

CHAPTER 15

HEALTH AND LIFE INSURANCE

Your Personal Security

WHAT'S AHEAD

15.1 Health Insurance Basics

15.2 Health Insurance Plans

15.3 Choose a Health Plan

15.4 Health Care Rights and Responsibilities

15.5 Life Insurance

LESSON 15.1

Health Insurance Basics

GOALS

- ▶ Identify health care needs to be covered by your basic health insurance policy.
- ▶ Discuss purchasing extra insurance to cover special health care needs.

KEY TERMS

- malpractice insurance
- generic drug

What Health Insurance Covers

- ▶ **Basic coverages**
 - ▶ Hospitalization
 - ▶ Surgery
 - ▶ Outpatient services
 - ▶ Major medical
- ▶ **Additional coverage choices**
 - ▶ Medications
 - ▶ Dental care
 - ▶ Vision care
- ▶ **What's not covered**

Insurance for Special Health Needs

- ▶ Catastrophic and specified-disease insurance
- ▶ Long-term care insurance
- ▶ Disability income insurance

CHECKPOINT 15.1

- What should you expect your basic health insurance policy to cover?
- If you have basic insurance that covers hospitalization, why might you also need catastrophic, specified-disease, or long-term insurance? What is the purpose of disability insurance?

CHECKPOINT 15.1 ANSWERS

- What should you expect your basic health insurance policy to cover?
- Hospital stays
 - Surgical procedures
 - Physician services when you are not in the hospital
 - Major illnesses and injuries

CHECKPOINT 15.1 ANSWERS

- If you have basic insurance that covers hospitalization, why might you also need catastrophic, specified-disease, or long-term insurance? What is the purpose of disability insurance?
- Some illnesses or disabilities require very expensive care, or care over a long period of time that would exceed the lifetime limits set for ordinary insurance.
- Disability insurance is designed to replace lost income when you cannot work because of an accident or illness.

LESSON 15.2

Health Insurance Plans

GOALS

- ▶ Describe how a fee-for-service health insurance plan works.
- ▶ Discuss common forms of managed care plans.

KEY TERMS

- fee-for-service plan
- coinsurance
- reasonable and customary charge
- managed care plan
- capitation
- copayment
- health maintenance organization (HMO)
- primary care physician
- preferred provider organization (PPO)
- point-of-service (POS) plan

