This leader training kit is designed to help leaders teach their audience about a major consumer purchase—health care coverage. It is organized so that the participants should be better able to (1) assess their individual/family health care needs; (2) use appropriate guidelines to select and purchase health care coverage in order to get the most protection for dollars spent; and (3) use their plan in order to maximize benefits. Each of the five unit guides contains an overview, consumer objectives, lesson outlines and suggested learning activities, fact sheets, and supplementary materials. Each guide is designed to be used independently of the others, depending on the audience and their needs. The guides cover the following topics: health care costs and major trends; matching health care needs with options for coverage; evaluating and selecting health care plans and policies; using health care plans to maximize benefits (filing health insurance claims, filing an insurance complaint in Ohio, and the new rules for health care coverage); and senior citizens and health care coverage (Medicare and supplemental policies). A glossary, crossword puzzle, and seven brief circulars containing practical advice for consumers complete the kit. (KC)
"ACTUALLY, DR., OUR TERRIBLE HEADACHES STARTED WHILE WE WERE DECIDING BETWEEN FIFTEEN DIFFERENT HEALTH CARE PLANS..."
A LEADER TRAINING RESOURCE KIT

This kit has been developed as part of a special research and training project of the Cuyahoga County Cooperative Extension Service, The Ohio State University and supported by The Cleveland Foundation.

LINDELL C. NORTHUP
Project Director

SALLY K. EBLING
County Extension Chairman

"Making Sense of Health Care Plans: The Consumer's Guide To Health Care Coverage" is a set of materials designed to help leaders organize and conduct training for their own audiences. The kit is organized in such a way so as to provide necessary lesson plans, fact sheets, and support materials.

The overall goals of this educational tool include helping consumers to assess their health care needs; to use appropriate guidelines to purchase coverage which will provide adequate protection for dollars spent; and to utilize the plan they select in such a way as to receive maximum benefits.
Acknowledgements

The Cuyahoga County Cooperative Extension Service wishes to thank the following two Ohio State University faculty members who provided expert review of resource materials and overall guidance as the project developed:

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Professor of Research and Resident Instruction
College of Home Economics
The Ohio State University

DR. CAROLYN MCKINNEY
Extension Specialist in Family Resource Management
Ohio Cooperative Extension Service
The Ohio State University

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Cuyahoga County Board of Commissioners

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Committee For Concerned Relatives of Nursing Home Patients

SANDRA PREBIL
Private Attorney

KATHY NAKA
Lakeview Golden Age Center

A special thank you is extended to Judith Lynn Plotz of J. L. Plotz and Company for her expert review of the materials and many helpful suggestions.
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## GLOSSARY AND CROSSWORD PUZZLE
HOW TO USE THE LEADER TRAINING KIT

This leader training kit is designed to help you, the leader, teach your audience about a major consumer purchase - health care coverage. It is organized in such a way that after participating in all the lessons, the participants should be better able to:

1. Assess their individual/family health care needs.
2. Use appropriate guidelines to select and purchase health care coverage in order to get the most protection for dollars spent.
3. Utilize their plan in order to maximize benefits.

Each of five leader teaching guides contain:

- Consumer objectives
- Lesson Outlines and Suggested Learning Activities
- Fact sheets
- Supplementary materials

However, each guide is designed to be used independently of the others, depending on your audience and their needs, the amount of time available, or the number of sessions to be conducted. Target audiences who would benefit from the materials in this kit include:

- Young adults (the group most likely to be without health care coverage)
- Employees who must select from a number of group health care plans
- Individuals who must purchase individual (non-group) health care coverage
- Pre-retirement persons who need to begin planning for protection after age 65
- Senior citizens who must purchase coverage to supplement Medicare.

In addition, lesson outlines within the teaching guides may be used independently to better meet the needs of the particular audience or if a series of sessions is planned. Try to determine your audience's needs or interests in advance. To do this, you could speak with the staff or officers of the group and ask them what they think the needs are. If possible, you could develop a brief questionnaire and ask that it be completed in advance of your training by the proposed participants. If more than one session is planned, you could use a questionnaire prior to the next meeting or take a simple poll of those present. The number of suggested learning activities you choose will also depend on the length of time available. Before you select the activities, be sure you read through all the materials.
BEFORE THE TRAINING

1. Review the "Leader Teaching Guides" containing lesson outlines and activities for the section(s) you will be using.

2. Study the lesson outline, review background information, select learning activities and make changes as needed.

3. Duplicate any handouts selected.

4. Assemble needed materials and equipment.

5. Obtain a room with enough tables so that participants will have adequate table top space to spread out their packet of materials as well as allow them to participate in group or individual written activities.

PRESENTING THE LESSON

1. Make sure that the meeting room is ready, such as the placement of chairs for best viewing, adequate room lighting, and proper room temperature.

2. Assemble needed materials and equipment, if any, and arrange for easy use. Be sure equipment is working properly.

3. Give objectives of the lesson and a brief overview of what is to be covered.

4. Proceed with the lesson, using selected learning activities.

5. Conduct question and answer or comment period. Allow participants to share experiences.

6. Administer training effectiveness questionnaires.

NOTE: The information in these materials was current as of the writing of this kit (January 1986). Statistics and other figures (on costs, for example) change frequently. The leader should update prior to a presentation, whenever possible.

To simplify information in this publication, trade names of some products and/or services are used. No endorsement is intended, nor is criticism implied of similar products not named.
MAKING SENSE OF HEALTH CARE PLANS: 
THE CONSUMER'S GUIDE TO HEALTH CARE COVERAGE

TRAINING EFFECTIVENESS QUESTIONNAIRE

Your feedback on the training in which you have just participated is very important. Thank you for taking the time to fill out this questionnaire.

YOUR NAME (OPTIONAL):

ORGANIZATION:

Please check the lessons in which you participated:

I. Overview
II. Matching Health Care Needs with Options for Coverage
III. Evaluating and Selecting Health Care Plans and Policies
IV. Using Your Plan to Maximize Benefits
V. Senior Citizens and Health Care Coverage

Please rate the following on the scale below by checking (✓) the appropriate box:

<table>
<thead>
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<th>TRAINING EFFECTIVENESS:</th>
<th>Excellent</th>
<th>4</th>
<th>3</th>
<th>2</th>
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<td>6. Value of information received</td>
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<td>7. Degree to which you learned a new skill(s)</td>
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<td>9. Degree to which you feel you will be able to convey the information to others</td>
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We appreciate any additional comments you might have to make. Please do so on the back of this form.
I. OVERVIEW

This section provides an overview of the problem of rising health care costs and how high costs have impacted on the health care system. Major trends caused by rising costs are also described.

CONSUMER OBJECTIVES:

After completion of this section of the leader training, participants should be able to:

1. List three reasons for rising health costs.
2. List three recent changes in the health care system relating to coverage brought about by rising health care costs.
3. Describe one major trend in health care coverage which will impact on consumers in the next decade.
I. OVERVIEW

A. RISING HEALTH CARE COSTS AND HOW THEY IMPACT ON THE HEALTH CARE DELIVERY SYSTEM

Lesson Outline

I. Since 1975 the amount of money Americans spend on health care has nearly tripled from $133 billion to approximately $391 billion in 1984. Health care makes up nearly 11 percent of the Gross National Product (GNP).  

A. In 1984 Ohioans spent $14.7 billion—up from $3.8 billion in 1970—for health services. This represents 10.5% of Ohio's Gross State Product (GSP).

B. Between 1978 and 1985 the average cost per day for a semi-private hospital room rose from $110 to $212. The average rate in Ohio by 1985 was $229.

C. In 1983, Cleveland had the highest cost per hospital case of any other Ohio city, $4,345 as compared to a national average of $2,789 and $2,917 for Ohio as a whole.

Suggested Learning Activities

Unless otherwise designated, the materials listed are for the leader's use and do not need to be duplicated unless the leader chooses to do so.

Review "An Answer To the Rising Cost of Health Care," Health Insurance Association of America.

On board or flip chart, highlight underscored statistics.

---


3 Plain Dealer, July 9, 1985, p. 2-E.

NOTE: The information in these materials was current as of the writing of this kit (January 1986). Statistics and other figures (on costs, for example) change frequently. The leader should update prior to a presentation, whenever possible.
II. Reasons behind skyrocketing costs include:

A. Inflation

B. Kind and amounts of services
   1. Expensive Technology
   2. Defensive Medicine
   3. Lack of Incentives To Reduce Costs

C. Aging Population

III. In 1982, the nation's health care dollar came from:

A. Private health insurance and other third party payors - 29.5%

B. Direct patient payments - 28%

C. Medicare - 16.18%

D. Medicaid - 10.54%

E. All other federal programs - 7.14%

F. Other State/local government programs - 8.58%

IV. In 1982, the nation's health care dollar went to:

A. Hospital Care - 42.04%

B. Physician Services - 19.17%

C. Nursing Home Care - 8.48%

D. Other Health Spending - 11.01%

E. Other Personal Health Care - 19.31%

V. American business pays the greatest portion of private and public health insurance, over $100 billion in 1983.

In 1950, health insurance costs were less than 1% of payroll. By 1981, they were over 5% of payroll.
An Answer to the Rising Cost of Health Care:
An Industry Perspective

It is impossible to put a price tag on human life. Because our health is such an important asset, Americans are willing to spend great amounts to stay well. Since 1975, the amount of money Americans spend on health care has nearly tripled, from $133 billion to an estimated $391 billion in 1984. Health care now makes up nearly 11 percent of the Gross National Product. Consumers spend more on their health care than they do on tobacco, private education, recreation and leisure activities combined. According to a 1984 Health Insurance Association of America survey, "Health and Health Insurance: The Public's View," health care costs are identified by the public as the primary health care issue facing the nation. (Approximately 3 in 4 Americans correctly believe health care costs are going up at a faster rate than other costs.)

What has contributed to this disturbing problem? Fingers can be pointed in many directions. One obvious reason for the escalating cost of health care has been overall inflation. However, even though inflation has receded, health care costs continue to outpace the general rate of inflation. Currently they are rising about twice as fast as all other items in the Consumer Price Index. To put it in more personal terms, the average cost of a day in a semiprivate hospital room nearly doubled in the years from 1978 to 1984—from $110 to $209.

The major pressures today for continued health cost inflation include the expenses associated with advances in medical technology coupled with staffing large numbers of highly skilled professionals, the insulation against these costs through the growth of private health insurance, the growing elderly population who incur a disproportionate share of health care expenditures, and the lack of cost saving incentives and normal marketplace forces to spur competition and hold prices down for health care consumers.

Cost Containment Efforts
Many public and private sector efforts, however, are being made to contain health care costs.

Increasing emphasis is being placed on alternatives to the most expensive form of care—inapatient hospitalization. Many private health insurance plans today cover surgery performed in ambulatory surgery centers, hospital pre-admission testing and home care. Interest also is rising in hospice care for the terminally ill.

In addition, growing numbers of people are enrolling in health maintenance organizations (HMOs) which provide a wide range of services, including preventive care, to patients for fixed fees paid in advance.

Another potential restraint on the cost of health care over the longer term is the rising public interest in health-related activities, such as diet, nutrition and exercise programs. Many of these programs are offered in community settings. In addition, growing numbers of employers, encouraged by the Health Insurance Association of America and health insurance companies, are offering programs at the worksite to help employees—and often their families—stop smoking, improve their diet, manage stress and overcome alcohol and drug abuse.
Federal Government Initiatives
The Federal government, alarmed by rising Medicare expenditures and dwindling reserves, is also seeking ways to reduce health care costs.

In tandem with budget-cutting legislation passed in 1982, Congress passed additional legislation in October 1983 that changes the way hospitals are reimbursed for Medicare patients. As part of the Social Security Amendments of 1983, this legislation replaces the current system of Medicare reimbursement to hospitals with a new prospective payment plan which essentially determines in advance what hospitals will be paid for services provided to Medicare patients. Previously, the Federal government had allowed hospitals to determine charges after service had been performed. This method offered no incentives for efficiency and economy.

The new "prospective" system, however, uses a complex formula, based primarily on a patient's diagnosis, to determine just how much a hospital will be paid for its services. Some 470 "diagnosis-related groups" (DRGs) are used as part of the reimbursement formula. Under this system, a preset payment is made to the hospital, regardless of the length of the patient's stay or the extent of services (tests, medication) provided. Notably, the new system applies only to hospital services—such as room, board and laboratory tests—and not physicians' fees. Adjustments in DRG rates can be made in exceptional cases.

If the hospital can treat the patient for less than the "pre-set" rate, it can keep the savings. If treatment costs more, the hospital cannot bill the government or increase charges to Medicare beneficiaries above current levels. It is hoped the system will encourage hospitals to curtail unnecessary tests, reduce lengths of stay, and/or prescribe less costly medication.

There are presently 467 DRG categories and three special categories. Several types of health care providers, including psychiatric, rehabilitation, long-term and children's hospitals, are exempt from the system. They will continue to be reimbursed as they always have been.

