best price – what you pay increasingly will involve how well you personally manage your health.

According to a report last year by benefits consultant Watson Wyatt, nearly half (47 percent) of the 453 large U.S. employers currently offer a consumer-directed health plan (CDHP), a high-deductible plan offered with a personal account that can be used to pay a portion of medical expenses not covered under the plan. In the world of independently purchased health insurance, it's the same concept as the pairing of a high deductible health plan (HDHP) with a health savings account (HSA).

Also, don't be surprised if your employer or insurer is going to get tougher about you losing weight, quitting smoking or taking part in a monitored exercise plan.

Here are some ideas to help you take the first step in monitoring these costs:

Change your negative healthcare behavior: Lowering the number on your bathroom scale will not only have immediate health benefits, it will also make your health insurance options and potential out-of-pocket costs more affordable over time. A Stanford University and Rand Corporation study reported that lifetime medical costs related to diabetes, heart disease, high cholesterol, hypertension and stroke among the obese are $10,000 higher than among the non-obese. It added that lifetime medical costs could be reduced by $2,200 to $5,300 following a 10 percent reduction in body weight.

Know what you're buying: Whether you buy health insurance through an agent or your employer, insist that they explain exactly what you're getting for your premium, and where deductibles do and don't apply. That way, you'll have a baseline when you buy your own coverage. If you're purchasing your own insurance policy, compare the premium savings from a higher deductible plan with your usage pattern of health services. What you save can often cover your high deductible. The California Medical Association offers a plan comparison checklist on its Web site, www.cmanet.org.

Always research and discuss the potential cost of a diagnosis: If your physician diagnoses a condition that requires tests, prescription drugs, a hospital stay or ongoing therapy, ask polite but detailed questions about what you'll be charged, from the doctor's bills to ongoing ancillary costs associated with treatment. Ask the doctor or his office manager if discounts can be negotiated through cash payments or other means. You also need to be careful that you're not being charged a rate for uninsured patients when you are simply going to paying for all or part of the bill to get to your deductible. Last, consider asking doctors for generic options and samples of prescription drugs to extend your savings.

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Make sure your exact spending is reducing your deductible: Keep a binder or a filing system to monitor how this year's out-of-pocket spending is reducing your insurance deductible. Your insurer's total may not always be accurate or up-to-date. Also, make sure you understand which procedures are offered through your plan that will be paid even though you haven't paid up your deductible.

Check local pricing resources: In non-emergency situations, you should always compare prices on treatments. Check with local medical boards and state health officials to see if they have online databases on costs for various medical procedures. Also, if there is a support group for your condition, talk to members about what they paid locally for care.

Be smart about emergency and non-emergency health visits: Emergency-room visits tend to cost $300 to $1,000 compared with $150 at an urgent-care center and $35 to $45 at a convenience-care clinic in a drug store or some other location. First, make sure the alternatives to hospital emergency room care are acceptable for your illness. Write yourself a note at some point to check out these options in your community so you understand what they offer, what their hours of business are, and under what conditions you'd choose them. In particular, make sure the facility and the provider are in your health plan's network so whatever you pay out-of-pocket counts toward your deductible. Also rely on your insurer's 24-hour advice hotline for guidance on where to go for care. Either tape that call or keep a written record of it in case you have a claim denied.

Talk to a financial advisor about planning for long-term care: If you or a loved one are diagnosed with a chronic illness, that's a financial issue that requires a plan. As tough as it may be to focus on money issues at a stressful time, make an appointment with a tax professional or a CERTIFIED FINANCIAL PLANNER™ professional to discuss affordability options that will safeguard your assets, including Medical Spending Accounts that can backstop out-of-pocket costs on high-deductible policies.

Take advantage of your company's flexible spending account: A flexible spending account is a separate, tax-advantaged account where you deposit funds to pay for medical expenses not paid by your insurance. You need to check what your particular company's FSA allows you to stockpile funds for, and you will need to estimate carefully because you'll have to spend out these funds by a particular annual date or lose the remainder. It's also good to discuss how you're allocating those expenses with a financial adviser.

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