Why is Health Insurance so Costly?

By Beth Boone

Several factors impact the cost of Health Insurance. Here are some of those factors:

1. Age   The age of the one insured is important. The higher age will likely result in a higher premium.
2. Number   The number of people being covered also may affect premiums. An individual plan will probably be less costly than a family plan.
3. Location   Where one lives also affects premiums. In larger cities, competition is strong. and premiums are often lower than in rural areas. State and local laws can also affect premium rates. Also, the cost of living in an area plays a role in carriers decisions about premium rates.
4. Tobacco   Tobacco usage often raises the cost of health insurance for the individual.
5. Type of Plan   Generally, group plans are less expensive than individual Health Insurance. One exception might be those plans that are purchased through the Health Insurance Marketplace. Those plan premiums may be subsidized, and tax credits may be available making a lower overall cost of Health Insurance. Other types of Health Insurance may include Short Term, Disease Specific, Indemnity and others.
6. Plan Category   In the Health Insurance Marketplace, there are several categories of plans. The category chosen may affect the premium and/or out of pocket costs. Plan categories include Bronze, Expanded Bronze, Silver, Gold and Catastrophic.

Though there are many things to consider when purchasing Health Insurance, Premiums are a top consideration. Other costs to consider are deductibles, co-pays, co-insurance and maximum out of pocket limits.

Have any questions? Health Insurance can be simplified with the help of a Health Insurance professional.

This article is for information only and should not be considered a recommendation. Talk with a licensed Health Insurance Professional about your specific circumstances. For more information you can go to The Texas Department of Insurance.