To account for regional price differences, not every hospital will receive the same payment for each DRG category. For reimbursement purposes,
the country has been divided into nine regions, each with an urban and a rural rate. Over the next few years, the Department of Health and Human Services plans to move toward uniform, national urban and rural rates, phasing out the original differences.

Cost Shifting
While the DRG legislation marks a dramatic change in the way hospitals are paid, a prospective payment system that only focuses on Medicare reimbursement will result neither in lower hospital costs nor in lower overall health care costs. If the payment received under Medicare DRG regulations is not sufficient to cover the patient's costs, a hospital has two choices: it can draw upon hospital reserves, if any, or it can charge other patients more to compensate for the reduced government reimbursement. The latter practice is called cost-shifting and most hospitals practice it to preserve their fiscal integrity.

Since 1965, Medicare expenditures have been escalating. During this time, government reimbursement rules have changed in order to reduce government payments. However, reductions have not lowered spending; they have simply shifted more and more hospital costs to private patients, including those covered by Blue Cross/Blue Shield, commercial insurers and those who are uninsured.

In 1981, $5.0 billion was shifted to private sector payers; in 1982, it rose to an estimated $5.8 billion. Current estimates put the cost shift for 1984 at $8.8 billion.

Cost shifting is unfair for several reasons. One, it is unfair that a large portion of the hospital bills of private patients is not for their own care—over which they may be able to exert some control—but for care given to other patients. In fact, a typical private sector hospital bill would be almost 13 percent lower in the absence of the government cost shift. Two, the cost of providing some hospital services, such as charity care and some educational research, are paid for only by private patients. And, three, the financial stability of inner-city and teaching hospitals is threatened because of their high numbers of Medicare/Medicaid patients and low numbers of private patients onto whom costs can be shifted.

A Fair Payment System
There is a solution. The 1983 Social Security Amendments recognize the rights of states to adopt a system that requires all payers to pay hospitals on the same basis for the same treatment. The Health Insurance Association of America calls such a prospective payment arrangement a "Fair Payment System."

In specific terms, this means that the Federal government must permit states—if they meet

1975-1984 U.S. Short Term Hospital Total Government Payment Shortfall

8.8 (Billions of Dollars)

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Source: Health Insurance Association of America
certain criteria—to put a system in place that enables hospitals to charge Medicare/Medicaid patients on the same basis as all other patients and to withdraw from the national DRG system. This practice is allowed only if the Federal government finds that the new state system is at least as cost-efficient as the national, Medicare-only DRG plan. If it is not, subsequent Medicare payments can be reduced by that amount.

The law also requires: (1) an annual report to Congress on the impact of a Medicare-only prospective payment system; and (2) a report by January 1985 describing the full extent of cost shifting and the feasibility of implementing a prospective payment for all payers.

"Fair Payment" is not a theory. It is actually working in several states.

Maryland and New Jersey have had state prospective systems in place for several years and have experienced a rate of increase in hospital expenses below the nationwide rate. Maryland's system is centered around the Maryland Health Services Review Commission, which reviews and approves budgets for all hospitals in the state. Maryland reduced its average cost-per-admission from 20.5 percent above the national average in 1977 to 5.3 percent above in 1983.

New Jersey's system is based on DRGs that apply to all patients, unlike the Federal government's Medicare-only DRG plan. There, hospitals have reported price increases almost five percent lower than the national average. Indeed, during the period 1980 through 1982, New Jersey's rate of increase was the 48th lowest of all states.

Massachusetts and New York established cost containment programs in 1983. A preliminary report from the Massachusetts Hospital Association shows that the all-payer system in that state has slowed the inflation of costs to 8.8 percent in fiscal 1983, down from 15 percent in 1982. Maine, West Virginia, Washington and Connecticut are the latest states to pass legislation to allow the establishment of prospective payment systems, and similar proposals are pending in a number of other states.

One of the attractive features of the existing all-payer systems is their flexibility. They operate quite differently from each other, reflecting the needs of the particular state.

What Can You Do?

It is not yet known whether prospective payment will achieve all that is hoped in reforming the hospital payment system and controlling health care costs. It is, after all, too new.

One thing, however, is known—we must all work together to control costs. How can community and consumer leaders help? Business leaders in several states have formed health care coalitions. They meet regularly to discuss specific action plans and welcome consumer input.

Another step would be to examine any "Fair Payment" bill in your state legislature designed to apply prospective payment to all payers and determine if your organization should support the bill. This action would be a major step forward toward solving the cost shifting problem and containing the costs of health care.

Other initiatives include pressing for hospital price information, the posting of doctors' fees and the sponsoring of wellness programs and good health campaigns in your community.

Find out how you and your organization can contribute to controlling health care costs in your state, town or community. It's in everyone's best interest to get involved.

For further information about this newsletter, please contact:

Shawn Hausman
Public Relations Division
Health Insurance Association of America
1850 K Street, NW
Washington, DC 20006-2284
EXHIBIT I-A

Reasons for Rising Health Care Costs

Aging Population

Intensity
(Kinds & Amount of Services)

Inflation

10%
30%
60%
Nation's Health Dollar in 1982
Where it Came From

28.06% Direct Patient Payments

16.18% Medicare

29.5% Private Health Insurance and Other Private Third Parties

10.54% Medicaid

7.14% All Other Federal Programs

8.58% All Other State/Local Government Programs

Source: Bureau of Data Management and Strategy, Health Care Financing Administration
EXHIBIT I-C

Nation's Health Care Dollar in 1982
Where it Went

11.01% Other Health Spending

42.04% Hospital Care

19.31% Other Personal Health Care

8.48% Nursing Home Care

19.17% Physician Services

Source: Bureau of Data Management and Strategy, Health Care Financing Administration
EXHIBIT I-D

Health Insurance Costs As Percent of Payroll (1950-1982)

Year

'50  '65  '74  '81

.61%  2.15%  3.11%  5.20%
Lesson Outline

I. Recently skyrocketing prices have caused changes in the health care delivery system to decrease costs. Employers have also initiated cost containment measures. Some of these trends include:

A. More out-patient procedures.

B. Growth of Health Maintenance Organizations (HMOs), Independent Practice Associations (IPAs), and Preferred Provider Organizations (PPOs).

C. Increased competition between health care providers.

D. Use of Prospective Payment (fixed price) system of payment for services based on Diagnosis-Related Groups (DRGs).

E. Growth of Health Promotion/Disease Prevention and Wellness Programs.

F. Reduction of tax breaks for medical expenses.

G. Less first dollar 100% insurance coverage - increase in comprehensive major medical and co-insurance.

H. Growth of large, integrated health care companies.

I. Increase in self-insurance by business.

J. New rules governing how consumers can use their health care coverage, such as pre-admission certification and second opinion prior to surgery.

Suggested Learning Activities

Unless otherwise designated, the materials listed are for the leader's use and do not need to be duplicated unless the leader chooses to do so.

Review Changes In Health Care: What You and Your Family Should Know. Individuals may request a free copy from The Ohio State Medical Association by calling 1-800-MED-NEWS (1-800-633-6397).

Brainstorm with class (in small groups or as a whole) on trends--compile list; add omissions using Exhibit I-E - "Health Care Trends In Next Decade."
Changes in Health Care: What you and your family should know...

A Message from Ohio's Physicians
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A message sponsored by the physician members of
The Ohio State Medical Association
600 S. High Street
Columbus, Ohio 43215
(614) 228-6971
Changes In Health Care

A lot of changes are taking place in health care today—changes which will affect the way you and your family receive your health care and the way you pay for it.

Employers, insurance companies, and other third party payors, including the government, are changing the way health care is provided and the way costs are reimbursed. People are being confronted with new health benefits options, bearing names such as HMO, IPA, PPO. Yet, in research it conducted in early 1985, the Ohio State Medical Association found that people are confused about what these options will mean for their health. It found that people have questions about why things are changing and how these changes will affect the quality of medical care. They are concerned that some groups, such as the poor and the elderly, may not be able to get care. They worry about who will decide who gets care—and who doesn’t—in the future, and they want to know how they, as individuals, can protect themselves and their families in these changing times.

That's why the physicians of the Ohio State Medical Association are sponsoring this booklet—to help you understand the changes taking place in health and to provide you with timely, factual information so you can make better health care decisions for you and your family.

Specifically, this booklet is designed to:

- let you know some of the reasons behind the changes in health care;
- define the various health care options and help you decide which one's best for you;
- help you understand some of the major issues facing medicine in the future—issues such as the professional liability crisis and rationing of health care; and,
- let you know that the physicians of Ohio, while they are concerned about the cost of health care, will not allow quality of health care to be sacrificed in the battle to control costs.

We hope you'll take the time to read through this booklet carefully. If you have any questions about any of the subjects mentioned, we encourage you to contact the Ohio State Medical Association at the address and telephone number listed in the back of this booklet.

Or better yet, ask your physician. He or she is the best person to help you understand what's happening in medicine today and to assist you in making decisions that are best for you and your family.
Why Health Care Is Changing

There have always been changes and experimentation in the health system. Experiments which have been conducted over the years have produced new technology, new medications and new ways of diagnosing improved quality of life for almost all Americans.

In a sense, the health care system is a victim of its own success. More advances have been made in medicine in the past thirty years than in the past thirty centuries. In one short lifetime, we have eradicated smallpox, polio and most other childhood diseases. Infant mortality has been reduced dramatically and life span has increased by nearly ten years. We can now transplant not only human, but artificial parts of the body, restoring the ability to walk, to see, to hear, and to talk. But these advances have exacted a toll. They have added significantly to the nation's health care bill.

As a result, today many of the experiments being conducted in medicine aren't being done in the laboratory. They are being done in the board rooms of large corporations, and in the chambers of various government agencies. They have nothing to do with discovering new ways of treating disease. Rather they are being conducted in the areas of health care delivery and health financing. These experiments are being conducted for one reason and one reason alone: to lower health care costs.

Whether or not changes in delivery and financing will be able to control health care costs remains to be seen. Although physicians are concerned about costs, they fear that in the push to control health care costs, changes may occur which threaten the quality of medical care. For that reason, physicians are carefully monitoring these experiments to make certain they do not compromise either quality or access to care.
How Health Care Is Changing

Fee-for-Service

Most of the changes taking place in health care have to do with the way you pay for your medical care.

Today, most health care is still delivered in the traditional fee-for-service basis. Under such a system, your physician charges you a fee for the services provided to you. You, in turn, are responsible for paying the bill. A fee-for-service system allows your physician the flexibility to provide the care that you need on an individual basis. You pay only for the care you receive. Under this system, fees are usually determined by the physician based upon what is usual and customary in his or her geographic location.

With the advent of health insurance plans some 40 years ago, patients were relieved of some of the burden of paying for the total cost of their medical care out-of-pocket. You could enter into an agreement with an insurance company in which you would pay the insurance company a set fee, or premium, and the insurance company would pay the physician's fee. Although based on a fee-for-service system, the introduction of insurance into the system helped promote access to medical care by spreading the costs among a large group of individuals. Most health care is still delivered by this method today.

New health care plans, in an attempt to lower costs, combine both the delivery of health care (visits to the physician and the hospital) with the financing of health care (insurance reimbursement). In other words, with the new systems, medical services and insurance coverage are provided by the same organization. This organization is usually contracted by an employer.

Because so many delivery and payment mechanisms are being tested today, it would be impossible in the space of a short booklet to discuss them all. The following is a review of the major ones.

HMO

In general, an HMO (a health maintenance organization) is an organization that provides comprehensive health care services to a specified group of pre-paid members or subscribers. Membership in an HMO is based on a monthly, pre-paid fee, which is the same regardless of the amount of health care used. That fee may be paid by you, the patient, or it may be paid, in part or full, by your employer, the government or some other sponsor.

In its traditional form called the "staff model," HMO services are offered at a specific location(s) or facility(s) by a group of physicians and other health care personnel hired on a full-time basis by the organization.

The HMO may also contract with area specialists and hospitals for services not provided within its own facility(s), or it may have its own hospital and specialists on staff.
Most staff model HMOs require that you use their facilities and personnel exclusively, or the cost of your treatment will not be paid by the HMO. In an emergency situation you may be able to use another facility, but the HMO usually retains the right to review the visit to determine if it was a true emergency. You may also be asked by the HMO to call ahead for a telephone consultation before you come in for care, in order to determine whether or not your problem merits a personal visit. In addition, you may first have to be examined by an allied health practitioner, a nurse practitioner or a physician assistant, who often decides whether or not your condition warrants seeing a physician.

If the services of a specialist, such as an ophthalmologist (eye) or cardiologist (heart) are required, you may first have to be evaluated by an HMO staff member who will then refer you to a specialist within the HMO or under special contract with the HMO. Any form of elective surgery or non-emergency treatment requiring hospitalization also generally must first be approved by the HMO, or payment cannot be guaranteed.

Joining most staff-model HMOs limits your available choices of health care providers. The benefit for employers or sponsors, however, is that by maintaining regular facilities, carefully monitoring patients' need for and access to care, and keeping physicians on staff or under contract, the HMO may be able to contain the health care costs of the group. In addition, employers are better able to budget for health care, since they pay a set monthly fee, regardless of the amount of care given.

