

Teaching Kids About HEALTH INSURANCE

Dear Parents,

Health insurance can be tricky to understand. Help make it easier for your child by completing this exercise together. Before discussing the two plans below with your child, explain that the monthly premium is what individuals pay for insurance coverage. Discuss the advantages and disadvantages of each plan outlined below, and decide together which plan your family would choose: A or B?

POLICY FEATURE	HEALTH INSURANCE PLAN A	HEALTH INSURANCE PLAN B
Monthly premium	\$300	\$600
Hospital charge copayment	10%	0%
Annual deductible	\$1,000	\$500
Outpatient charge copayment	30%	20%
Includes eyeglasses	NO	YES

To evaluate the plans, add up the premiums for a given year and determine costs that might affect your family, such as whether anyone has an illness that requires medical care or whether anyone wears glasses. Have your child explain their thinking and explain yours as well.

Which plan is “better”? There is no one right answer. Plan A charges half the premium charged by Plan B for a savings of \$3,600 per year. However, Plan B has less of a copayment for individuals. Choosing a plan depends on such things as an individual's personal medical needs as well as how much risk they are willing to take.