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To many of you, the health insurance process is complicated and frustrating. We couldn't agree with you more. Here are some basic facts and tips to help you better navigate our crazy insurance "system".

How health insurance works

Most individuals with health insurance typically get it through their employer. Though the total cost of health insurance typically runs about \$5,000–10,000 per person per year, this money rarely gets spent by you on your medical bills but rather helps subsidize the care of those who are hospitalized and chronically ill.

- The insurance companies have created many rules to try to keep costs down. Though these rules may sometimes be beneficial, it is impossible to keep track of all of them. Every plan has a different rule, and there are hundreds of health plans. Because of this, we ask that you try to get to learn more about your own insurance plan and what is covered/not covered. This is best done by calling the number on your insurance card.

HMO, PPO, POS, deductibles and more

There are thousands of different insurance plans to choose from. And your employer may have offered you 2–3 options. Here are some key definitions that you might find helpful:

HMO (Health Maintenance Organization)

This type of insurance is often the least expensive but also provides you with the least flexibility in terms of who you can see and which specialists we can refer you to. In addition, there are many rules that prevent us from prescribing drugs that you may specifically request. Nevertheless, it's a good form of insurance for those who don't care too much about who they see.

PPO (Preferred Provider Organization)

This type of insurance gives you more flexibility in who you can see. But it often costs a bit more. Most PPOs charge you based on your level of consumption. Deductibles, co-insurance and other charges are common. In addition, we're finding that PPOs have an increasing number of restrictions on which medications we can prescribe you.

POS (Point of Service)

A POS insurance plan is a combination of PPO and HMO. You have the flexibility of both HMO and PPO coverage, but are charged depending on who you see. These plans are functionally quite similar to PPOs but can sometimes be a little cheaper.

HSA (Health Savings Account)

This is a new form of insurance that's becoming more popular in some parts of the country. It essentially moves the full burden of costs to you, the patient. If you don't spend any money on health care, you get to save the money in a special tax-free account. If you do utilize any health care services, you pay for the full cost yourself.

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Deductible

This is the amount that you are required to pay before your insurance kicks in. We're finding that this number is going up as employers are less willing to pay more for health care costs.

Co-Insurance

Some health plans are structured so that you pay a percent of your health care bill, often ranging from 10-50%. Similar to a deductible, this amount is pre-specified by your individual health plan.

Co-Payment

This is the amount that you pay us when you come in for a visit. If you are an HMO patient, it's the only amount we receive for your visit. If you are a PPO patient, it's a form of pre-payment. For example, let's say you came in for a visit that cost \$200 if you didn't have insurance. Your co-pay was \$20. And after submitting a claim to your PPO insurance company, we are paid \$100 by your insurance company. The remaining balance (\$100) is what you would owe. But you already paid a \$20 co-payment. So your monthly statement should only ask for \$80.

How billing works

If you have HMO insurance, your billing is fairly straightforward. You pay a co-payment upon your visit. And that's usually all you owe.

If you have PPO insurance, it's a bit more complicated. Here's an example to illustrate:

- you visit your physician and pay a co-pay of \$20
- the physician charges \$200 for the visit and submits a claim to your health insurance company
- the insurance company approves the visit for \$140 and pays \$60 to the physician
- the remaining balance (\$80) is then charged to the patient
- because you already paid a co-pay of \$20, your invoice should reflect a \$60 balance due

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