**IPA**

An independent practice association is a type of HMO. However, instead of working out of an HMO facility, IPA physicians practice out of their own offices. IPAs are generally formed and run by physicians who enter into agreements with other organizations, usually an employer, to provide medical services to a defined population. IPA physicians continue to see their regular patients on a fee-for-service basis.

**PPO**

Preferred provider organizations vary in type, but the most basic form of PPO is a group of health care providers (physicians and hospitals) who agree to provide services to a specific pool of patients (usually employment-based groups) at an agreed-upon rate. This rate usually is lower than the rate that the physicians and/or hospitals usually charge. Because of this discount, these physicians and hospitals are designated "preferred providers" by the organizing group. Patients who opt to utilize the "preferred providers" usually have their costs covered in full. Patients are allowed to utilize health care providers who are not "preferred providers"; however, then they are usually responsible for at least a portion of the costs.
A Word of Caution

As with many health insurance plans, HMOs, PPOs, and IPAs often are offered to consumers through their places of employment. Contracts for HMOs, PPOs, and IPAs are often negotiated by the employer and then offered as options to employees.

It is important to keep in mind that there are many different types of HMOs, PPOs, IPAs, and other insurance plans being offered to you today. Each of them has specific restrictions as to the type of care you receive, where you receive it and from whom. Before joining any of these plans, or before changing your current medical plan, learn as much as possible about the options being offered to you. Ask for written information which outlines the benefits and restrictions of each option and read it carefully. Then, before making a final decision, discuss the options with your personal physician to make certain that you will be able to receive the care you need under the option you eventually select.
Get the Facts Before You Sign

There are several questions you should ask before making any changes in the way you receive or pay for your medical care. Here is a handy checklist of questions you should make certain to have answered before you sign on the dotted line:

**CHOICE OF PROVIDER:** May I choose my physician or will one be assigned to me? Can I change physicians? Am I guaranteed that I will see a physician every time I come in for a visit? If I need a specialist, will my physician or I be free to choose one? Will care from the specialist of my choice be covered under the plan? What restrictions does the plan put on my ability to go to the hospital of my choice?

**FACILITIES:** If it is an HMO, how many facilities does the HMO have in the community and where are they located? What are their hours and how are they equipped? If I need care after hours or care that is not provided within HMO facilities, where can I go for help and who will pay for it?

**EMERGENCIES:** What happens if I become sick or injured out of town? What is considered an emergency? Who decides whether or not I will be reimbursed for emergency care given outside the group I am under contract with and how is this determined?

**LIMITATIONS:** How often may I schedule appointments for routine care? Am I limited in the number and type of visits, diagnostic procedures or hospitalization per year? Am I responsible for any costs above the monthly fees?

**SECOND OPINIONS:** If I disagree with the opinion of the physician or staff member I am under contract with, may I request a second opinion from an outside physician? If so, will I have to pay for it?

**WAITING TIME:** How far in advance must I schedule an appointment for routine care? How long should I expect to wait for care if I do not have an appointment?

**TERMINATION:** Can I be dropped involuntarily from the plan? What happens if the group goes out of business? How difficult is it to drop out of the plan and resume traditional insurance coverage?

**TYPES OF SERVICES:** What types of services will this plan provide for me and my family? Are there extras which I can add to the plan, and if so, how much will these extras cost?

**COST:** How much is my deductible, my premiums? What services are covered by this charge?
Other Innovations in Health Care

DRG

Although HMOs, IPAs, and PPOs combine delivery and payment methods, several other experiments are taking place in health care in an effort to curb costs in specific areas. Among the most visible of these experiments is the Diagnosis-Related Group (DRG).

DRGs, initiated by the federal government on October 1, 1983, are a revolutionary change in the way the government pays hospitals under Medicare. Prior to October 1, hospitals were paid retrospectively, after the fact, based on the actual cost of services provided by the hospital. Now, payment rates are determined prospectively, before the fact, based on a Diagnosis-Related Group.

Hospitalized Medicare patients are classified into one of 467 DRGs according to the diagnoses of their health problems and treatment required. A flat rate is paid for each DRG regardless of the length or intensity of treatment required, although some additional payment is permitted in extraordinary circumstances.

Most physicians, like most Americans, recognize the need to address the health care cost problem and are cooperating with hospitals to try to make the DRG system work. But physicians have some concerns about DRGs and the implications they will have on the future of health care in this country.

If the hospital’s cost is less than the DRG rate, it keeps the difference. If it is more, the hospital takes the loss. The primary purpose of DRGs is to induce hospitals and physicians to reduce the cost of hospital care.

Most physicians, like most Americans, recognize the need to address the health care cost problem and are cooperating with hospitals to try to make the DRG system work. But physicians have some concerns about DRGs and the implications they will have on the future of health care in this country. Some of these concerns are:

- If DRG rates are too low, will hospitals and staff physicians be pressured to discharge some Medicare patients too early, before it's medically safe to do so?
- Will one result of this emphasis on predetermined cost and treatment levels result in a two-tiered medical care system: one for people not under DRGs and one for our elderly citizens?
Will there be an incentive for hospitals to try and refuse or delay admission for Medicare patients with very serious or chronic health problems because the cost of treatment would be much greater than the amount set by the government and the hospital would lose money?

Will hospitals that treat a large number of elderly and low or no-income patients be forced to close their doors because of insufficient DRG revenue?

These concerns are particularly important since there has been much discussion about extending the DRG payment system into other areas of health care beyond Medicare.

Although physicians are making every effort to cooperate with the DRG system, they will resist any effort which requires them to jeopardize a patient's health or sacrifice quality of care in the name of cost cutting.

Pre-admission Certification

In another attempt to lower the cost of health care, many insurance companies are now requiring some of their policy holders to get the insurance company's permission before being admitted to the hospital for non-emergency care. This is called Pre-admission Certification and has become much more prevalent in recent years.

Before a patient with this type of coverage is admitted to the hospital, his or her physician or the patient must contact the insurance company to get clearance for the admission. If permission is not obtained and the patient is admitted, the company may either refuse to pay or pay at a reduced level. Since the certification standards vary widely among insurance companies, the pre-admission certification requirements have caused a great amount of confusion among physicians and patients alike.

In addition to being an administrative nightmare, many physicians question the cost effectiveness of pre-admission certification and believe that the decision for a patient to be admitted to the hospital should be between the patient and his or her physician-not an insurance company.
Issues Facing Medicine

In addition to specific changes in medical care financing and delivery, several other issues will have a dramatic effect on the cost of medical care in the future and the way it is provided. Among the most critical are: environmental trends, professional liability, rationing of medical care, advances in technology, and competition in health care.

Environmental Trends

Among the most important of the environmental trends facing medicine today is that of an aging population. By the year 2000, a scant 15 years from now, more than 100,000 individuals in the U.S. will be over age 100. Twice that many will be over age 85 and the biggest segment of the population, the baby boomers, will be in their late 50s. Historically, the elderly consume twice as many health care services and resources as other segments of the population and, on the whole, require more intensive, more expensive, continuing medical care. Paying for, delivering, and maintaining the quality of that care will be one of medicine's greatest challenges in the years to come. And it will give rise to some crucial social questions in terms of expenditure of our medical resources on an elderly population.

Professional Liability

Professional liability, often called malpractice, isn't just a physician problem. It is a problem that affects everyone. It is adding dramatically to the cost of medical care, and, as the problem continues to grow, it is beginning to threaten both access and quality of medical care. One indication of the seriousness of the problem is the staggering increase in lawsuits and in awards. Nationwide, the number of malpractice lawsuits filed has tripled in the past five years. Likewise, the average settlement in a malpractice case has sky-rocketed.
The cost of insurance is the fastest growing part of a physician's cost of practicing medicine. Physicians now routinely pay as much as $20,000 to $30,000 a year in premiums for professional liability insurance, and in some areas of the country and in some specialties, as much as $80,000 in premiums.

In 1982, physicians paid a total of $1.43 billion in premiums for professional liability policies. As in any business, some of that cost is passed along to you. Every time you set foot into a doctor's office, climb into a hospital bed or have surgery, you are paying part of that cost.

There are indirect costs as well. To protect themselves from lawsuits, physicians find they must practice what is known as "defensive medicine"; that is, they must order additional tests and perform additional procedures in order to protect and defend themselves should a lawsuit be filed. The cost of defensive medicine has been estimated to add between $15 to $40 billion a year to our nation's cost of health care.

Again, much of that cost is being passed along to you, the patient.

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Although not as visible as costs, but no less important, is the threat to both quality and access. Statistics show that it is often the most highly skilled physicians who are sued for malpractice. These are the physicians who treat the high risk patients, perform the most delicate surgeries, and utilize the most advanced technology and procedures. If a patient or procedure is high risk to begin with, the possibility of something happening which is out of the physician's control also increases. If something does happen and the patient is dissatisfied, he or she may file a lawsuit.

Because of this threat, many physicians are leaving areas of medicine where they are needed most. This, in turn, creates an access and quality problem for the patient. If fewer physicians are willing to attempt difficult procedures, it means that fewer high risk patients will be able to receive the care they need. Long-term, this will result in a reduction in quality of care, which may lead to an eventual slowing down of progress in medical treatment.
Today, we are able to transplant hearts, kidneys, and livers successfully, only because patients and physicians are willing to take the risk. If the personal risk becomes too great, we may see a decrease in the number of physicians performing these procedures.

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It is ironic that this crisis in professional liability is occurring in a time when the future of medicine holds so much promise. New technology is helping to save lives that 10 years ago would have been lost. But these vast improvements in medicine have created unrealistic expectations that every medical service will produce perfect results. There is a trend in the courts toward holding physicians and hospitals liable for outcomes over which they have no control.

No one denies that malpractice occurs. Mistakes occur in medicine just as they do in our legal system, in government, and in other service professions. Physicians would never deny any patient the right to file a legitimate claim and be compensated for harm suffered because of a negligent doctor.

But the vast majority of the claims being filed are not against "bad doctors." The sky-rocketing number of professional liability cases filed each year and the astounding increases in awards are a result, in part, of a misuse of the legal system.

It is apparent that changes must be made in the way in which we, as a society, define liability and pay for it. One method might be to place a ceiling on the amount of damages awarded in malpractice cases. The research conducted recently by the OSMA indicated strong support among consumers for such action.

In addition, there should be a restructuring of the legal system to ensure that claims are resolved efficiently and that fair and adequate compensation is available for injuries arising from true medical negligence. Finally, there must be protection from suits which lack merit so that quality, access to care, and cost to the patients are not negatively affected.

Physicians must do their part by improving communications with patients so that expectations can be discussed and misunderstandings resolved. And patients must learn to speak up when confronted with a situation they don't understand.
Rationing of Medical Care

The rationing of medical care is frightening and abhorrent to most of us. Most people believe that equal access to medical care is a basic human right and must be maintained regardless of age, level of need, or ability to pay. Each person is equal and each life as sacred as the next.

This belief has led us to spend millions each year to maintain emergency squads just in case one person needs it. We allocate millions of dollars each year for medical research which we believe will someday save lives and improve the quality of life. And over the past two decades, we have spent billions of our tax dollars on government health care programs in a societal effort to ensure that no one in need is denied medical care.

Yet today, as cost pressures begin to mount, we find we must now take economic issues into consideration. Increasing health care costs have given rise to some very painful questions; if we believe that access to medical care is a basic human right, but that we are spending too much for it, how then are we to provide it? How much can we afford to spend on medical care as opposed to defense, education, and social welfare programs? Should a different level of service be offered to those who cannot pay or who are above a certain age? Who should decide who benefits from new technology and who doesn't? As our society ages, our technology improves, and our ability to prolong life increases, who will decide who gets care, how much and at what price?

Increasing health care costs have given rise to some very painful questions; if we believe that access to medical care is a basic human right, but that we are spending too much for it, how then are we to provide it? How much can we afford to spend on medical care as opposed to defense, education, and social welfare programs? Should a different level of service be offered to those who cannot pay or who are above a certain age? Who should decide who benefits from new technology and who doesn't?

These are just a few of the difficult questions facing medicine today. Yet some experts have suggested that there is no real cost crisis in health care, but rather a crisis in terms of how much we want to spend and how we're going to distribute the costs.
To illustrate their point, the experts list several factors:

- **Four million of the 20 million new jobs created in the 1970s, or one out of five, were in health care. Many of these jobs went to women and minorities.**

- **The amount spent on health care in the U.S. (12% of the gross national product) is not out of line with that spent in other Western countries, where it generally ranges from eight (8%) to twelve (12%).**

- **The U.S. has one of the lowest infant mortality rates, one of the longest life spans, and enjoys one of the highest levels of health of any country in the world.**

- **More is spent in this country on alcohol and tobacco ($60 million) than is spent on cancer research.**

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...*some experts have suggested that there is no real cost crisis in health care, but rather a crisis in terms of how much we want to spend and how we're going to distribute the costs.*

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These same experts point out that a price must be paid for health care. It may be in terms of more dollars pumped into the system, it may mean establishing restriction in terms of access for some groups, or it may mean a reduction in our expectations as to quality of care. But eventually, a price must be paid and only society can decide how to pay it.

