

HEALTH INSURANCE 101

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Health Insurance 101

Purpose of today's presentation:

- ⦿ *Understanding health insurance is difficult.*
- ⦿ *UMCP OIS developed this presentation to provide a general overview of health insurance plans.*

Health Insurance 101

Why do you need health insurance in the U.S.?

- In the U.S., unlike most of the world, health insurance is privatized
- Seeking medical treatment for illnesses or accidents would be very expensive without health insurance
- Health insurance offsets the cost of doctor bills, surgery, hospital, laboratory and x-ray fees, and pharmacy costs

Health Insurance 101

In addition to health insurance, you may also purchase policies for

- Dental insurance
- Vision insurance
- Veterinary insurance!

Some basic facts

- Healthcare costs continue to increase.
- Even with insurance, consumers are asked to pay a larger amount of healthcare costs.
- 40% of US citizens are uninsured
- One of the largest age groups uninsured is young people between the ages of 20 and 29
- Health care reform is currently underway in the United States. Visit www.healthcare.gov for more information.

Sample Healthcare Cost for Common Injury

Soccer Injury (with Mild Concussion)

● Physician	186.00
● Laboratory	156.00
● CAT Scan	1,444.00
● X-ray	461.00
● Emergency Room	359.00
● Physician (Urgent Care)	186.00
● Physician (Hospital)	410.00
● Radiologist	<u>282.00</u>
● Grand total of	3,604.00

Sample Healthcare Cost: Common Illness Sinus Infection

⦿ Physician	186.00
⦿ Prescription anti-biotic	<u>75.00</u>
⦿ Grand total of	261.00

Risk is covered

- ⦿ Risk of illness and injury is a part of life.
- ⦿ Risk of financial loss due to healthcare costs is a part of life in the United States.
- ⦿ Health insurance developed as a way to “share the risk.”

How can insurance companies afford to pay healthcare costs?

- ⦿ They pick groups to insure which are statistically healthy.
- ⦿ They set limitations on *coverage*.
- ⦿ They negotiate with *healthcare providers* to discount their charges.
- ⦿ They charge the consumer *premiums, deductibles, and co-pays*.

Vocabulary

- Deductible
- Co-pay
- Premium
- Pre-existing condition
- Out of pocket expense
- Schedule of benefits
- Provider and subscriber
- HMO
- PPO
- Point-of-Service
- In-network provider vs. out-of-network provider

Deductible

The amount you pay before your insurance starts to pay.



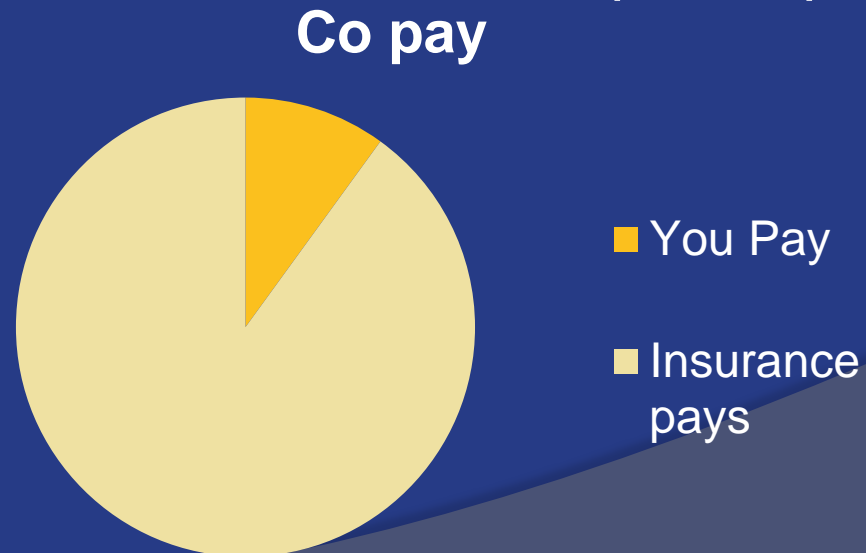
In general, the higher your deductible, the lower the premium.

Co-Pay

A fixed amount the subscriber pays at the time of service (when you go to the doctor).

The amount may differ depending on the type of doctor you visit (general practitioner vs. specialist)

There are co-pays for doctor's as well as for prescription medications.



What is a premium

Premium - *the monthly fee that is paid to an insurance company or health plan to provide health coverage, including paying for health-related services such as doctor visits, hospitalizations, and medications.*

Pre-existing condition

- ⦿ An illness or injury which happened before you purchased your insurance policy.
- ⦿ Examples of pre-existing conditions are:
 - Diabetes
 - Cancer
 - Tendonitis from a 10 year old ski injury
 - Pregnancy (yes, pregnancy is considered a pre-existing condition)
- ⦿ Affordable Care Act: Beginning in 2014, health insurance companies cannot deny you for having a pre-existing condition.