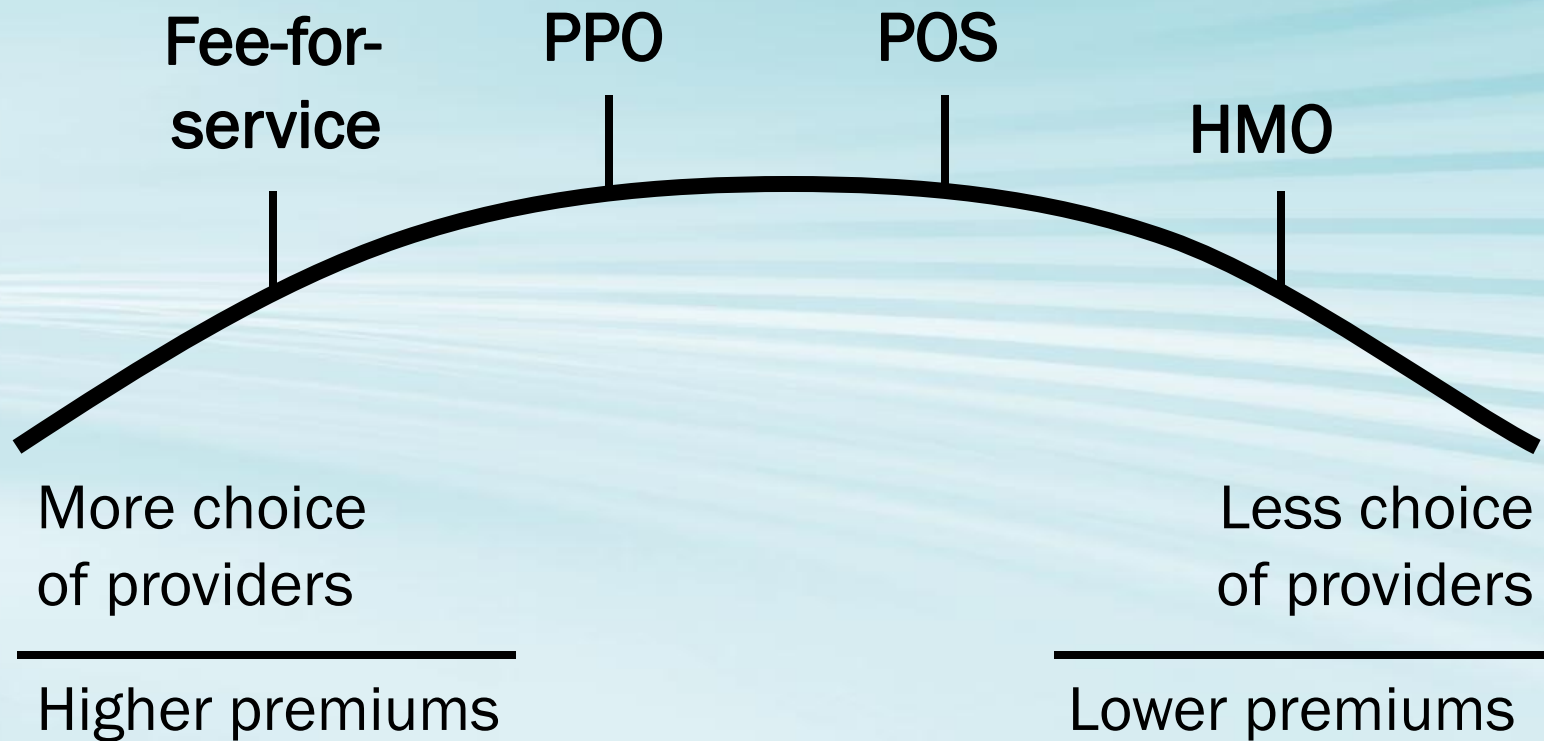
Fee-for-Service Plans

- ▶ Costs
- ▶ Limits

Managed Care Plans

- ▶ How managed care works
- ▶ Health maintenance organizations (HMO)
- ▶ Preferred provider organizations (PPO)
- ▶ Point-of-service (POS) plan

Comparison of Health Care Plans



CHECKPOINT 15.2

- How does a fee-for-service medical insurance plan work?
- How is managed care different from fee-for-service plans? How do the managed care plans differ from each other?

CHECKPOINT 15.2 ANSWERS

- How does a fee-for-service medical insurance plan work?
- When you have fee-for-service health insurance, you pay the deductible and a percentage of the charges (coinsurance).
- The insurance company reimburses you for the major portion of reasonable and customary charges.
- You are able to choose your own physician.

CHECKPOINT 15.2 ANSWERS

- How is managed care different from fee-for-service plans? How do the managed care plans differ from each other?
 - Fee-for-service plans permit you to choose any doctor you wish and then reimburse you for expenses.
 - Managed care is provided through approved member health care providers who are paid a negotiated fee.
 - HMO members must obtain care from providers of the group to receive coverage. Members of PPOs may choose non-member providers but pay a higher cost to do so. POS plans combine aspects of HMOs and PPOs.

LESSON 15.3

Choose a Health Plan

GOALS

- ▶ Identify the major sources of health insurance.
- ▶ Discuss how to evaluate health insurance options.

