



Chapter 24 Group Health Insurance

Characteristics

- One policy covering one or more people
- Master policy issued to employer
- Employees receive certificate

Eligible Groups

- **Natural groups** – formed for a purpose other than buying insurance
 - Employers; unions; trade associations etc.
 - Ck law chapter for state minimum number of employees

Individual Eligibility Requirements

- Employer sets these
- Maybe full-time; on the job for 30, 60, or 90 days

Contributory vs Non-contributory

- Ck law chapter – some states require 100% participation for non-contributory plans

Conversion

- Allows for employee to convert (not the same as COBRA) with-in a certain time frame (usually 30-31 days) to an individual plan w/o evidence of insurability – see law chapter
- May still be covered under this time-period even if no conversion was elected

Coordination of Benefits

- Found **ONLY** in group plans
- Its purpose is to prevent duplication of benefits and or over-insurance when an insured is covered under more than one group plan

Pre-existing conditions

- **Affordable Health Care Act – most plans**
 - No pre-existing conditions excluded
 - No lifetime maximums
- **Non-ACA plans**
 - Company can look-back six months
 - May exclude for no more than 12 months

Coverages

- **Dental** (if elected)
 - “Reasonable & Customary” or “dollar-per-service” approach
 - Deductibles & Co-insurance
 - Normal dental maintenance; surgery; root canals; orthodontia
- **Vision** (if elected)
 - Exams
 - Eye-wear often excluded

Group Basic Medical Expense

- No deductible/no co-insurance
- See medical expense chapter

Group Major Medical

- Deductibles/Co-insurance
- Coordination of benefits
 - Establishes which plan is primary
 - Limits amount from all policies to no more than the actual charges incurred
 - Usually for married couples

Maternity

- Treated like any other claim

COBRA

- Applicable to companies with 20 or more employees
- Allows employee to keep their coverage for
 - 18 months or
 - 36 months – if employee eligible for Medicare or Medicaid
 - 36 months – for dependents of deceased employee
 - Is a continuation, not a conversion of coverage
 - Premiums cannot increase by more than 102% of the premium
 - Employee will pay the entire premium

Group Disability

- **Short-term Disability**
 - 13-26 weeks; 50% to 100% of salary
- **Long-Term Disability**
 - May pay for longer than two years; generally limited to 60% of salary
- May limit benefits to non-occupational injuries because of workers’ comp
- Long term begins after short term
- If employer pays premium & deducts, the benefit will be taxable

Group A.D. & D.

- Usually elected & paid for by employee
- No conversion upon separation of service
- Need a beneficiary

Other Types of Group Health Plans

Blanket Health Plans

- Covers sporting events, concerts, airlines, bus companies
- Provides coverage while on the bus or at the event
- Composition of the group is constantly changing
- One policy

Franchise Health Plans (Wholesale Insurance)

- For professional associations
- Physicians, CPAs, Attorneys

Credit Accident & Health

- Disability insurance that helps pay the loan

Worksite (employer sponsored health plans at work: gyms, nutritional, smoking cessation, etc.)

Critical Illness policies; Limited Risk; Dread Disease

- Cancer; Stroke; Heart attacks
- Pays a stated dollar amount to be used for any reason

Health Savings Accounts

- For folks under age 65
- Used with High Deductible Health Plans
- May contribute & deduct 100% of High Deductible
- Tax free growth & Tax-free withdrawals if the withdrawals are “qualified”
 - Doctors’ fees
 - Prescribed medicine
 - Retiree health premiums
 - COBRA coverage
 - Birth control
- If withdrawals are not “qualified”
 - 10% penalty
 - Taxed
- May be transferred to a spouse

Taxation of Health Premiums

- Employer may deduct premium contributions for employee group health plan
- Employee does pay taxes on this
- Employee may deduct any amount of unreimbursed medical expenses exceeding 10% of A.G.I

- If employer pays premiums for group disability, she may deduct those contributions but the employee will be taxed on the benefit should employee become disabled