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## Gen X, Y workers weigh HMOs, PPOs and HSAs

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Young people new to the workforce may be hearing some strange words emanating from the throats of their older colleagues this fall.

"They've changed the PPO."

"They're really putting the screws to us with this new HMO."

"What's an HSA again?"

Their wails sound so sad because America is in the throes of change when it comes to health insurance and other employer-provided benefits.

Thanks in part to the baby boomers — you know, your older colleagues who call IT for help at least twice a day — corporate health expenditures are soaring.

As a result, companies are asking employees to pay more for their coverage and introducing all kinds of changes to their health plans, such as "consumer-driven plans" that encourage you to spend less on health care.

Generation Xers and Yers have been brought up to assume that government and their employer can't be counted on to provide for their care from the cradle

to the grave. So these changes may not be as upsetting to the younger set.

In fact, maybe you haven't bothered to look at the options or consider getting health insurance at all.

That's a mistake.

With the open enrollment season here, employees are being served a smorgasbord of health plans for the upcoming year. In between helping your older coworkers with e-mail, you need to study the choices and optimize your benefits.

After all, you've got to take care of yourself.

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When it came time for Marcus Gonzales to pick out his employee benefit coverage, the 28-year-old was a bit befuddled.

"Co-pays, 401(k)s, flexible spending accounts — it was fun figuring out what everything meant," says Mr. Gonzales, a community relations specialist for Texans Credit Union in Richardson. "I guess I took it all for granted, being covered under my parents."

With the annual benefit enrollment season upon us, experts say it's a difficult time for young people who must make health care and benefit choices on their own.

For starters, they're young and predominantly single. Making sure colonoscopies are covered is the furthest thing from their minds.

Also, many haven't received enough grounding in the subject from their parents, who willingly admit employee benefits were much simpler when they started working.

"Unfortunately, I don't think they have great role models," says Bob Hurley, vice president of customer care at eHealthInsurance.com. "A new generation is coming into health care financing, and not everyone is ready for it."

### No insurance

Nor do they always think they need it.

In 2002, more than 27 percent of American workers said they were offered health benefits but chose not to participate, according to an August report by the nonprofit, nonpartisan Employee Benefit Research Institute.

Among 21- to 24-year-olds, the figure was 17.3 percent, and among 25- to 34-year-olds, it was 27.2 percent.

Their reasons: They were covered by

someone else's health insurance, the plan was too costly or they simply didn't need or want it.

Until he joined Texans full-time last month, Mr. Gonzales spent 2 years without coverage.

"I wasn't worried about getting sick," says Mr. Gonzales, who didn't buy health insurance on his own after leaving a job in 2003 to continue pursuing his MBA. "I didn't get it because I couldn't afford it at the time, plus I didn't think I would need it."

Well, he did.

In April, a cavity, root canal and crown cost him \$2,000, forcing him to ask his parents to pay the bill.

And a minor motorcycle accident in August 2004 set him back \$100 when he had to visit an urgent care facility for treatment.

"That was one time where not having health insurance came back to bite me," Mr. Gonzales says. "If you can get health insurance, do."

But choosing benefit coverage for the first time can be confusing.

**"The language can be very daunting and, unfortunately, it's still true that most employees don't pay close enough attention to their benefits," says Abbie Leibowitz, co-founder and chief medical officer of Health Advocate Inc., which advises patients on health insurance issues. "Many just ignore it. Others just figure, 'This one costs less; this is what I want to do.' "**

The first step — at any age — is to attend the company's informational meeting. All your options will be explained there, but you should also

be ready to ask questions.

**"Remember, it's not a stupid question if it's a question about your health," Dr. Leibowitz says.**

Read through supplemental materials you receive, and if you can, talk with your colleagues — yes, even those baby boomers who are squawking about the very same changes in their health care. Believe it or not, they may have some wise advice.

A tendency for younger people is to overinsure.

"Companies often want to put everything into the benefits package, including the kitchen sink," says Mr. Hurley of eHealthInsurance.com. "If you don't need something, don't sign up for it."

#### **Choosing coverage**

When deciding what health plan is best, figure out how often you go to your doctor or to any specialists, and consider whether you expect to have more visits in the future. Total up any regular prescription drug costs, and research the cost of an emergency room visit.

A healthy individual who needs only routine doctor visits may benefit greatly from a health maintenance organization.

An HMO requires you to select a primary care physician, who coordinates all of your care and makes referrals to specialists you might need.

But if you want more flexibility, consider a point-of-service plan. You will still have to select a primary care physician, but a POS plan also partially covers you if you see a physician outside of the plan's network.

And if you travel a lot, look at a preferred provider organization (PPO), where you are able to see any physician or specialist both in and out of the network without a referral.

#### **Newer option**

Then there's a newer option called a health savings account.

An HSA is a cross between a flexible health-care spending account and a 401(k). You set aside pretax dollars for future medical, retirement or long-term care expenses, and the unused funds roll over from year to year. The catch — you must be enrolled in a qualified high-deductible health plan.

Young people can benefit from an HSA because they tend to be healthier and less likely to use the money, plus they have more time to accumulate savings.

"I know with benefits, you might be shooting yourself in the foot if you pick the wrong thing," says Mr. Gonzales, who ended up picking his company's PPO. "I didn't want to make a mistake."

Remember, generally, the cheaper the plan's premium (what gets taken out of your paycheck every two weeks), the more you will have to pay out of pocket later for deductibles and co-insurance.

**"It's certainly possible to make the less-than-best choice, but some things you cannot predict," Health Advocate's Dr. Leibowitz says. "There's no question that you might regret what you elected. ... Remember, it's only for a year."**