



## Chapter 16 Health Insurance Providers

### Commercial Insurance

- Reimbursement approach
- Right of assignment
- Choose any physician

### Service Providers

- **Health Maintenance Organization**
  - In-network coverage only
  - Choose physician when you enroll
  - Need referral to see other physicians
  - Physicians paid by HMO in advance (capitation arrangement)
  - Open panel: physicians do not work for HMO
  - Closed panel: physicians work for HMO as an employee
  - Stresses preventative medicine
  - Office co-pay usually required
- **Preferred Provider Organizations (PPO)**
  - In-network or out-of-network
  - Physicians are paid a fee-for-service
  - No referral required
- **Point of Service (POS)**
  - Combination of HMO & PPO

### Government Programs

- **Medicare**
  - Federal Program
  - Age 65; or,
  - Chronic kidney disease; or,
  - Receiving Social Security disability benefits
- **Social Security Disability Income**
  - Federal Program
  - Mental or Physical condition preventing ability to perform any substantial gainful work
  - Condition must be expected to last at least 12 months or result in earlier death
  - Requires person to have accumulated appropriate number of quarters
  - Five month waiting period to apply (not reimbursed for this period)
  - Retroactive for 12 months excluding waiting period

- **Medicaid**
  - State program
  - Matching federal funds
  - For medical public assistance plans to help needy persons regardless of age
  - “Means tested”; Income and assets checked; low income
  - Can be used to help pay deductibles/co-insurance, etc. for Medicare (dual eligible)
- **State Workers’ Comp**
  - Employer provided
  - On the job-related deaths and illnesses

### **Other Methods of Providing Health Care/Insurance**

#### **Self Insurance**

- Large Corporations, Labor Unions, Fraternal
- Funded through dues or contributions from members/employees
- Administered by:
  - Insurance companies
  - Administrative Organizations (ASOs)
  - Third Party Arrangements (TPAs)

#### **Multiple Employer Trusts**

- Designed for employers with a small number of employees
- Provides choices of health & life insurance
- Employer joins the trust, receives a joinder agreement specifying relationship between the trust & the employer
- Employee chooses the benefits desired
- Receives a certificate explaining benefits

#### **Multiple Employer Welfare Arrangements (MEWAs)**

- Similar to above , but
- Usually self-insured
- For tax exempt entities
- Unions

#### **Direct Primary Care Agreements**

- a financial arrangement made directly between a patient and primary healthcare provider
- primary healthcare provider is paid a monthly fee by individual
- does not cover hospitalization or tests, etc.