**Improvements in Technology**

Experts agree that changes in medical technology will be one of the most important forces for change in medicine. Advances in technology will cause dramatic shifts in demand for medical care. They will contribute to increased costs in some areas and decreased costs in others. Generally, these advances are expected to improve the overall quality of health care and result in a further increase in life expectancy. Improvements in technology can be expected in the areas of artificial organ transplants, ultrasound, CT scanning, laser surgery, drug therapy, and immunizations. Although they may lead to an eventual decrease in cost, these advances will be expensive to develop and will be in great demand, giving rise, again, to questions regarding cost and access.
Competition in Health Care

Until recently, competition was not a concept people associated with health care. Neither hospitals nor physicians had to compete for patients. There were plenty of patients, adequate resources, and more than enough work to go around. Today, competition has taken center stage in health care. No single phenomenon will affect health care more radically in the future than will the specter of increasing competition.

And, as hospitals, physicians and other health care providers vie for their share of the marketplace, people will find themselves faced with increasing options. Competition will begin to resemble traditional business markets. This is of concern to many physicians who fear that in the rush to provide as much care as possible to as many patients as possible at the lowest price possible, quality of care may suffer. To protect against this possibility, physicians are carefully monitoring the competitive practices being set in motion today.
Final Word

Just a few short years ago, the relationship between physician and patient was a relatively simple and informal one. The patient selected the physician based on a personalized set of criteria: past experience, recommendation of a friend or relative, convenience, referral by another physician, reputation, etc. Care was provided as requested by the patient and a fee was paid as determined by the physician. Today, for a wide variety of reasons, mostly related to cost containment, the relationship is hanging. Third parties, government and insurance companies, rather than patients, pay the direct costs of medical care. They, in turn, are paid by business, industry and individuals in the form of insurance premiums. As these premiums have risen, those who pay the bills have sought ways to cut costs. Today, two of the most common cost-cutting procedures are competition and regulation, and both procedures have given rise to new methods of delivery and new financing mechanisms.

Caught in the middle of this shifting environment is the consumer who finds that this simple physician-patient relationship has evolved into a system of conflicting and often confusing options.

What can you, as a consumer of health care, do to ensure that you and our family receive quality medical care at an affordable price?

• **First**, and most important, is to establish an ongoing relationship with a personal physician. He or she will be able to provide you with information that will help you make better choices about your health care. In case of an emergency, your physician can be available to provide necessary care or important information which may save your life. Your personal physician can serve as the coordinator of your care should you require hospitalization or the service of a specialist.

• **Second**, don't be afraid to ask questions about anything you don't understand, whether it's the cost of your treatment or questions about your diagnosis. It is in the best interest of both you and your physician that you have a clear and accurate picture about how your care is being delivered.

• **Third**, take an active role in maintaining your own health. Practice a healthy lifestyle, follow your physician's instructions, recognize danger signals which may result in a health problem, and seek care early if you feel you may have a problem. Many conditions such as cancer and heart disease can be treated and, in many cases, cured, if treatment is sought early.

• **Fourth**, take time to enjoy life. Experts agree that more than half of all visits to the physician are by the worried well. Stress, strain and anxiety can lead to a number of physical ailments. Learning to recognize and cope with life's stresses can help to maintain your health and improve your quality of life.
Questions to Ask
In Choosing Your Physician

An open and honest relationship between you and your physician is vital to your good health care. Although many physicians provide patients with a booklet which outlines their office policies and procedures, when choosing a physician you will want to make certain to have answers to all of the following questions:

1) **Must I have an appointment when I need to see you?**
2) **How long will I have to wait for an appointment?**
3) **What should I do in case of an emergency?**
4) **What are your office hours?**
5) **Are you a member of the health plan I belong to?**
6) **How must I pay for care?**
7) **Do you assist in completing and filing insurance claim forms?**
8) **Will I see you each time I have an appointment or will other physicians in the practice see me?**
9) **If I need hospitalization, which hospital will I be admitted to?**
10) **If I need a specialist, will you assist me in finding one?**
11) **Will you answer questions over the telephone?**
HEALTH CARE TRENDS IN THE 1980'S

- MORE OUTPATIENT PROCEDURES.

- GROWTH OF ALTERNATIVE DELIVERY SYSTEMS. (HMOs, IPAs, and PPOs)

- INCREASE IN COMPETITION BETWEEN HEALTH CARE PROVIDERS.

- USE OF PROSPECTIVE PAYMENT (Fixed Price) SYSTEM OF PAYMENT FOR SERVICES BASED ON DIAGNOSIS-RELATED GROUPS (DRGs).

- GROWTH OF HEALTH PROMOTION/DISEASE PREVENTION AND WELLNESS PROGRAMS.

- REDUCTION OF TAX BREAKS FOR MEDICAL EXPENSES.

- LESS FIRST DOLLAR 100% INSURANCE COVERAGE -- MORE COMPREHENSIVE MAJOR MEDICAL AND CO-INSURANCE.

- GROWTH OF LARGE, INTEGRATED HEALTH-CARE COMPANIES.

- INCREASE IN SELF-INSURANCE BY BUSINESS.

- NEW RULES ON HOW HEALTH CARE COVERAGE IS USED (e.g. Pre-admission Certification and second opinion prior to surgery).
II. MATCHING HEALTH CARE NEEDS WITH OPTIONS FOR COVERAGE

This section is designed to assist individuals and families in assessing their health care needs while providing examples of several types and sources of health care coverage which may meet those needs.

CONSUMER OBJECTIVES:

After completion of this section of leader training, participants should be able to:

1. List three factors in assessing health care needs and cite at least one personal example.

2. Describe two different types of health care coverage available.

3. Identify three possible sources of health care coverage.
LEADER TEACHING GUIDE

I. MATCHING HEALTH CARE NEEDS WITH OPTIONS FOR COVERAGE

A. ASSESSING HEALTH CARE NEEDS

Lesson Outline

Major factors in determining how much health care coverage is needed:

A. Past health history.
   1. How many illnesses or a chronic health problem?

2. What medical expenses have been incurred in past 2-3 years?

B. Stage in Family Life Cycle.
   1. Young Adulthood (single)
      Need insurance at about age 19 unless full-time students are covered in family's plan.

   2. Married
      a. Add coverage for pregnancy and childbirth in advance of needing it (plans often exclude maternity benefits for first 9-12 months).
      b. Coverage for newborns should start at birth.
      c. Determine if well-child care (i.e., check-ups and immunizations) are covered.

Suggested Learning Activities

Unless otherwise designated, the materials listed are for the leader's use and do not need to be duplicated unless the leader chooses to do so.

Review fact sheet "How Much Health Insurance Do You Need?"

Design a mini-lecture using lecture outline at left. Display and discuss Exhibit II-A - "Assessing Health Care Needs" (may be made into a transparency).

Accurate records are critical. Suggest ways to promote record keeping (i.e., tax record book).

Review "Health Care Coverage...When You Are Not In A Group" which describes P.L. 99-272 which affects children losing group coverage due to age.

List the stages in the Family Life Cycle on board or flip chart. Brainstorm on specific needs of each group:
3. Pre-retirement (up to age 64)
   a. Keep coverage up-to-date, especially if changes such as:
      (1) New job
      (2) Increase in family size.
      (3) Divorce or death of spouse.
   b. How well health habits are being maintained impacts on present and future needs for coverage.

   a. Under TEFRA (Tax Equity and Fiscal Responsibility Act of 1982) employers with 20 or more employees must offer to continue employee and spouse on company health plan. Employee must choose plan or Medicare as the primary insurer.
   b. If covered under company health plan, working persons may choose to delay taking Part B of Medicare (monthly premium in 1987 is $17.90) until retirement without a penalty or waiting for yearly enrollment period.
   c. Coverage can be split between spouses.

5. Retired.
   a. Expenses paid by consumer under Medicare rising annually (i.e., deductible as of January 1, 1987, is $520). If Medicare is only protection, need to decide whether to buy Medigap insurance.

   Review "Health Care Coverage...When You Are Not In A Group" for federal law, P.L. 99-272, which covers persons losing group coverage due to divorce, death of spouse or layoff.

   For more information, read Staying Well - Your Responsibility. Additional free copies are available from: Health Insurance Assoc. of America 1850 K Street, NW Washington, D.C. 20006-2284.

   Review "Employed Medicare Beneficiaries Age 65 Through 69."

   Explain option; ask students to debate pros and cons of each choice. Stress need to evaluate which coverage would be best and whether paying for Part B is worthwhile.

1. Are there unusual health hazards associated with a family member's job, community, or life style.

2. Will special surgery for a chronic problem be required?

3. Are there special needs such as allergies or emotional problems which require testing or treatment.

4. Is the family's genetic history such that they are at a greater risk of developing an expensive illness which would require extended coverage under a major medical policy?

5. Consider today's average life span. Many family members today tend to live well into old age, there may be a need to purchase major medical well before retirement and/or some form of protection for extended care.

D. How Much Can You Afford?

1. Determine how much money is available for medical costs. Can flexible expenses be reduced to free up money for medical costs or insurance.

2. Absorbing some medical expenses (through a higher deductible) can save money on premiums.

Duplicate and distribute "Expense Work Sheet." Participants can complete this after the workshop.

If the family needs help with budgeting, suggest they call the Cuyahoga County Extension office at 831-1890 and request help through the Family Budget Counselors program. This service provides one-to-one counseling by a trained Family Budget Counselor free of charge.
3. Determine how much hospitals and doctors in the area charge. 

4. Do you qualify for any free or low-cost medical treatment?

E. Determine Current Level Of Protection.

1. Benefits may be available from a number of sources:

   a. Private insurance
   b. Employer provided benefits
   c. Disability insurance
   d. Workers' Compensation
   e. Social Security
   f. Liability insurance
   g. Life insurance

Ask several volunteers to check with local hospitals and report at next meeting, or see if any participants have current knowledge about hospital costs.

Refer participants to: Free and Low-Cost Medical Resources in Cuyahoga County published by the Cuyahoga County Public Library (copy enclosed) or refer participants to: Health Lines 1986 Directory of Cleveland Health Services available from the Office of Community Health, Case Western Reserve University, School of Medicine, 2119 Abington Road, Cleveland, OH 44106, 216-368-3660.

Duplicate and distribute "Health Care Coverage Needs Assessment Survey." Allow time for participants to complete survey based on their own needs or ask them to complete it at home for themselves or a family member or friend.
There is no simple formula for determining the exact amount of insurance an individual or family should have. In general, the best program is one that prevents undue financial strain from an unexpected illness or injury—and is not too expensive to maintain. In assessing your need for protection, take these factors into consideration.

PAST HEALTH HISTORY

Has the family had many or few illnesses?

Does a family member have a chronic health problem?

What were your medical expenses over the past few years?

STAGE IN THE FAMILY LIFE CYCLE

Single Young Adulthood - once children reach approximately age 19 (depending upon the plan) and are not full-time students, they will no longer be eligible to remain on the family's plan. If high premiums are keeping you from buying coverage, some experts suggest you look for a policy with a high deductible ($500-$2,500) to keep the premium payments as low as possible, or look into joining an HMO.

Married - you may now need to include pregnancy and childbirth coverage in your plan. Couples or single parents with dependent children may want well-child care for check-ups and immunizations. Be sure coverage includes all family members, including newborns from birth.

Pre-retirement (up to age 64) - Periodically review your coverage to be sure it is up-to-date, especially when your personal or financial position changes (i.e., new job, new baby, divorce). How well your health is being maintained is important to both present and future needs.
Working: Ages 65-69 - under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), Medicare beneficiaries and their spouses who continue to work (for employers of 20 or more) after age 65 must be offered the opportunity to remain under the current company health plan, with Medicare supplementing company benefits or to choose Medicare as the primary plan.

Retired - Medicare does not pay all medical bills, and lately it has required more and more expenses to be paid by the consumer. Many retired Americans are faced with the need to purchase supplemental insurance or consider other options, such as joining an HMO.

FUTURE HEALTH REQUIREMENTS

Are there any unusual health hazards associated with your job, lifestyle, or community?

Is surgery a distinct possibility for a family member?

Does a family member have special needs such as allergies which may require testing and treatment?

Is a family member having drug, alcohol, or emotional problems which require the services of a special facility?

Does the family's genetic history place you at a greater risk of developing an expensive illness or condition which would require extended coverage under a major medical policy?

Consider today's average life span. Many family members today tend to live well into old age. Thus, there may be a need to purchase major medical well before retirement or some form of protection for extended care. Insurance companies are beginning to market nursing home policies which may or may not cover "custodial" care.

HOW MUCH YOU CAN AFFORD

Determine how much money is available for medical costs. Can flexible expenses be reduced to free up money for medical costs or insurance.

Absorbing some medical expenses (through a higher deductible) can save money on premiums.

Determine how much hospitals and doctors in the area charge.