Provider and Subscriber

Provider

The insurance company

Subscriber

You – the insured

When you call a doctor to schedule an appointment, the receptionist will ask, “*Who is your health insurance provider*” and you will respond “*Blue Cross/Blue Shield*” or “*United*”

Out-of-pocket expense

- Medical costs which the subscriber (YOU) is responsible for. These are in addition to the cost of the premium. They are charges the insurance will not cover (e.g., deductible, co-pays, etc)

Schedule of Benefits

- ⦿ A listing of the services for which payment will be made by a third party *without* specification of the amount to be paid.
- ⦿ Make sure you read this carefully when choosing a policy & consider what your medical needs are or might be.

In-network provider vs. out-of-network provider

In-Network

A healthcare provider or facility that has a contract with the insurance company.

They provide services at a reduced cost to subscribers of that insurance company

Out-of-Network

A healthcare provider or facility that does not have a contract with the insurance company.

Treatment at these facilities will cost the patient more.

Types of Insurance Policies

- ◎ Managed Care:
 - Preferred Provider Organizations (PPOs)
 - Health Maintenance Organizations (HMOs)
- ◎ Others
 - Fee-for-Service / Indemnity Plans
 - Point-of-Service Plan

HMO – Health Maintenance Organization

- You will be assigned a general practitioner
- That GP will determine if and when and to whom you will go if more specialized treatment is necessary (serves as a gatekeeper)
- You may receive a list of PCPs (Primary Care Providers) from which to choose a doctor (based on location, gender, etc.)
- Typically with the HMO, no deductible is charged
- There may be a small co-pay fee for visiting a doctor in-network

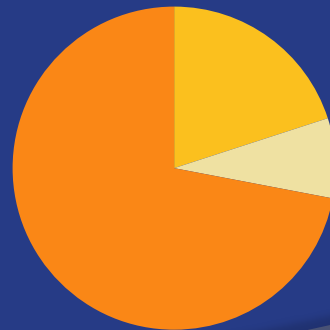
PPO – Preferred Provider Organization

- ⦿ Patient may see any doctor on list of PCPs (Primary Care Providers)
- ⦿ Patient may visit specialist without referral from a GP
- ⦿ May pay greater co-pay, deductible, and likely more out-of-pocket expenses

Fee-for-Service (Indemnity) Plan

- Obtained by individuals on their own, or through groups, such as employers or associations.
- Generally offer the freedom to choose your own healthcare providers including specialists and hospitals.
- The medical costs are split between the insurance company and the subscriber. Each pays a fixed percentage of the medical costs.
- These plans have set maximum “out-of-pocket expenses” the subscriber will have to pay.
- For example:

Fee-for-Service



■ Deductible

■ Co-pay/out-of-pocket expense

■ Insurance Company Covers

Point of Service Plans

- ⦿ A blend of elements of managed care and indemnity plans.
- ⦿ Every plan is different, so choose carefully!
- ⦿ Read the fine print and understand the terminology.
 - If you have a pre-existing condition, or if you have regularly prescribed medications (birth control, anti-depressants, blood pressure, insulin, etc.) make sure costs for those will not be exorbitant

When shopping for a policy

- ⦿ Determine realistically your medical needs
- ⦿ Pay close attention to the **schedule of benefits** or **description of benefits**. This will spell out the details of the policy.
- ⦿ Note the lifetime maximums paid by the insurance company. You may wish to have more coverage. \$30,000 won't go far towards a long-term hospitalization. Can you purchase optional medical coverage? For how much?
- ⦿ Read about reasonable and customary charges and how that will affect you.

Shopping for insurance cont.

- ⦿ Note the maximum paid per illness or injury.
- ⦿ Compare premium costs, deductibles, and copayments.
- ⦿ Read the limitations and exclusions carefully.
- ⦿ Note if there are geographical limitations to the policy.
- ⦿ See if the plan offers a certificate of creditable coverage. This is evidence of your coverage under the health plan, and will assist you to avoid the pre-existing clauses in your next policy.

Finally...

- ⦿ The information provided here is generic and very general. It is important to compare policies and to understand their benefits and limitations for **YOUR NEEDS!**
- ⦿ Remember, you get what you pay for.
- ⦿ Be an informed consumer!

Resources to Enroll in a Policy

- ⦿ For Graduate students with an assistantship:
 - Contact your department coordinator for enrollment assistance
 - Questions? Contact University Human Resources: 301-405-5654
- ⦿ For all other students:
 - UMD Student Health Insurance (UnitedHealthcare)
 - To enroll (or opt-out, for undergrads only):
<https://studentcenter.uhcsr.com/>
 - Questions about UMD student health insurance?
<http://www.health.umd.edu/about/insuranceandfees/faq>
 - Other available plans
 - Compass/ISO Student Health Insurance
 - Research your own – there are many affordable options!
 - Medical evacuation and repatriation insurance
 - Policy available for \$10 at the Health Center
 - Ask at the Health Center to enroll