



Health Insurance / Learning Targets

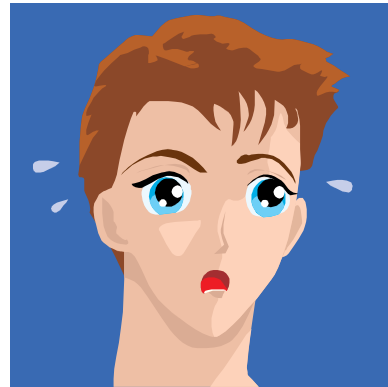
“I Can:”

- ✓ Compare the basic principles of at least four different health insurance plans
- ✓ Define key terms pertaining to health insurance



Health Insurance

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Health Insurance

Cost of Healthcare:

- a major concern for anyone who is in need of healthcare
- The cost of healthcare was 17.3% of GNP in 2011

What is GNP?

[Gross National Product]

Basically, GNP measures the value of goods and services that the country's citizens produced regardless of their location.



Health Insurance

Most people will - do - hope to rely on health insurance to pay for healthcare costs if the time need should arise

NO HEALTHCARE INSURANCE CAN = FINANCIAL DISASTER

Multiple types of healthcare plans are available

Be very careful of the choices you make when purchasing healthcare coverage

<https://youtu.be/82NINDT45DE>



Health Insurance

Healthcare plans are offered by thousands of insurance agencies

Common examples:

Blue Cross Blue Shield

Anthem

Humana

Aetna

Countless other plans





Health Care Systems

- Nearly every industrialized country has a national health care system.
- Some countries have public or national health care systems, and other countries have private health care systems.



Public / National Health Care Systems

- Mainly funded by taxes and social security insurance.
- Advantage – Every citizen is guaranteed health care regardless of economic status.
- Disadvantages – Health care is not always comprehensive, and taxes may be higher.
- Norway, France, the United Kingdom, and Canada



Private Health Care Systems

- Mainly funded by private insurance agencies and out-of-pocket payments.
- Advantages – Coverage is often comprehensive, taxes may be lower, and economic growth is stimulated.
- Disadvantage – Not every citizen is guaranteed health care.
- United States and Switzerland



Mixed Systems

- Very few countries have a purely public or private system
- Most countries create a mixed system by using various funding sources to cover health care expenses.
- Example: Canada and the United States



Health Insurance Terms

Premium- *What is a PREMIUM?* -- the amount paid to an insurance agency for a health insurance policy.

Deductible - the amount that must be paid by the patient before the insurance agency will begin to make payments

Co-payment - an amount paid by the patient for a certain service. *Health Insurance Copayment:*

Co-insurance - a specific % of the expenses are shared by the policyholder and the insurance company. For ex: 80/20 or 90/10

Out-of-pocket - a medical bill that must be paid by the patient



Individual and Group Insurance

Individual/Private insurance is when a person purchases a policy and agrees to pay the entire premium for health coverage.

Group insurance is generally purchased through an employer. The premium is split between the employer and the person being insured.

Employer Based Health Plan



Managed Care

- Two primary concepts of **managed care**:
 - To promote good health
 - To practice preventive medicine
- Offer medical services through a system of health care providers that provide services at reduced rates.
- Developed due to rising healthcare costs.
- Insurance companies want to see that money is spent on services that are “medically necessary”.
- Services provided must have a purpose

<https://youtu.be/R-p67PcNerY>



Managed Care

Three main types:

- Health Maintenance Organizations
- Preferred Provider Organizations
- Point of Service



Health Maintenance Organizations

- Clients must pay a premium, deductible, and co-payments.
- Clients must visit in-network doctors and select a primary care physician.
- HMOs urge clients to practice healthy living and to receive preventive treatments.



Health Maintenance Organizations

Health Maintenance Organizations (HMOs):

Thinking Point ---

In thinking of “You get what you pay for” what thoughts would enter your mind about the cost of an HMO plan?

Answer ---

With the HMO allowing more services and not being as restrictive as other healthcare plans the premiums would tend to be a lot higher than other or more common healthcare plans



Health Maintenance Organizations

Health Maintenance Organizations (HMOs):

Advantages of *HMOs*:

- ready access to healthcare
- early detection and treatment of disease
- the member usually maintains a better state of health



Health Maintenance Organizations

Health Maintenance Organizations (HMOs)

Disadvantages of *HMOs*:

--- the member can use only HMO-affiliated healthcare providers (doctors, laboratories, hospitals) for their healthcare (contracted providers)

--- if the member chooses a nonaffiliated healthcare provider, the individual must initially pay for the care rendered then submit a receipt for reimbursement of the care cost



Preferred Provider Organization

- Clients must pay a premium, deductible, and co-payments.
- Clients do not have to choose a primary care physician.
- Clients may visit non-network physicians, but coverage is greater with in-network physicians.
- PPOs often have other fees and co-payments.