KEY TERMS

- open enrollment
- COBRA
- pre-existing condition
- Medicare
- Medigap
- Medicaid
- workers' compensation

Sources of Health Insurance

- ▶ **Group health insurance**
 - ▶ Employer-sponsored plans
 - ▶ COBRA
 - ▶ Pre-existing conditions
- ▶ **Individual health insurance**
- ▶ **Government-sponsored health insurance**
 - ▶ Medicare
 - ▶ Medigap
 - ▶ Medicaid
 - ▶ Workers' compensation

How to Shop for Health Insurance

- ▶ Questions to ask yourself
- ▶ Insurance provider concerns

CHECKPOINT 15.3

- What sources of health insurance are available to people who live in the United States?
- Why should you decide what is important to you before you choose health insurance?

CHECKPOINT 15.3 ANSWERS

- What sources of health insurance are available to people who live in the United States?
- Employer-sponsored plans
 - Private purchase plans
 - Government-sponsored Medicare and Medicaid programs

CHECKPOINT 15.3 ANSWERS

➤ Why should you decide what is important to you before you choose health insurance?

Before buying health insurance, you should:

- Understand the trade-offs in buying insurance.
- Know what you want and what doesn't matter when looking for a plan.
- Find a plan that meets your needs without spending more than necessary.

LESSON 15.4

Health Care Rights and Responsibilities

GOALS

- ▶ Describe your medical care rights and responsibilities.
- ▶ Discuss how to get protection you need from your health plan.

KEY TERMS

- patients' bill of rights
- referral

Patients' Bill of Rights

- ▶ Your proposed rights
- ▶ Your responsibilities

Take Charge of Your Health Care

- ▶ Referrals
- ▶ In-plan providers
 - ▶ Pre-approvals
 - ▶ Second opinions
- ▶ Pre-existing conditions
- ▶ Experimental treatments
- ▶ The appeals process

CHECKPOINT 15.4

- What are the rights and responsibilities offered by the proposed patients' bill of rights?
- Why is it important to know how your health plan and its appeals process work?

CHECKPOINT 15.4 ANSWERS

- What are the rights and responsibilities offered by the proposed patients' bill of rights?

A description of each of the medical rights and the corresponding responsibilities can be found on pages 517–519 of the text.

CHECKPOINT 15.4 ANSWERS

➤ Why is it important to know how your health plan and its appeals process work?

Knowing how your health plan works will help you:

- Understand what is expected of you and what is expected of medical care providers that belong to the plan.
- Make sure that all the elements of the contract—both your rights and your responsibilities—are preserved.
- Understand the appeals process so you can defend your rights if you feel they have not been respected.

LESSON 15.5

Life Insurance

GOALS

- ▶ Explain why life insurance should be part of your financial plan.
- ▶ Identify different types of life insurance you may choose.

KEY TERMS

- **death benefit**
- **beneficiary**
- **term life insurance**
- **permanent life insurance**

The Value of Life Insurance

- ▶ What is life insurance?
- ▶ How life insurance works

Types of Life Insurance

- ▶ **Term life insurance**
 - ▶ Level term life insurance
 - ▶ Renewable term life insurance
 - ▶ Convertible term life insurance
- ▶ **Permanent life insurance**
 - ▶ Whole life insurance
 - ▶ Variable life insurance
 - ▶ Universal life insurance
- ▶ **Life insurance as an investment**

How Much Life Insurance Should You Buy?

- ▶ Your family responsibilities
- ▶ Your financial situation
- ▶ Your future
- ▶ Your special needs

CHECKPOINT 15.5

- How does life insurance protect a family's financial well-being?
- What are the major differences between term and permanent life insurance? What should you consider in deciding which type and how much to buy?

CHECKPOINT 15.5 ANSWERS

- How does life insurance protect a family's financial well-being?

Life insurance protects families from financial loss that can result from the death of a family member.

CHECKPOINT 15.5 ANSWERS

- What are the major differences between term and permanent life insurance? What should you consider in deciding which type and how much to buy?
- Term life insurance coverage lasts only a limited time period and is pure insurance that includes no savings element.
- Permanent life insurance lasts as long as premiums are paid and includes a savings element.
- Considerations in selecting an insurance policy that is right for you include your family responsibility, your financial situation, your future, and any special needs.