WHAT PROTECTION YOU ALREADY HAVE

Before buying any health insurance, you need to know what benefits you or your spouse already have. Make sure you have up-to-date information. Group or individual policies that you already have should be studied. Check into benefits under Workers' Compensation, Social Security, the medical benefits under your liability insurance, and your life insurance disability provision. Only by knowing what protection you have can you decide whether you have too much, too little, or enough health care protection.
MAJOR FACTORS IN DETERMINING
HOW MUCH HEALTH CARE COVERAGE IS NEEDED:

• PAST HEALTH HISTORY

• STAGE IN FAMILY LIFE CYCLE
  ~ Young Adulthood
  ~ Married
  ~ Pre-retirement
  ~ Working: Ages 65 - 69
  ~ Retired

• FUTURE HEALTH REQUIREMENTS

• HOW MUCH YOU CAN AFFORD

• CURRENT LEVEL OF PROTECTION
like health maintenance, or use private health
The coverage ends if
not paid; if persons become
other group coverage through
remarriage or Medicare; or
loyer ends group health
all employees. In the case of
vision for health insurance
vided as part of a divorce
ember that coverage ends
are NOT paid, so consider
ums and be
your former spouse.
se or missed payments could
your coverage.
provides that beneficiaries
right to convert to an
y when the time is up for
age to be offered. The
CONVERTED GROUP
may be less thorough than
icy and will probably cost
ere is immediate coverage for
conditions.
If you are not covered by a group plan through an employer, insurance, consider some of the steps:

JOIN GROUP COVERAGE. AN ORGANIZATION such as professional or fraternal society may be eligible to join and which insurance to its members. If coverage, look into groups which citizens.

FOR JOINING A HEALTH ORGANIZATION, once you pay the monthly out-of-pocket expenses are standard and services include routine health care. Open for individuals at most HMOs with no medical screening.

INSURE'S POLICY. If either a life work and are covered by a spouse often qualifies as a under the other's policy. You have to pay a portion of the family coverage, but the usually worth the cost.

LOYED OR EMPLOYEE OF FEWER THAN 100 GREATER CLEVELAND Smaller Enterprises (COSE), a division of the Greater Cleveland Growth Association. Membership in COSE, including an annual fee, is required to apply for health care coverage. A variety of plans, including HMOs, a PPO and a supplement to Medicare are available, as is dental coverage, group life, and short and long term disability. The phone number for COSE is 621-3300.

INVESTIGATE FREE CARE FOR NON-COVERED PROBLEMS. For example, if immunizations are not covered by your insurance, you may be able to get them free from your community health center. Also, free treatment may be available from community health centers that specialize in treating sexually transmitted diseases.

IF YOU ARE WITHOUT HEALTH INSURANCE, refer to Free or Inexpensive Medical Resources for Those Without Health Insurance, published by the Information and Referral Service, Cuyahoga County Public Library, 6155 Engle Road, Brook Park, Ohio 44142, also available through county libraries or by calling 267-1563. This list contains numerous references to free or low-cost resources including mental health, medical and dental services.

If you are about to lose coverage provided through due to:
- divorce
- death or retirement of
- unemployment
- reduced hours of work

...a new federal law which for health plan years beginning July 1, 1986 may help you temporarily continue your coverage. Law 99-272, requires employers, widows, divorced spouses, and ineligible spouses of retired covered by group health care, their dependent children, the to continue health coverage for three years by paying the premiums. The law also requires that with group plans offer group laid-off or reduced-hour employees their dependent children for months. In addition, dependents who become ineligible to receive family plan because of age to purchase group coverage in manner. In all cases, the employers charge an extra 2% adminstrative fees.

The law applies to any private business with 20 or more employees and local governments, whose "self-funded," provide coverage
Staying Well—Your Responsibility

By Helen Leonard

Through the ages, the relationship between good health and a longer, happier life has always been recognized. But it was also recognized that maintaining good health isn't easy.

In more recent times, as medical discovery followed medical discovery, many health experts thought they had it figured out:

- Spend enough money on modern medical techniques, educate the public to enlightened forms of hygiene, sanitation and immunization—and you could control disease, improve health, lengthen life.

To an extent, they were correct. People today are living better and longer.

So we must be on the right track. Just maintain the search for advances in medical science to make us even healthier and put ourselves in the hands of competent doctors after we get sick so they can make everything right. Right?

Wrong, say medical authorities. For from this point forward they have concluded it is not science but self-control that will add to our years.

Proper Exercise

Make time on a regular basis for exercise, such as brisk walks, swimming, jumping rope, bicycling, or calisthenics.

You can even find ways to exercise in your daily routine. You might try these:

- Take the stairs instead of the elevator.
- If you live or work in a high rise, walk a few flights of stairs before taking the elevator.
- Park your car a couple of blocks from your destination.
- Clothe yourself while standing up instead of sitting down. This is good for your balance and muscle control.
- Wash your car or work in your garden.
- Dance to music on the stereo or radio instead of watching TV.

A Matter of Lifestyle

It comes down to this: Most of us are born healthy and made sick as a result of personal behavior and environmental conditions. It's our lifestyle—basically, our failure to exercise enough, eat properly, take care of ourselves intelligently—that is the cause of many of our current health problems.

What should you do? There are some basic habits that can turn the odds for good health in your favor.

A Good Diet

The body needs energy and nutrients periodically, and functions best when these are supplied regularly. When you snack, nutritionists suggest only fresh fruits and vegetables.

Also, to cut the risk of clogging your arteries, try to reduce the fats in your diet. That means substituting lean meats, chicken, fish and skimmed milk for fatty meats or whole milk products.

Cut down on your consumption of sugar and salt. No matter how little you think you consume, the experts tell us it is probably more than is necessary.

USDA Dietary Guidelines

- Eat a variety of foods.
- Maintain an ideal weight.
- Avoid too much fat, saturated fat and cholesterol.
- Eat foods with adequate starch and fiber.
- Avoid too much sugar and salt.
- If you drink alcohol, do so in moderation.

Weight Control

If you can grab more than an inch of fat when you pinch your waist or arm, then you need to do something about your weight.

If you have a weight problem that is not due to a medical condition, think seriously about what prompts you to overeat, and try to avoid such situations.

For most people overeating is a fixed response to a situation: anger, stress, boredom, the stimulus of the sight or smell of food.

If you realize that your greatest weakness for food occurs when you are
angry, for instance, you can take the first important step towards changing that fixed response. Let the anger out in an active way, like exercise. Avoid the food.

To help avoid overeating, try some of these ideas:
- Reduce portions of food.
- Eat slowly and put your fork down between mouthfuls.
- Eat with a cocktail fork, so you’ll take small bites.
- Drink as much cold water as you can before you eat to reduce food capacity.
- Eat in one room all the time, and make food off limits in other rooms.

About Smoking and Drinking
Finally, cut out—or at least cut down—on your smoking and drinking. All evidence strongly suggests these two items will do you in more quickly and thoroughly than most activities with the exception of hard drugs and poison.

If you have tried to quit smoking, failed repeatedly, and made up your mind you are going to smoke no matter what, try these tips to cut down on the danger of your habit:
- Choose a cigarette with less tar and nicotine.
- Don’t smoke your cigarette all the way down.
- Take fewer draws on each cigarette.
- Smoke fewer cigarettes each day.

In these ways, you can help give yourself a measure of protection against the hazards of the habit. But remember, this does not make smoking “safe.” It’s only a compromise.

To manage your drinking more effectively, the experts recommend drinking in moderation. Other suggestions include:
- Always sip slowly. Gulping alcohol will produce a massive rush of the drug into your blood and hence to your brain.
- Eat before you drink. This is an absolute rule of safe drinking because food in the stomach—preferably protein or fatty products—delays the rush of alcohol to your bloodstream.
- Alcohol is better not taken when you are physically or emotionally upset, or alone. It is no substitute for another person. Its anesthetic effect will dull the pain and loneliness only temporarily.

Common Sense Habits
A number of studies support the view that by practicing these common sense habits you can improve your health.

A University of Wisconsin study of more than 2,000 Americans who lived longer than average is a case in point.

Dr. J. Robert Samp, who conducted the research, said the results showed clearly that the following five-point program could add years to your life:
- Accommodate yourself to life’s challenges.
- Avoid prolonged stress.
- Develop outside interests.
- Eat and drink sparingly, but with enjoyment.
- Continue to work later in life, either at paid or volunteer activities.

Other items that may be instrumental in prolonging life, he said, include:
- Sleep. “It is essential for survival, and the older you get the more you need.”
- Contentment. “Seek reasons to be happy instead of courting the eternal damnations that beset you.”
- Moderation. “Smoke within reason, keep drinking to social occasions and use it as a relaxant rather than a crutch.”

And above all, he admonishes, “Don’t fight your enemies, outlive them.”

That long life is no accident is also the conclusion of another study by the American Medical Association of Americans over 100 years old.

When asked what kept them young, the centenarians told the AMA: an easy going disposition, a quick sense of humor and a desire to keep alive and active.

Actually, it all comes down to this: Many of our serious health ailments can be avoided, or at least minimized and controlled, if the average person really wants to do something about it.

Truly, this concept of self-responsibility for one’s health seems to be an idea whose time has finally come.

To put it personally: If you were told that there was a way to add productive years to your life while also sparing you the pain and suffering of preventable illness, would you be interested?

And, would you pursue it even though you knew to attain this goal required a change in your lifestyle, a new dedication and a genuine personal involvement?

The choice is yours...
## EXPENSE WORK SHEET

### FAMILY \$1 BUDGET COUNSELING

<table>
<thead>
<tr>
<th>Category</th>
<th>Subcategory</th>
<th>Monthly</th>
<th>Bi-Weekly</th>
<th>Weekly</th>
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<td>Snacks, Candy, Beverages</td>
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### TOTAL COLUMN I

### TOTAL COLUMN II

### TOTAL EXPENSE FOR PERIOD (COLUMN I + COLUMN II)

### TOTAL INCOME FOR PERIOD

### AMOUNT OVER/UNDER

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**DEVELOPED BY:** E. A. Kaufman, Volunteer Counselor

Family Budget Counseling Program

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**Cuyahoga County Cooperative Extension Service**

1200 East 65 Street

Cleveland, Ohio 44102

(216) 631-1080

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56
Free and Low-Cost Medical Resources in Cuyahoga County

Cuyahoga County Public Library Information and Referral Service
I. MENTAL HEALTH RESOURCES

1A. Mental Health Emergencies & County - Wide 24 hour Referral Programs.

1. Alcoholics Anonymous .......................................................... 241-7387
   940 Rockefeller Building
   614 Superior Avenue, N. E.
   Cleveland, Ohio 44113
   Telephone is answered 24 hours a day. Will provide information on nearest meeting plus personal support.

2. Alcoholism Services of Cleveland
   3030 Euclid Avenue, Suite 102 ................................................. 391-2300
   Cleveland, Ohio 44115
   15401 Detroit, Room 104
   Lakewood, Ohio 44107 ............................................................ 226-2844
   24 hour hotline for those with alcohol problems and their families. Referral to treatment.

3. County Mental Health Emergency Service/Psychiatric
   Emergency Evaluation & Referral Service
   10900 Carnegie Avenue, Room 400 ............................................ 229-2211
   Cleveland, Ohio 44106
   24 hour telephone emergency response to evaluate psychiatric & suicidal crises, and to provide referral to an on-going treatment resource.

4. Gamblers Anonymous ............................................................ 771-2248
   c/o YWCA
   3201 Euclid Avenue
   Cleveland, Ohio 44115
   24 hour answering service will refer to nearest meeting and put the compulsive gambler in touch with help.

5. Narcotics Anonymous ........................................................... 1-800-451-3000
   P. O. Box 02413
   Cleveland, Ohio 44102
   12 groups meet in the Greater Cleveland area. Hotline is answered 24 hours a day.

6. Parents Anonymous .............................................................. 229-8800
   11234 Bellflower Road
   Cleveland, Ohio 44106
   Maintains a drop-in center with day care facilities as well as support groups for parents having problems with physical abuse of children.

7. Women Together Shelter House ............................................. 431-6267
   3201 Euclid Avenue
   Cleveland, Ohio 44115
   Battered Woman 24 hour Hotline ............................................ 961-4422
   Temporary Shelter for women in crisis and abusive situations. Advocacy, counseling, referral to legal services.

1B. Community Mental Health Centers
   The following agencies provide individual & family counseling & serve specific neighborhoods & communities.

1. CIT Mental Health Services .................................................. 371-6200
   2177 South Taylor Road
   University Heights, Ohio 44118
   Provides on a 24-hour basis, mental health information, evaluation, referral and follow-up services for short-term emergencies, as well as individual and family counseling. Primary service area is the eastern suburbs of Cuyahoga County.
2. Center For Human Services .................................................... 241-6400
1001 Huron Road
Cleveland, Ohio 44115
Homemaker services for the chronically ill. Individual, family, and group counseling. Day care
and early childhood education programs. Therapeutic programs for children with developmental
difficulties.

East Counseling Unit ....................................................... 851-3208
15040 Euclid Avenue
Cleveland, Ohio 44112

Southwest Counseling Unit ............................................. 888-0300
5955 Ridge Road
Parma, Ohio 44129

Community Mental Health Center for Southwest Suburbs.

