

# **Consumer Guide to Illinois Health Insurance**

**Provided by:**

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## **Introduction to Illinois Health Insurance**

If you cannot obtain health insurance through an employer or another group, you may want to consider buying an individual health insurance policy. This Fact Sheet provides information about one type of individual health insurance known as Major Medical Health Insurance.

## **Illinois Health Insurance - Individual Major Medical Insurance**

Individual Major Medical coverage is an insurance policy issued directly to an individual. It provides coverage for hospitalizations, physician visits, medical services and supplies, and may cover other items such as prescription drugs. Individual major medical coverage usually provides less extensive benefits than a group policy and is generally more expensive.

## **Assessing Your Needs for Individual Major Medical Insurance**

You do not need individual major medical coverage if you are covered through a group plan with your employer. Generally, persons who need individual policies are self-employed and not eligible for group coverage, unemployed persons, those whose benefits have been exhausted under a state or federal health insurance continuation plan, or employees of companies that offer no medical benefits. When purchasing individual major medical coverage, your aim should be to insure yourself and your family against the most serious and financially disastrous losses that can result from an illness or accident. Look for a policy that will cover the major expenses and provide the highest possible lifetime maximum. You can save money on the premiums, if necessary, by taking large deductibles and paying smaller costs out-of-pocket.

## **Shopping For Individual Major Medical Insurance**

If you have access to a computer, an Internet search can lead you to websites that allow you to obtain quotes from several companies. Just be sure the insurance company is licensed to do business in Illinois before you buy the coverage. For more personal service, a local insurance agent can provide information on coverage available in your area. In some geographical locations, HMOs offer coverage to individuals and families who do not qualify for group policies.

The Illinois Division of Insurance can tell you: whether or not a company is licensed; the number of complaints filed against specific companies; and the A.M. Best rating for a company if one is available. For help with those questions, contact the Department's Office of Consumer Health Insurance toll-free at 1-877-527-9431.

## **Applying For An Individual Major Medical Insurance Policy**

Most companies will require you to complete an application and provide personal information, including your medical history. If your application is incomplete or inaccurate, the company may deny benefits at claim time and rescind your coverage. **It is important that you disclose all conditions and answer all questions completely to assure you have coverage when it is time to submit a claim.**

Companies frequently request medical records and may require you to take a physical exam or have blood tests. If you have serious or chronic health conditions, you may be charged a higher premium for coverage or you may be unable to find individual health insurance in the standard market.

## **If You Can't Qualify For An Individual Health Insurance Policy**

If you have applied for individual health insurance and have been declined due to existing health conditions, you may be able to obtain coverage through the Illinois Comprehensive Health Insurance Plan (ICHIP). ICHIP is also available for individuals who are close to exhausting their continuation rights under a group insurance plan. If this is your situation, you should apply to the ICHIP prior to the end of your coverage to assure continuity of coverage.

For more information, call ICHIP toll free at 866-851-2751 or visit its web site: [www.chip.state.il.us/chip.htm](http://www.chip.state.il.us/chip.htm)

## **The Cost of Individual Major Medical Insurance**

Many factors contribute to the construction of health insurance premiums, including: the health of those individuals seeking to become insured; the age and sex of the adult applicants; the geographic location of the residence of the applicants; the desired deductible and coinsurance levels; and the availability of any managed care options such as incentives for the use of PPO providers. Each year the premium on individual policies will increase due to age. Rates may be increased more often than annually. However, these increases are based on such factors as the attained age of the insured adults, the percentage of medical cost increases in the previous year, claim experience for all policyholders covered under the same type of individual policy in the state and certain other demographic factors.

## **Tips on Buying Individual Health Insurance**

**Finding an Agent** - Look in the yellow pages or ask people you know and respect if they would recommend their agent. Find an agent who is reliable and helpful in answering any questions you have regarding your policy. You can check the licensing status and any Division of Insurance regulatory action against

a producer on our website ([www.ins.state.il.us/producerinfo.htm](http://www.ins.state.il.us/producerinfo.htm)) or by calling toll-free 1-877-527-9431.

**Shop Carefully** - Health insurance is expensive, so comparison shopping is worth the time it takes. Obtain more than one estimate or quote. Do not be rushed into buying a policy by high-pressure sales tactics. Do not be misled by advertising or buy a policy simply because it is endorsed on television, radio, in newspapers or other advertisements by famous people.

**Fill Out Your Application Completely and Accurately** - If you do not give correct and complete answers to medical questions, your claims may be denied or your policy rescinded. If someone else fills out the application for you, read it carefully before signing it. When you sign an application, you are agreeing that it is correct and complete.

**Look for Exclusions and Pre-Existing Condition Language** - Most health insurance policies contain a pre-existing condition benefit limitation. A pre-existing condition is a health condition you already have when you buy a policy. It may include a condition you have recovered from. Any condition, whether or not revealed on the application, for which symptoms existed prior to the effective date of coverage, causing an ordinarily prudent person to seek diagnosis, care or treatment, or one in which medical advice or treatment was recommended by or received from a physician may also be considered a pre-existing condition. One of the main reasons for claim denials or delayed payments is pre-existing condition exclusions in the policy. Even if health questions are not asked on the application, the policy may not cover conditions you already have. Make sure you understand the definition of pre-existing condition and how long such conditions will not be covered. Read the limitation and exclusion provisions of your policy very carefully.

**Replacing a Policy** - Replacing an old policy with a new one may not be a good idea. As stated above, a new policy may have waiting periods and pre-existing condition exclusions that could leave you without coverage for a period of time. The company may also attach riders to a new policy that completely exclude coverage for an existing health condition.

**Know If and When a Company Can Refuse to Renew Your Policy** - Read the renewal provision that is usually found on the first page of the policy.

**Make Sure There is a "Free Look" Provision** - Companies issuing individual health insurance in Illinois are required to give you a minimum period of ten days to review the policy and return it if you are not satisfied for any reason. The ten days begin the day you receive the policy either in the mail or by delivery from an agent. If during the ten-day period, you decide not to retain the policy, return it to the agent and obtain a receipt, or return it to the company by certified mail. Once the ten days have passed, the company is not required to refund the premium.

Some companies, however, will take extenuating circumstances into consideration, so it is worth the effort to explain any unusual delay in returning the policy for a refund.

**How to Pay Policy Premiums** - It is best to pay by check, money order, or bank draft made directly to the **insurance company**. If you pay in cash, obtain a receipt for the payment. Keep in mind that when you pay an annual or semi-annual premium, the company considers the premium to be fully earned when they receive it and seldom will they refund any portion of the prepaid premium if you decide to change companies and drop the current policy.

**If a Problem Occurs** - Contact your agent or company first. If you do not receive a satisfactory response, contact the Illinois Division of Insurance.

### **For More Information**

Call our Consumer Services Section at (312) 814-2427 or our Office of Consumer Health Toll Free at (877) 527-9431 or visit us on our website at [www.ins.state.il.us](http://www.ins.state.il.us)