

## HealthSavings News March 30, 2006

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### Paul Zane Pilzer debunks common health insurance myths

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HealthSavings News editor, Matthew Osborn, spoke with Paul Zane Pilzer, economist and best selling author, on common myths surrounding health insurance costs.

**HealthSavings News:** What are some common myths that individuals face when considering health insurance options?

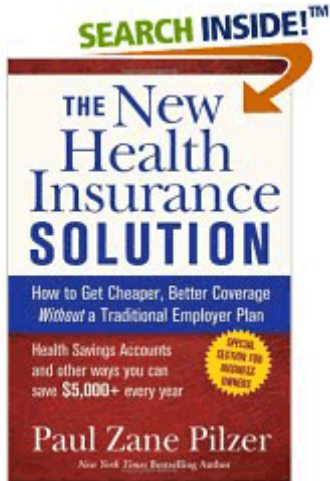
**Pilzer:** One of the most common myths is that individual plans are twice the price of employer-sponsored plans. In fact, individual plans for healthy families are typically half the price of employer-sponsored plans. Most employers don't want you to know this because if your spouse is healthy the employer would not collect the premium.

**HealthSavings News:** Can individuals negotiate with their insurance company on individual plans?

**Pilzer:** You just have to know how to do it. When people typically shop by price they line up the options and make a selection based on cost. The problem with insurance is that the stated cost only goes to about 60% of the people who apply. The remaining 30% who are accepted are uprated. Consumers should question the uprating, especially if it was based on a condition from the past, such as an accident that occurred in youth. To counter an uprating, you will need to get a letter from the doctor stating why the past condition won't impact your current state of health.

**HealthSavings News:** You mention the COBRA loophole in your book, *The New Health Insurance Solution*. What is it?

**Pilzer:** COBRA is a guaranteed product, and you have 90 days to accept it if you leave your employer. You should take the time to shop for other alternatives. If you elect to take COBRA, you have up to 105 days to pay the premium, and when you do your coverage is retroactive to Day 1. So even if you have to go to the doctor, it may be cheaper to pay for the visit out-of-pocket rather than elect COBRA, since you can elect COBRA retroactively if you become seriously ill.



**Paul Zane Pilzer** is a world-renowned economist, a multimillionaire software entrepreneur, an adjunct professor, and the author of seven best-selling books and dozens of scholarly publications on economics.

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