West Counseling Unit ....................................................... 252-5800
3929 Rocky River Drive
Cleveland, Ohio 44111

Community Mental Health Center for Brook Park, Berea, Middleburg Heights, West Park
area of Cleveland.

3. Community Guidance Incorporated ..................................... 431-7774
3134 Euclid Avenue
Cleveland, Ohio 44115
Serves East side, West-Central, and Goodrich-Downtown areas of Cleveland with mental health
services and counseling.

4. Far West Center ........................................................... 779-5010
26777 Lorain Road, Suite 614
North Olmsted, Ohio 44070
Individual and family counseling for suburban residents on the far west side.

5. Marymount Mental Health Center ....................................... 581-0500
12300 McCracken Road
Garfield Heights, Ohio 44125
Full range of mental health services and counseling offered. For residents of the Southeast
suburbs.

6. Northeast Community Mental Health Center ....................... 451-1141
15735 Euclid Avenue
Cleveland, Ohio 44112
Serves East Cleveland, and the Glenville & Collinwood areas of Cleveland as well and Bratenhal -
FULL service community mental health center.

7. Westside Community Mental Health Center ......................... 631-9100
8301 Detroit Avenue
Cleveland, Ohio
Special program to treat alcoholism, the UnBar, as well as family and individual counseling.
Serves the near-west side of Cleveland. UnBar is a county-wide program. Other services are
restricted to the near-west side.

IC. Counseling Services With A Religious Affiliation

1. Catholic Counseling Center ............................................. 696-6650
1001 Huron Road
Cleveland, Ohio 44115
Psychiatric and counseling services for children, adolescents and families. Fees according to ability
to pay.
2. Greater Cleveland Counseling Services .............................................. 231-6004
   c/o Inter-Church Council of Greater Cleveland
   2230 Euclid Avenue
   Cleveland, Ohio  44115
   Individual, family and marital counseling by concerned clergymen. Respects confidentiality of caller.

3. Jewish Family Service Association ............................................... 371-2600
   2060 South Taylor Road
   Cleveland Heights, Ohio  44118
   Individual and family counseling. Fees based on ability to pay.

4. Salvation Army
   P. O. Box 5847
   Cleveland, Ohio  44101
   Rehabilitation of employable people. Family and individual counseling.

MEDICAL & DENTAL SERVICES

1. Case Western Reserve Dental Clinic ........................................... 368-3200
   2123 Abington Road
   Cleveland, Ohio  44106
   Root canal work & a wide range of dental services done by students under the supervision of an instructor.

2. Cleveland Department of Public Health & Welfare Health Centers:
   1. J. Glen Smith ................................................................. 249-4100
      11100 St. Clair Avenue
      Cleveland, Ohio
   2. T. McCafferty .............................................................. 651-5005
      4242 Lorain Avenue
      Cleveland, Ohio
   3. Miles - Broadway ......................................................... 883-3260
      9127 Miles Avenue
      Cleveland, Ohio
   4. Tremont Health Center .................................................... 241-6539
      2358 Professor Street
      Cleveland, Ohio

      Full service health clinics are available to City of Cleveland residents.

3. Cleveland Metropolitan General Hospital .................................... 459-5325
   Patient Information Service
   3395 Scranton Road
   Cleveland, Ohio  44109
   Special services include dental care, oral surgery, comprehensive maternity & pediatrics care.

4. Cleveland Neighborhood Health Services/Hough-Norwood
   Family Health Centers
   8300 Hough Avenue .......................................................... 231-7700
   1465 East 55th Street ....................................................... 881-2000
   12100 Superior Avenue ..................................................... 851-2600
   Provide complete pediatric & adult medical services as well as dental services, ob-gyn, optometry.
5. Cuyahoga Community College - Dental Hygiene Clinic  
   Metro Campus - Science and Technology Building Room 127  
   2900 Community College Avenue  
   Cleveland, Ohio 44115  
   Students examine and clean teeth. Check-up includes X-rays and fluoride treatment. Cost is $1.00 for adults and 50¢ for children.  
   348-4413 or 348-4411

6. Cuyahoga County Board of Health  
   112 Hamilton Avenue  
   Cleveland, Ohio 44114  
   Well baby clinics located throughout the suburbs. Call office for referral to nearest branch.  
   443-7500

7. Free Medical Clinic  
   12201 Euclid Avenue  
   Cleveland, Ohio 44106  
   Together Hotline: 721-1115  
   General medical care for adults and children. Hotline for late hours. Phone counseling for crisis situations.  
   721-4010

8. Health Care For the Homeless  
   Offered at 2 sites  
   City Mission  
   408 St Clair Avenue  
   Hours: Monday, Wednesday, Thursday - 5:00 - 8:00 p.m.  
   Salvation Army H. 5or Light Complex  
   East 18th & Prospect  
   Hours: Monday, Wednesday, Friday - 1:00 - 5:00 p.m.  
   No appointment is necessary. Health term provides general medical care, innoculations plus referral to Metro General or City Health Clinic for more serious problems.

9. Huron Road Hospital  
   13951 Terrace Road  
   East Cleveland, Ohio 44112  
   Outpatient Department  
   General health care & check-ups offered. No maternity or dental care, however accept medicaid.  
   761-4260

10. Kenneth W. Clement Center  
    For Family Health  
    2500 East 79th Street  
    Cleveland, Ohio 44104  
    Full service health clinic includes ob-gyn, pre-natal pediatric, dental, and eye.  
    391-3200

11. Mt. Sinai Medical Center  
    1800 East 105th Street  
    Cleveland, Ohio 44106  
    Ambulatory Clinic  
    Clinic services include dentistry & oral surgery, eye, family planning, medicine, ob-gyn, pediatrics and psychiatry.  
    421-3629

12. Project '83  
    Academy of Medicine  
    11001 Cedar Avenue  
    Cleveland, Ohio 44106  
    Over 1400 Cuyahoga County physicians and 200 dentists have agreed to provide free care to workers laid off as of December 31st, 1980, who do not have medical benefits.  
    368-1983
13. **St. Luke's Hospital - Ambulatory Care Clinic** .............................................. 368-7810
   11311 Shaker Boulevard
   Cleveland, Ohio  44104

14. **St. Vincent's Charity Hospital** ................................................................. (Ext. 2090) 861-6200
   Ambulatory Care Center
   2351 East 22nd Street
   Cleveland, Ohio  44115
   Special services include strong pediatrics programs, dental care and Greater Cleveland Lions Eye
   Clinic which provides free or inexpensive eye exams & glasses.

15. **Tel.-Med** ...................................................................................................... 231-6800
   Academy of Medicine of Cleveland
   11001 Cedar Avenue
   Cleveland. Ohio  44106
   Collection of tape recorded messages on a wide variety of health topics.

16. **University Hospitals of Cleveland** ............................................................... 884-3844
   Clinic Information
   2074 Abington Road
   Cleveland, Ohio  44106
   Free or inexpensive health care, based on the ability to pay is available to county residents. Phone
   for appointment. Special programs include family planning clinic, ob-gyn, pediatrics, & psychiatry.
## BRANCHES OF
### CUYAHOGA COUNTY PUBLIC LIBRARY

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<td>HQS</td>
<td>Headquarters Administration Building</td>
<td>.4510 Memphis Avenue</td>
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SECTION II-A

HEALTH CARE COVERAGE NEEDS ASSESSMENT SURVEY

There is no simple formula for determining the exact amount of health care coverage an individual or family should have. However, by using the following checklist of major factors to consider in assessing your needs for health care coverage you can identify areas where you are meeting your needs and areas where you may have gaps in coverage.

PAST HEALTH HISTORY

- What is the health status of you and/or family members? Have there been relatively few illnesses?  
  YES  NO
- Have there been many illnesses?  
  YES  NO
- Does a family member have a chronic health problem which will require treatment?  
  YES  NO
- What were your average yearly medical expenses for the past few years? $ _____________

STAGE IN FAMILY LIFE CYCLE

- What is your stage in the family life cycle?
  Single Young Adulthood - you may be reaching the point when you are no longer eligible for coverage under the family's plan. There is a need to explore options before this occurs.
  Married. You may need to be sure your coverage includes pregnancy and child birth as well as well-child care.
  Pre-retirement - you need to periodically review coverage to be sure it is up-to-date.
Working: Ages 65-69 - You must decide whether to remain on your employer's current health plan with Medicare supplementing or choose Medicare as the primary plan.

Retired - Since Medicare only covers about 40% of medical costs, you need to decide whether to purchase supplementary coverage.

FUTURE HEALTH REQUIREMENTS

Are there unusual health hazards (risk factors) associated with your job?  
Yes  ____  No

Your community?  
Yes  ____  No

Your lifestyle?  
Yes  ____  No

Is surgery a distinct possibility for a family member?  
Yes  ____  No

Does a family member have special needs such as allergies which may require testing and treatment?  
Yes  ____  No

Is a family member having drug, alcohol, or emotional problems which require the services of a special facility?  
Yes  ____  No

Does your family's genetic history place you at a greater risk of developing an expensive illness or condition which would require extended coverage under a major medical policy?  
Yes  ____  No

Is a family member reaching an age when there may be a need for coverage for extended care such as a nursing home?  
Yes  ____  No

HOW MUCH YOU CAN AFFORD

After reviewing your budget, how much money is available monthly for premiums?  
$ _______

How much for medical costs not covered (such as deductibles)?  
$ _______

Can you reduce your flexible expenses to free up money for medical costs or insurance?  Yes  ____  No  How much?  
$ _______

Can you afford to self-insure for the smaller expenses associated with a higher deductible in order to save on premiums?  
Yes  ____  No
WHAT PROTECTION YOU ALREADY HAVE

Are you covered for basic medical expenses including the costs associated with hospitalization, surgery, and physician's services?  
___YES  ___NO

Are you covered for catastrophic health care expenses through a major medical policy?  
___YES  ___NO

Are you covered under a comprehensive health insurance policy that covers both basic medical and catastrophic expenses?  
___YES  ___NO

Are you covered under Medicare?  
___YES  ___NO

Do you have coverage to supplement Medicare through a Medigap policy?  
___YES  ___NO

Are you a member of a Health Maintenance Organization (HMO) or a Preferred Provider Organization (PPO) which provides comprehensive coverage?  
___YES  ___NO

Would you qualify for benefits under Worker's Compensation?  
___YES  ___NO

Would you be eligible for disability benefits under Social Security should you become disabled?  
___YES  ___NO

Do you have any provision for medical benefits under your liability insurance?  
___YES  ___NO

Do you have a provision for disability benefits under your life insurance?  
___YES  ___NO

After you have completed this survey, answer the following questions.

1. Do you feel that your coverage for health care costs is adequate for your needs? Are all family members adequately protected?

2. Are there any areas where your coverage should be improved?

3. What services do you need or feel you might want which are not included?

4. What changes are you planning to make?
II. MATCHING HEALTH CARE NEEDS WITH OPTIONS FOR COVERAGE

B. TYPES OF HEALTH CARE COVERAGE

Lesson Outline

After needs are reviewed and available money is determined, the consumer must decide on the best plan. The following are types of health care coverage consumers may choose from:

I. Basic Medical Expense Coverage - protection from three areas of medical costs.

A. Hospital Expense Coverage* - pays:
1. Room and board
2. Routine nursing care
3. Lab tests and x-rays
4. Use of operating room
5. Anesthesia
6. Drugs and medication
7. Ambulance service

B. Surgical Expense Coverage* - pays:
1. Surgeon's fees
   a. Up to a set limit or
   b. Full amount of U & C (usual & customary) charge
2. Assignment - surgeon accepts amount insurance pays

C. Medical Expense Coverage* - pays:
1. Doctor's services other than surgery
2. Up to a set limit or U & C charge
3. May include some payment for psychiatric treatment or skilled nursing facility

II. Major Medical Coverage (Catastrophic)

A. Supplements basic coverage
B. Serious injury or prolonged illness

* Depending on the policy/plan, a deductible clause and co-insurance payment may apply.

Suggested Learning Activities

Unless otherwise designated, the materials listed are for the leader's use and do not need to be duplicated unless the leader chooses to do so.

Review fact sheet, "Types of Health Care Coverage." Using Exhibit II-B, list major types available to consumers using outline or chart provided. Discuss each type.

Secure samples of one or more types of insurance policies. Distribute appropriate Policy/Plan comparison worksheet, (i.e., 1. Hospital Insurance: Inpatient; 1. Hospital Insurance: Outpatient; 2. Medical/Surgical; 3. Major Medical).

Complete (as a group) worksheet appropriate to policy being analyzed.
III. Comprehensive Medical Insurance
   A. Combines basic and major medical
   B. Co-insurance and deductible clause
   C. Extensive maximum benefits

IV. Hospital Confinement Indemnity Insurance
   A. Pays Fixed Amount
      1. Daily, weekly, or monthly
      2. Supplements basic coverage
      3. Some have waiting periods

V. Limited Benefit Insurance
   A. Specific (Dread) Disease (Cancer, Heart Disease)
      1. Limited benefits
      2. Supplements basic coverage
   B. Skilled Nursing Home
      1. Pays daily rate
      2. Skilled care only (not custodial)
      3. Specific definition of "qualified" home in most policies
   C. Accident Only
   D. Intensive Care Insurance

VI. Disability Income Insurance
   A. Pays weekly or monthly
   B. Definitions of disability vary
   C. Replaces portion of income (60%) or provides set amount

VII. Medicare Supplement Insurance
   A. Pays deductible and co-insurance not paid by Medicare
   B. Pays at Medicare approved rates.