Point of Service

- Clients must pay a premium.
- Clients must chose a primary care physician.
- For in-network physicians, there is usually no deductible and co-payments are low.
- Specialists may be non-network physicians, but coverage may be limited

<https://youtu.be/0DuL6R61azE>



Government Programs

- In the 20th century, the United States government began to realize the need for public medical assistance.
- In 1965, President Lyndon B. Johnson instituted two medical assistance programs to help those without health insurance.
 - Medicaid
 - Medicare



Medicaid

- Income or needs based program
- Designed by the federal government, but administered by state governments
- Usually includes individuals with low incomes, children who qualify for public assistance, and individuals who are blind or physically disabled.



Other forms of government insurance

State Children's Health Insurance Program (SCHIP)

Established in 1997:

--- provides healthcare to uninsured children of working families who earn too little to afford private insurance but too much to be eligible for Medicaid

--- Kentucky: *KCHIP*



Other forms of government insurance

State Children's Health Insurance Program (SCHIP)

- *KCHIP* provides:
 - inpatient and outpatient hospital services
 - physician's surgical and medical care
 - laboratory and X-ray tests
 - well-baby and well-child care including childhood immunizations



Medicare

- Program for any citizen age 65 or older
- Administered by the federal government
- After an individual pays a deductible, Medicare will cover 80% of all medical expenses.



Medicare Services

- Part A: Hospital Care
 - Hospitalization
 - Skilled nursing facilities
 - Home health care
 - Hospice care
 - Long-term care facilities
- Part B: Outpatient Services
 - Medical expenses, including therapy, medical equipment, and testing
 - Preventive Care
- Part D: Pharmaceuticals



Health Insurance

MediGap Policies:

- pays expenses not covered by *Medicare*
- coverage offered by private insurance companies and require payment of a premium
- coverages must meet specific federal guidelines
- allows enrollees to choose options on how much coverage they wish to purchase



Health Insurance

Workers' Compensation:

- provides treatment for workers injured on the job
- administered by the state
- payments made by employers and the state
- provides payment for healthcare and lost wages



Health Insurance

United States Government Plans

TRICARE

- formerly called *CHAMPUS* (Civilian Health and Medical Programs for the Uniform Services)
- provides care for all active duty members and their families
- provides care for survivors of military personnel and retired members of the Armed Forces



Health Insurance

United States Government Plans

Veterans Administration

--- provides healthcare for military veterans



Health Insurance

Health Insurance Portability and Accountability Act (HIPAA)

- as the cost of providing insurance increases, employers are becoming less willing to offer healthcare insurance
- persons with chronic illnesses often find they can't obtain insurance coverage if their place of employment changes
- this is one reason the federal government passed HIPAA in 1996



Health Insurance

HIPPA

Main Components:

- healthcare access
- portability
- renewability

Limits exclusions on pre-existing conditions to allow for the continuance of insurance even with job changes



Health Insurance

HIPPA

Main Components:

- healthcare access
- portability
- renewability

Prohibits discrimination against an enrollee or beneficiary based on health status



Health Insurance

HIPPA

Main Components:

- healthcare access
- portability
- renewability

Guarantees renewability in multi-employer plans



Health Insurance

HIPPA

Main Components:

- provides special enrollment rights for persons who may lose insurance coverage in certain situations, such as divorce or termination of employment



Health Insurance

HIPPA

Main Components:

- preventing healthcare fraud and abuse, administrative simplification, and medical liability reform



Health Insurance

HIPPA

Main Components:

- establishes methods for preventing fraud and abuse and sanctions or penalties if fraud or abuse occur



Health Insurance

HIPPA

- Compliance with all *HIPAA* regulations was required by April 2004 for all healthcare agencies
- Regulations have not solved all problems of healthcare insurance, but have provided consumers with more access to insurance and greater confidentiality in regard to medical records



Health Insurance

HIPPA Benefits

- Standardization of electronic healthcare records
- Reductions in administrative costs
- Increased tax benefits
- Decreasing fraud and abuse
- Promotes reduced healthcare costs for everyone



Obamacare

What is the Affordable Care Act and how does it work??

<https://youtu.be/vju70l6qSKk>



Health Insurance

Summary

Health Insurance Plans:

- don't solve all the problems of healthcare costs
- do help many people pay for all or part of cost
- It's important to understand what a plan covers
- it's important to understand coverage and restrictions healthcare plans may have