| Health Insurance Policy Provisions | |
|---|---|
| **Required** | **Optional** |
| Entire Contract | Change of Occupation |
| Time Limit on Certain Defenses (Incontestability) | Misstatement of Ages |
| Grace Period | Other Insurance with this Insurer |
| Reinstatement | Other insurance with Other Insurer |
| Payment of Claims | Other Insurance with Other Insurers |
| Physical Examination and Autopsy | Relation of Earning to Insurance |
| Legal Actions | Unpaid Premium |
| Change of Beneficiary | Cancellation |
| Notice of Claims | Conformity with State Regulation |
| Claim Forms | Illegal Occupation |
| Proof of Loss | Intoxicants and Narcotics |
| Time Payment of Claim | |

## The individual insured person's obligations may take several forms:

- **Premium:** The amount the policyholder pays to the health insurer to purchase and maintain health coverage.
- **Deductible:** The amount that the insured must pay out-of-pocket before the health insurer pays any benefits.
- **Co-payment:** The amount that the insured must pay out-of-pocket for a particular visit or service (e.g., $15 per office visit or $50 per ER visit).
- **Coinsurance:** Instead of, or in addition to, paying a fixed amount up front (a co-payment), the co-insurance is a percentage of the total cost that insured person may also pay (e.g., 20% of expenses above the deductible).
- **Exclusions:** Medical services or procedures that are not covered. The insured are generally expected to pay the full cost of non-covered services out of their own pockets.
- **Coverage limits:** The maximum benefit amount the insurer will pay, either for a certain procedure or total annual benefits. The insured person may be expected to pay any charges in excess of the health plan's maximum payment for a specific service.
- **Capitation:** An amount paid by an insurer to a health care provider, for which the provider agrees to treat all members of the insurer.
- **In-Network Provider:** A health care provider on a list of providers preselected by the insurer. The insurer will offer discounted coinsurance or co-payments, or additional benefits, to a plan member to see an in-network provider. Generally, providers in network are providers who have a contract with the insurer to accept rates further discounted from the "usual and customary" charges the insurer pays to out-of-network providers.
- **Prior Authorization:** Permission by the insurer allowing an insured to obtain specified medical care. Typically required before major surgery, dental work, etc.
- **Explanation of Benefits (EOB):** A document that may be sent by an insurer to a patient explaining what was covered for a medical service, and how payment amount and patient responsibility amount were determined.

# GROUP HEALTH INSURANCE

| Types of Group Health Insurance | Characteristics of Group Health Insurance |
|---|---|
| **Contributory Plan** | **Certificate of Insurance for Covered Employees** |
| **Group Health Insurance** | **Look-Back Period** |
| **Insured Plans** | **Master Policy Owned by Employer** |
| **Non-Contributory Plan** | **Open Enrollment Period** |
| **Self-Funded Plan** | **Waiting Period** |

| | Health Insurance Reimbursement Arrangement (HRA) | Health Savings Account (HSA) | Flexible Spending Account (FSA) |
|---|---|---|---|
| **Eligibility** | Depends on employer | Anyone not enrolled in Medicare | Depends on employer |
| **Required for Associated Health Plan** | None | Minimum deductable and maximum OOP limit | None |
| **Contribution Sources and Annual Limits** | Employer only | Employer or individual | Individual; employer may set an upper limit |
| **Annual Rollover and Portability** | Unused funds may be rolled over but generally not portable | Unused funds may be rolled over and are portable | Unused funds are forfeited at the end of the year |

# TYPES OF DISABILITY INSURANCE POLICIES

| Disability Income Policy | Income Replacement | Business Uses |
|---|---|---|
| Covers a person who cannot work due to a disabling injury or illness. | Coverage that provides a benefit if the insured becomes disabled and cannot perform the duties of his or her occupation and is not engaged in any other occupation. | Business overhead expenses and/or disability buyout |

# DISABILITY HEALTH INSURANCE PROVISIONS

| | |
|---|---|
| **Any Occupation** | Benefits are payable if the insured is unable to engage in any occupation for pay or profit |
| **Own Occupation** | Benefits are payable if the insured cannot perform the duties of his or her own occupation |
| **Partial Disability** | Benefits are payable if the insured stays on the job and continues to earn a wage |
| **Presumption of Disability** | Insured can automatically qualify for the policy's full benefit if he or she were to suffer from certain specified conditions, which are severe enough that total disability can be presumed |
| **Residual Benefit Payment** | Method of benefit payment for a partial disability that is based on the portion (percentage) of income that is actually lost because of partial disability |
| **Flat Benefit Payment** | Method of benefit payment for a partial disability that is a set amount stated in the policy as a percentage of what would be paid for total disability |

# MEDICARE

**Original Medicare Plan**

**Part A (Hospital)** **Part B (Medical)**

Medicare provides this coverage. Part B is optional and requires payment of a monthly premium. Recipient has a choice of doctors. Costs may be higher than those associated with a Medicare Advantage plan.

**Medicare Advantage Plans**

**Part C**

Combines Part A and Part B into a single plan offered by private insurance companies approved by Medicare. Insureds must generally see doctors in the plan. Costs may be lower than those associated with Original Medicare and the insured may have additional benefits not available with Original Medicare.

**Medigap**

**(Medicare Supplement Insurance Policy)**

Medigap is a private insurance policy offered by insurance companies, designed to fill the "gaps" in Part A and Part B coverage. Ten standard plans are available. Both benefits and premiums vary from plan to plan, but all plan benefits are the same for all companies. Premiums may also vary from company to company.

**Prescription Drug Plan**

**Part D**

Part D is optional. It is available through private companies approved by Medicare to administer such plans. Different plans cover different drugs. Medically necessary drugs must be covered.

**Prescription Drug Plan**

**Part D**

Most Part C plans cover prescription drugs. If prescription drug coverage is not offered with a Part C plan, the insured may be able to join another plan that provides this coverage (or return to the Original Medicare plan and enroll in Part D). Different plans cover different drugs. Medically necessary drugs must be covered.

*An individual enrolled in a Medicare Advantage plan does not need and, in fact, should not have a Medicare supplement policy. MA plans typically cover the same benefits that a Medigap policy covers.*