Secure cancer insurance policy. Review exclusions, limitations, etc., with participants. Debate value of this type of insurance. Discuss TV ads by national celebrities.

For more information, read "What Consumers Should Know About Health Care Services and Health Insurance" by the National Coalition for Consumer Education.
SECTION II-B

TYPES OF HEALTH CARE COVERAGE

After reviewing your needs and determining how much you can afford to spend, you must decide which policy or plan is best. Remember, you are purchasing health care coverage to protect yourself from the large out-of-pocket expenses associated with medical care. You will want to be sure you are covered first for the most common forms of medical expenses (hospital and doctor's fees) described below. Only after that should you consider special supplementary types of coverage.

Basic Medical Expense Coverage -- Covers three areas of medical costs. Frequently, they are lumped together in one type of basic plan or policy, such as in group or Blue Cross/Blue Shield programs. It includes:

Hospital Expense Coverage -- Included in coverage is room (semi-private) and board, routine nursing care, lab tests, x-rays, use of operating room, intensive care, anesthesia, drugs, medication and ambulance service. Some policies may not cover the actual charges for the room. The insured may be required to pay a specific amount (a deductible) before the insurance will pay any of the costs. The insured may also be required to pay a certain percentage of all costs (co-insurance), sometimes up to a specific amount. Outpatient hospital services may also be covered.

TIP: The average hospital stay, according to the American Hospital Association, is just under 8 days. Some policies do not provide coverage for the first 7 or 8 days of hospitalization.
Surgical Expense Coverage -- Covers surgeons' fees, either up to a limit spelled out in the contract, or the full amount of the surgeon's usual and customary (U & C) fee. Physicians may choose to accept the amount covered by insurance provided the insurance is paid to the physician instead of the insured. This is known as "accepting assignment." In such cases, the physician cannot bill the insured for any difference between the physician's usual fee and the amount paid by the insurance company. If the physician does not accept assignment, the insured still must pay the deductible and co-insurance portion of the bill, and will also be liable for any other amount not covered by insurance.

TIP: Some policies or plans cover minor surgery which is performed out of the hospital, in the doctor's office, for example. Others cover only operations performed in the hospital; so be sure to check this out, particularly with more and more procedures being performed on an outpatient basis.

Medical Coverage -- This provides for payments of physicians' services other than surgery. Some plans also cover some diagnostic and laboratory tests. Coverage for maternity care may or may not be a part of the coverage. Insurance may cover medical expenses in full or may specify a maximum amount that will be paid. Provisions for at least partial payment for psychiatric treatment is included in some plans, as is care in an extended care or skilled nursing facility.

NOTE: Under Blue Cross and Blue Shield arrangements, Blue Cross is the hospital expense insurance portion of the plan and Blue Shield is the medical-surgical expense portion which covers some physicians' fees which do not involve surgery. One of the unique characteristics about this insurer is that everyone in the same geographic location may join, either on a group or individual basis. There are numerous plans, and each one offers somewhat different benefits. Therefore, two families carrying Blue Cross-Blue Shield from different regions of Ohio can have different benefits.

Major Medical Coverage -- Major medical coverage (sometimes called catastrophic coverage) is designed to cover expenses that result from serious injury or prolonged illness. Major medical is frequently purchased to supplement basic health care plans. Coverage starts where the basic plan stops. In general, major medical covers all care and treatment prescribed by a physician. Major medical policies usually have a deductible clause and a co-insurance provision (for example, patient is responsible for first $500 of costs for covered services and 20% of remainder).

Comprehensive Medical Insurance -- This plan is rapidly becoming the common form of health insurance offered through group plans. It is basically a combination of a basic and major medical plan.
It generally has a co-insurance provision and a deductible clause in which you pay a certain percentage of the bill, depending on the policy. Like major medical, the maximum benefits are usually extensive. This type of insurance is more expensive than either basic health insurance or major medical. However, it is usually less expensive than the same coverage purchased in two or more separate policies. It avoids duplication and gaps in coverage that may occur when several different policies rather than one comprehensive plan is purchased.

The following special types of insurance policies are designed to supplement the more necessary types of coverage described previously and are not designed to take the place of that protection.

Hospital Confinement Indemnity Insurance -- Hospital confinement indemnity insurance pays a fixed amount of money on a daily, weekly, or monthly basis when you must stay in a hospital. The benefits paid are not based on actual expenses. This type of policy should be used to supplement rather than substitute for basic medical expense insurance. Some of these policies have waiting periods and exclusions pertaining to certain illnesses so that benefits will not be paid until the patient has been in the hospital for a certain number of days.

Limited Benefit Insurance -- These policies cover only stated expenses arising out of specifically named illnesses, or circumstances. Generally, the premiums are low, and the benefits are often limited. According to experts, these policies should only be used to supplement rather than substitute for basic medical expense insurance policies. Four examples are:

Cancer and Other Specified (Dread) Disease Insurance Policies only pay benefits for certain diseases, usually cancer or heart disease. Some of these policies pay benefits based upon actual medical expenses for treatment of the disease. Others pay a certain amount of money (an indemnity) for hospital confinement and outpatient treatment for the disease, or pay a one-time fixed lump sum indemnity benefit payment. Some policies provide a combination of benefits. Cancer policies pay benefits for the actual treatment of cancer, and some policies may pay benefits for any other conditions or diseases caused or aggravated by cancer or the treatment of cancer.

Skilled Nursing Home Insurance -- These policies provide a specified benefit for each day of confinement in a qualified skilled nursing home and only if the patient is receiving skilled nursing care. Custodial care (help in walking, bathing, dressing, eating) is rarely covered. Some insurance companies are beginning to market nursing home insurance which may pay for custodial care, usually after certain conditions (such as hospitalization) are met for a limited amount of time.
For benefits to be paid, most skilled nursing home policies require that:

* The patient be confined to a hospital for at least three days before entering a nursing home;

* The patient be admitted to a nursing home within 14 days after release from a hospital;

* The patient's nursing home admission must be for the same condition that required hospital confinement;

* The patient's doctor states that confinement is medically necessary for a sickness or injury and that there is a positive prognosis of getting better.

**Accident Only Insurance** -- Cover death, loss of limb or sight, disability, or hospital and medical care due to an accident, not an illness.

**Intensive Care Insurance** -- Provide coverage only while you are in an intensive care unit (ICU) of a hospital.

**Disability Income Insurance** pays a weekly or monthly income benefit if a person is disabled due to a covered injury or sickness. This type of insurance can provide an income to partially replace wages lost when a person is unable to work for an extended time. Disability income policies have elimination periods before benefits become payable. The longer the elimination period, the lower the premium will be. The definitions of total disability vary from policy to policy, so be very careful to read the fine print.

The amount of monthly benefit provided by a disability income policy may be stated as a percentage of income or as a set dollar amount. The amount of benefit for which you can qualify is usually based on a percentage of your gross earnings, normally around 60%. Some policies may reduce your benefit any amount that you receive from Social Security so that your disability benefit and Social Security benefit together will provide a specified income.

**Medicare Supplement Insurance** -- Medicare does not cover all the health care costs of people who are insured by it. Numerous policies are available that supplement it. They are designed to pay for the deductible and some expenses not provided for by Medicare.

(To simplify information in this publication, trade names of some products and/or services are used. No endorsement is intended, nor is criticism implied of similar products not named.)
EXHIBIT II-B

TYPES OF HEALTH CARE COVERAGE

- BASIC MEDICAL EXPENSE COVERAGE
  - Hospital Expense
  - Surgical Expense
  - Medical Expense

- MAJOR MEDICAL COVERAGE

- COMPREHENSIVE MEDICAL INSURANCE

- HOSPITAL INDEMNITY INSURANCE

- LIMITED BENEFIT INSURANCE
  - Specific (Dread) Disease
  - Skilled Nursing Home
  - Accident
  - Intensive Care

- DISABILITY INCOME INSURANCE

- MEDICARE SUPPLEMENT INSURANCE
# POLICY/PLAN COMPARISON WORKSHEET

## HOSPITAL INSURANCE: INPATIENT SERVICES

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<th>Policy/Plan Name</th>
<th>Premium</th>
<th>Maximum Days of Hospitalization</th>
<th>Does it pay Indemnity Benefits?</th>
<th>Does it pay Set. Vice Benefits?</th>
<th>Is the policy renewable?</th>
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<td></td>
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<td>$</td>
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<td></td>
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<td>$</td>
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<td>Yes □ No □</td>
<td>Yes □ No □</td>
<td>Yes □ No □</td>
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</table>

### The following INPATIENT services should be covered by any policy you consider:

- Anesthesia and supplies
- Blood and blood components
- Casts and cast room
- Dental services (accident and injury)
- Detoxification services (alcohol and drugs)
- Diagnostic tests and procedures (example: laboratory services, blood tests, x-rays, ultrasound)
- Drugs and medications
- Electrocardiograms (EKG)
- Electromyonephrophograms (EEG)
- General nursing care
- Obstetrical services
  - Labor and Delivery room
  - Newborn care: isolette
  - intensive care
  - routine care
- Oxygen and oxygen supplies
- Pathology services
- Physical therapy
- Radiation therapy
- Respiratory therapy
- Room and board (semi-private)
- Specialty hospital care: burn care
  - cardiac care
  - intensive care
  - psychiatric care
- Surgical services (operating, recovery, other specialty rooms)
- Surgical dressings and supplies
- Transportation (ambulance)
- Transplant procedures (approved procedures only)
- List additional services covered.

### EXCLUSIONS: List services not covered.

---

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![People's Medical Society](image-url)
The following *OUTPATIENT* services should be covered by any policy you consider.

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<th>Dependent</th>
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<th>Spouse</th>
<th>Dependent</th>
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<td>(example, laboratory services, blood tests, x-ray, ultrasound)</td>
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<tr>
<td>Electrocardiogram (EKG)</td>
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<td>Electroencephalogram (EEG)</td>
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<td>Emergency room (as deemed necessary by company)</td>
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<td>Pre-admission testing</td>
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<td>Respiratory therapy</td>
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<td>Surgery, short procedure (example, anesthesia, recovery room, supplies)</td>
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List additional services covered.

EXCLUSIONS: List services *not* covered.
## POLICY/PLAN COMPARISON WORKSHEET
### MEDICAL-SURGICAL INSURANCE

| Insurance Company |  |
|-------------------|  |
| Policy/Plan Name  |  |
| Premium            |  |
| $                  |  |
| Does it pay Indemnity Benefits? | Yes □ No □ | Yes □ No □ | Yes □ No □ | Yes □ No □ |
| Does it pay Service Benefits? | Yes □ No □ | Yes □ No □ | Yes □ No □ | Yes □ No □ |
| Is the policy renewable? | Yes □ No □ | Yes □ No □ | Yes □ No □ | Yes □ No □ |

The following services should be covered by any policy you consider:

- Allergy testing
- Anesthesia: anesthesiologist/anesthetist fees, supplies
- Chemotherapy (including cost of drugs)
- Consultation services
- Diagnostic services (in non-hospital settings)
- Doctor visits: office visits, hospital visits, emergency room visits, home visits
- Electrocardiogram (EKG)
- Electroencephalogram (EEG)
- Emergency accident care
- Immunizations
- Newborn care (routine)
- Obstetric services (pre and post natal care)
- Oral surgeon’s fee
- Pathologist’s fee (laboratory)
- Physical examinations
- Radiation therapy: radiologist’s fees, supplies
- Surgery: surgeon’s fee, supplies, assistant surgeon’s fees
- Therapist’s services: occupational, physical, respiratory, speech
- Transportation (ambulance)

List additional services covered.

EXCLUSIONS: List services not covered.
# POLICY/PLAN COMPARISON WORKSHEET

## MAJOR MEDICAL INSURANCE

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<tr>
<th>Insurance Company</th>
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<th>Is the policy renewable?</th>
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<td>Yes</td>
<td>No</td>
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### The following services should be covered by any policy you consider.

- Blood and blood components (transfusions)
- Cosmetic surgery (as a result of accident/injury)
- Dental treatment (as a result of accident/injury)
- Diagnostic tests (example: x-rays, laboratory)
- Durable medical equipment (rental of hospital bed, wheelchair, etc)
- Outpatient mental health services
- Outpatient treatment services (example: chemotherapy, radiation therapy)
- Obstetric services
- Oxygen/oxygen supplies
- Physician/surgeon services
- Physical therapy
- Prescription drugs
- Professional nursing services
- Prosthetic appliances (limbs, eyes, orthopedic braces)
- Radiation therapy
- Rehabilitation services
- Respiratory therapy
- Room and board (semi-private)
- Surgery and supplies
- Transportation (ambulance)

List additional services covered:

---

### EXCLUSIONS: List services not covered.

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People's Medical Society®
14 E. Minor Street • Farming PA 18040
What Consumers Should Know About Health Care Services and Health Insurance

Americans are becoming smarter health care consumers. We are increasingly aware of our responsibility in staying healthy—even if we smoke we know the risks involved. We are also showing our concern about controlling the high cost of medical bills by becoming more informed about the use of health care services. In addition, as the cost of major illness steadily climbs, Americans are aware of the need for adequate health insurance.

