Your Money

Cutting Health Insurance Costs

(NAPSA)—Health insurance is a necessary cost in today's world, but are you really getting what you pay for?

Workers' health insurance premiums have risen a total of 84 percent since 2000—but wages have increased just 20 percent, according to a report in The Boston Globe. For many workers—especially younger, healthier ones who rarely visit the doctor—those numbers simply don't add up.

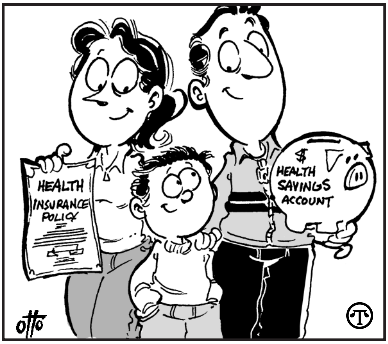
Instead, many have turned to Health Savings Accounts, or HSAs, which are matched with high-deductible, low-cost health insurance plans. Used together, they can provide substantial savings compared to the cost of many employer-provided plans—and quality of coverage does not need to be sacrificed. Here's how it works:

About HSAs

HSAs let consumers pay for qualified medical expenses with pretax dollars set aside in a special savings account. The accounts are similar to IRAs and 401(k)s in that they reduce a worker's taxable income, and in that unused HSA moneys can be applied to retirement. However, HSAs also provide the benefit of only paying for the health care that you use, rather than paying one general, higher premium for health benefits that you may or may not require.

High-Deductible Insurance

In order to utilize an HSA, you must get an HSA-eligible health insurance plan. You can visit Web sites such as www.ehealthinsurance.com to shop for plans and then open up an HSA.



Health savings accounts paired with low-cost insurance can be an affordable way to safely insure a family.

An HSA-eligible health insurance plan must meet the following criteria:

- An annual deductible of at least $1,100 for individuals and at least $2,200 for families
- The sum of the annual deductible and the other annual out-of-pocket expenses required to be paid under the plan (other than premiums) must not exceed $5,500 for individuals and $11,000 for families.

Healthy Gains

A final benefit of HSAs is that they may be invested to accrue interest or gains on a tax-free basis and no penalties are assessed when money is withdrawn for qualified medical expenses. That means people can choose exactly how much they want to set aside for health care (although maximum tax-free contributions do apply), helping them better manage their income and expenses.

For more information, visit www.ehealthinsurance.com.