

How to Estimate Individual and Family Health Care Costs

While not as complex as some Internal Revenue forms, health insurance applications — and the decisions they call for — can seem to require a Ph.D. Whether you are deciding among several health insurance plans with different deductibles and co-payments or determining how much to set aside in an employer's flexible spending plan, the question arises: How much will I spend on health care next year?

And when it comes to health insurance, is it better to pay for a higher deductible upfront or higher copayments in return for lower monthly health insurance premiums? The questions are complex.

At the same time, no one is better at estimating the health care costs of you and your family than you are. While no one can predict a sudden emergency, if your family has averaged one emergency room visit a year for several years, it's reasonable to plan for one next year, too. Your past experience is one way to gauge future needs.

Like annual flu vaccinations, other needs can be planned in advance. Maybe next year is the year that you will address your need for bifocals, your spouse's need for a hearing aid, or your child's orthodontia.

Using this knowledge and experience, you can create two or three scenarios of your likely healthcare needs next year including the average number of doctor visits and prescriptions. Then, select the most likely scenario and review your options for insurance and/or medical flexible spending plans.

Count yourself lucky if your employer offers a health plan and your decisions are limited. If your employer offers several options or you are looking at a health savings plan or insurance through the Affordable Care Act, you may want to develop additional scenarios for different plans or payment options.

In addition to a cost-benefits analysis involving deductibles and copayments, remember that many health insurance companies limit coverage to physicians within their plan. Be sure that the doctors and hospitals you wish to use are part of the plan you select.

As with winter ice storms, there's no guarantee that a health crisis won't arise. But if it does, you will still have insurance to help with most costs.

Wisconsin offers several resources to help with your decision-making:

- The Office of the Commissioner of Insurance offers a [Consumer's Guide to Managed Care Health Plans in Wisconsin](#).
- The Department of Health and Human Services provides an online [Consumer's Guide to Healthcare](#) for individuals purchasing their own insurance through the Affordable Care Act or a health savings account.
- U.S. News & World Report provides a [health insurance ratings guide](#) for Wisconsin.
- Consumer Reports offers similar Wisconsin [rankings](#) from the National Committee on Quality Assurance.