***Ch 7 ( CH 15 in Textbook)***

***Health Care and Individual Health Insurance***

After studying this chapter, the student has to able to answer the following questions:

* What is the definition of ***Individual Medical Expense Insurance*** ?
* What are the characteristics of ***Individual Medical Expense Insurance*** ?
* Explain, in detail, what are of ***Individual Medical Expense Insurance*** ?
* Explain, *What do you mean care plans?*
* What is PPO

***15.1- Individual Medical Expense Insurance***

***15-1-Introduction***

Health insurance covers medical expenses from sickness. These expenses include doctor hospital bills, the cost of medicines, private nursing care. Health insurance may also pay the income ( SALARY OF INSURED) that an insured person is unable to earn during period of disability.

Coverage of Health insurance may be provided either ***for individual*** or ***for group***. In this chapter will illustrate the individual medical expense Insurance as indicated below

***15-2-Definition of Individual Medical Expense Insurance***

***The individual medical expense insurance*** is important in providing ***economic security*** to ***individuals* and *families*** who are not part of any group. *This type of insurance is purchased by people who are* ***not employed****,* ***retired workers*** *who need individual protection, as well ,****college students 26 age*** *and are no longer eligible for coverage under their parents plans -----etc* . Hence, we say, the **individual medical expense Insurance** *protects an individual or family for covered medical expenses because of sickness or injury.*

* ***Most policies of individual medical expense insurance sold today have the following characteristics***

A- Major medical benefits

B- A broad range of benefits

C- A calendar-year deductible

D- Coinsurance, copayments

E- Annual out-of-pocket limits

F - Exclusions

The previous characteristics can be indicated as follows

***What are the characteristics of individual medical insurance policy?***

 ***A -Major medical insurance***: a generic term is designed to *pay* *a high percentage of covered medical expenses incurred by an insured* who has a catastrophic illness or injury. The primary purpose is to relieve the insured of financial burden.

***B- A broad range of benefits***

Most **individual medical expense policies** provide a broad range of benefits, including

* + *Inpatient hospital benefits* comprise cost of room. Treatment rooms, nursing care, cost of operating room, drugs and X-ray ---etc
	+ *Outpatient benefits covers all services* listed under Inpatient hospital benefits and surgery as an outpatients in a hospital and others services
	+ *Physician benefits*, include office visits to Physician, consultation, nurse practioners and others services
	+ *Preventive services* include all preventive services
	+ *Outpatient prescription drugs* which may subject to some deductibles or copayments

***Notice*** : ***Medical expense policies contain a deductible provision***

 ***C- A calendar-year deductible***

A calendar-year deductible is ***an aggregate deductible*** that has to be satisfied only once during the calendar year. *The purpose of the deductible* is to eliminate small claims and the high administrative cost of processing them. Consumers ( INSUREDS) have *choice of deductibles* that may be $1000, $2000, $2500 or some higher amount. Once the deductibles are met, no additional deductible has to be satisfied during the calendar year.

 *D- Coinsurance, copayments*

 *Individual medical expense policies* contain ***a coinsurance provision***. ***A coinsurance provision*** is *the percentage of the bill in excess of the deductible*, which the insured must pay out-of-pocket up to some maximum annual dollar limit.

***Purposes of coinsurance provision*** ***are***

1. to reduce premiums and
2. Prevent overutilization of plan benefits. Coinsurance may be 20 % or 30% or more

**As well**, Individual medical expense policies contain ***a copayment provision*** ***A copayment*** is **a flat amount** the insured must pay for certain benefits, such as $40 for an office visit or $10 copayment for generic drug.

 ***E- Annual out-of-pocket limits حدود المصروفات السنوية***

***Individual medical expense policies*** also contain *annual out-of-pocket limit* which is called **a stop-loss limit** . By virtue of it, 100 % of the covered medical expenses are paid. But, after **the insured** pays ***a certain annual amount of out-of-pocket*** ***دفع من جيبه expenses***. ولكن ، بعد أن يدفع المؤمن له مبلغًا سنويًا معينًا من المصروفات الشخصية. أي أن إجمالي إنفاق المؤمن عليه من الجيب مقيد بحد سنوي من الجيب

***That is***, the insured’s total out-of-pocket spending is limited by an annual out-of-pocket limit **after which, the insurer pays** 100% of eligible expenses.

 ***F - Exclusions***

All individual medical expense policies also contain exclusions. Some of these exclusions are as follows:

* Expenses caused by war
* Elective cosmetic surgery
* Eyeglasses and hearing aids
* Expenses covered by workers compensation Insurance
* Expenses covered by Medicare or other government programs
* Expenses resulting from suicide
* Pregnancy and childbirth except complications of pregnancy

***15-3-Mehods of management of Individual medical expense insurance***

***Individual medical expense insurance plans*** are managed by ***care plans***. So, the following question may be raised about care plans. *What do you mean care plans?*

***The answer***, ***Care plans*** *is* ***a generic term for medical expense plans*** that ***provide*** ***covered medical services to the members ( INSUREDS)*** in a cost effective manner. By ***care plans***, cost should control and the policyholders has the right to select physicians, hospitals --- etc.

*\*\*Care plans has different types . The most poular plan is called* ***PPO*** *(*preferred provider organization). A PPO is *a plan for writing contracts with physicians, hospitals, and other health-care providers* to provide covered medical services to policyholders at discounted fees. About 83% of the individual medical expense policies and 73% of family policies are PPO plans. Under PPO , a ***policyholder*** can elect to receive care from any physician or health care provider (i.e. hospital).