The National Coalition for Consumer Education has developed this publication to provide information to consumers about health care. It covers two basic areas: (1) health care services and (2) health insurance. We hope you find it useful.

Health Care Services

Until recently, our choices within the health care system were limited. If ill, we visited a physician who was probably not a specialist, and if our illness warranted it, we were admitted to a hospital. Today, however, we are faced with a variety of alternatives within a health care system that is changing rapidly. Some of the changes are fueled by advances in medical technology. Some of the changes have developed in response to the rising cost of health care, especially the most expensive form of care, inpatient hospitalization. And some of the changes are a result of a new emphasis on preventive medicine rather than treatment.

What follows is basic information about health care services.

1. What is the difference between the service provided through a health maintenance organization (HMO) and by a private doctor?

Health maintenance organizations provide a wide range of medical services for a fixed fee, usually monthly, that is paid in advance. HMOs place an emphasis on preventive medicine. Usually, all necessary office visits, periodic physical examinations, immunizations, pap smears, vision and hearing examinations and other preventive services are covered under the fixed fee. HMOs may be especially attractive to families with young children who are frequently in need of routine care. If you do choose to join an HMO, you must use the doctors provided through the HMO facility.

If you are not a member of an HMO, you use the services of a doctor of your choice whose charges you pay on a fee-for-service basis.

2a. Must I always be admitted to a hospital for surgery?

The decision to operate no longer automatically means a hospital stay. More and more routine surgery is performed in the doctor’s office, an outpatient unit at the hospital, a walk-in surgical center or a medical clinic.

Outpatient surgery may be appropriate for a number of operations, such as simple hernia repairs, removal of non-cancerous cysts, some types of cosmetic surgery and even cataract removal. If you need routine surgery, ask your doctor whether outpatient surgery is suitable.

2b. Must I always be admitted to a hospital for childbirth?

Along with the growth in walk-in surgical centers has been a growing interest in “birthing centers.” Sometimes affiliated with a hospital and staffed with nurse mid-wives who often work under a doctor’s supervision, delivery in a birthing center is less expensive than an in-hospital delivery and might be something you want to explore with your doctor/obstetrician.

3. When should I consider a second opinion?

If your doctor or specialist recommends surgery, it makes sense to confirm your doctor’s advice with a second surgeon’s opinion before undergoing any type of non-emergency surgery. This can greatly reduce the risk of unnecessary surgery. The practice is so well accepted that most insurance companies and Medicare now include the cost of a second opinion.
for non-emergency surgery in their coverage. In fact, there is a growing trend in health insurance plans to reimburse the patient the full charge for non-emergency surgery only if a second opinion has been obtained. If not, the patient may only be reimbursed a percentage of the charge.

4a. What are my rights in the doctor’s office?
As a patient, you are entitled to ask questions and make sure you understand your doctor's instructions. Communication is essential. Your doctor should make clear why you need surgery or medication as treatment for an illness, and the risks or side effects that may result from the treatment.

You should ask about options for treatment of a particular illness and be honest in expressing your concerns. If you are not satisfied with your relationship with your doctor, choose another.

4b. What are my rights in the hospital?
You also have rights as a hospital patient. For example, you are entitled to:
- Refuse to see anybody you do not wish to see.
- Request that a person of your own sex be present during an examination.
- Be transferred to another room if the behavior of someone else in the room disturbs you.
- Stipulate that your medical records be read only by those directly involved with your treatment.

You also have a right to check your hospital bill whether it is being paid by you or by your insurance company. You should check all subtotals such as room-and-care fees and services, operating room fees, lab fees, drugs, diagnostic tests and the like. If you find any discrepancies, discuss them with your hospital.

5. What are some alternatives to hospitalization?
A. Nursing Homes. After an initial stay in a hospital, some patients who are not well enough to return home may be able to move to a nursing home. Treatment can be continued in what is usually a more personalized environment. However, it is important to know whether your health insurance covers nursing home care. Virtually all health insurance policies exclude coverage for custodial care, which is non-medical care such as housekeeping and meal preparation.

B. Hospices. For some patients whose illnesses are terminal, a hospice provides an alternative to hospitalization. A hospice setting is more home-like and part of the hospice service is to provide emotional support to patients and their families. Again, find out whether your health insurance covers treatment in a hospice.

C. Home Care. Sometimes treatment at home is possible. Home care is simply more comfortable and less costly. In fact, in many cases the average person, when ill, not only prefers being home but will benefit from familiar surroundings.

The important things to know about home care are: (1) Is it medically advisable? and (2) Is it suitable for you? You must consider whether your home is quiet enough. Is a private room available? Is there room to maneuver a wheelchair or walker if needed? Are bathroom, kitchen and sleeping facilities accessible to each other?

Find out if there are services in your community, such as licensed practical nurses, that will provide home health care. Check with your doctor and your local hospital; some hospitals operate their own home care programs. You should also find out whether your health insurance covers home care services and if so, whether there are any conditions and limitations.

Health Insurance
A trip to the doctor for a routine physical examination is likely to be paid for out of the family budget. However, when confronted by a major illness or disability, health insurance protection is essential. There are many ways to obtain health insurance. Most people are covered by a group plan provided by their employer or fraternal organization and issued from a commercial insurance company or Blue Cross/Blue Shield.

Health insurers offer a variety of policies with different levels of protection. For example, one policy may pay for the bulk of a family's medical bills while another may pay a preset amount toward hospitalization only. Generally, the more comprehensive the coverage, the more expensive the insurance.

1. What kinds of health insurance plans are available?
A. Basic Insurance Protection. Basic protection pays part of the hospitalization cost for room and board, nursing services, X-rays, lab tests and medication. In addition, part of the cost of surgical procedures performed in or out of the hospital, and visits to the doctor are paid. The benefits may also include such services as diagnostic tests and some laboratory tests.

Coverage may be limited as follows:
- If your policy has inside limits, usually expressed in dollar amounts for surgery and hospitalization, you will have to pay the remainder yourself.
- If your insurance entitles you to service benefits, a plan designed to pay bills in full, payment is made only on reasonable charges.
- You may not be covered for a lengthy hospital stay.

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B. Major Medical Insurance. If you are hospitalized for a long time, run up catastrophically high bills, or have expenses such as private nurses, long-term prescription drugs, or ambulance charges, you need major medical protection.

Major medical policies provide more complete insurance than basic ones. However, like auto insurance, they have a deductible provision, that is the amount you must pay personally before your benefits begin. The deductible on individual or family policies may range from $500 to $5,000; the rule is the higher the deductible, the lower the cost of your insurance. Group insurance deductibles are usually much lower.

Major medical policies also have a co-insurance clause. Co-insurance is the part of your medical costs you are obligated to pay in addition to your costs under the deductible provision.

For example, major medical plans typically pay 80 percent of all eligible costs above the deductible; you pay the remainder to the maximum amount payable under the policy. In other words, with a medical care bill totaling $10,000 of eligible expenses, you still pay about $2,000 beyond the deductible amount.

Fortunately, many policies where you pay a share of the cost include a stop-loss provision that limits the amount you have to pay. These will specify that after you've personally paid, say, $5,000, then the insurer will pay 100 percent of remaining covered medical expenses.

C. Hospital Indemnity Insurance. Hospital indemnity policies are limited in their coverage. They supplement basic or major medical protection. Their benefits are paid to you in cash during the time you are hospitalized.

As in the case of most individual major medical policies, hospital indemnity policies contain a waiting period on preexisting medical conditions if you are presently ill, or have been recently ill. Keep in mind that insurance payments for hospitalization under these policies don't all begin on the first day. Some start on the third, some on the eighth day. If you are not aware of this provision, you could be in for an unpleasant surprise.

2. I have health insurance through a plan where I work. How do I know if it is adequate?

Group insurance is the kind of health insurance you most often get through your job. Your employer usually pays some or all of the premiums. The protection provided by group insurance varies with each plan. You should check with your personnel or union office to find out what benefits are provided.

Your group coverage may not be adequate:

- if it fails to provide benefits for the major portion of your medical bills, hospital, doctor, and surgical charges. The benefits should be high enough to meet the charges in your community.
- if your maximum health insurance benefit is only $50,000. Because of the high cost of a major illness, it is advisable to supplement your coverage to at least $250,000.

3. Do I need disability income insurance?

Disability income insurance provides regular cash income in case of disability through illness or injury. Until you are able to return to work, you continue to collect a percentage of your former earnings. If you are covered under a group health insurance plan, it does not mean that you are automatically provided with disability insurance. However, your employer may provide employees with this coverage.

In addition, it is likely a union contract will include sick-leave benefits. There are also state worker's compensation payments made for job-related disabilities. In some cases, Social Security also covers disabilities. If you are a worker who has been totally disabled by an illness or injury that will keep you out of work for at least one year, or that could cause your death, you are eligible for Social Security benefits after five months of being disabled. Before you consider purchasing an individual disability plan, know the protection to which you are already entitled.

If you purchase disability insurance, you should know:

- that most require that you be totally disabled before benefits begin.
- that there are different definitions of disability. For example, some policies define it as simply being unable to do your regular work, while others are stricter. In these, a dentist who could not continue regular work because of a hand injury would not be considered permanently disabled if the dentist could earn income through related duties, such as teaching dentistry.
- that policies pay benefits starting from a week to six months after the onset of the disability and may last as few as 13 weeks to as long as your lifetime. The greater the benefits, the greater the cost.
- that you cannot expect to insure yourself for your full salary. The most an insurer will allow is two-thirds of your gross salary. Therefore, if you are earning $750 per week, you will be eligible for insurance of about $500 a week.
- that house confinement is not a valid element of the medical definition of disability. Disability policies with this requirement should not be purchased.
If you purchase disability insurance, you should ask:

- for noncancellable and guaranteed renewable coverage or guaranteed renewable coverage to protect yourself from the policy being cancelled if you become a bad health risk.
- whether you are covered for both accidents and illness.
- for how long a time period the coverage extends.

A Consumer Checklist for Health Insurance and Disability Insurance

- If you pay your premiums directly, try to arrange to pay annually or quarterly rather than monthly. It is usually cheaper.
- Policies should be delivered to you within 30 days. If not, contact your insurer in writing to find out why. If 60 days go by, contact the state department of insurance.
- When you receive a policy, take advantage of the "free look" provision. You have 10 days to look the policy over and if you decide it is not for you, obtain a refund.
- Read your contract over every year to see if its benefits are still in line with medical costs.
- Don't replace your policy because you think it is out-of-date. Switching may subject you to new waiting periods and new exclusions. Add to what you have if necessary.
- Don't look to make a profit on your insurance by carrying overlapping coverages. Duplicate coverage is expensive. Besides, most group policies now contain a "coordination of benefits" clause limiting benefits to 100 percent of your covered charges.
- Maintain a health emergency fund to cover small expenses.
- If you're considering the purchase of a "dread disease" policy such as cancer insurance, be aware of its restrictions and limitations. It does not replace a comprehensive major medical insurance policy.
- Don't lie on your insurance application. If you fail to mention a preexisting condition, you may not get paid when you need it. You can usually get paid for that condition after one or two years have elapsed and there has been no treatment in that period for that condition.
- Health insurance applications for individual policies, for your protection as well as the insuring organization, should never be signed until full and complete answers are recorded for every question and until you have read and understand the policy and its benefits.

Resources

If you have questions that have not been answered in this brochure, you can get more information from a variety of sources. Some of them are listed below.

- your employer, union or association officer
- your insurance agent or your insurance company
- your health maintenance organization
- your state insurance department
- AARP, Health Advocacy Services, 1909 K Street, NW, Washington, DC 20049 (202/872-4700)
- Blue Cross/Blue Shield Association, 1125 15th Street, NW, Washington, DC 20005 (202/479-8000)
- Health Care Financing Administration, U.S. Department of Health and Human Services, Baltimore, MD 21207 (Medicare and Medicaid information, 301/597-3789.)
- Health Insurance Association of America, 1850 K Street, NW, Washington, DC 20006-2284 (For questions about individual health and disability insurance, 800/423-8000.)
- National Center for Health Education, 30 East 29th Street, New York, NY 10016 (212/689-1886)
- National Consumers League, Suite 202, West Wing, 600 Maryland Avenue, SW, Washington, DC 20024 (202/554-1600)
- Office of Health Maintenance Organizations, U.S. Department of Health and Human Services, Parklawn Building, 5600 Fishers Lane, Rockville, MD 20857 (301/443-1983)

This project was sponsored by the Health Insurance Association of America and the American Council of Life Insurance. For additional free copies, please write to:

Community & Consumer Relations
Health Insurance Association of America
1850 K Street, NW
Washington, DC 20006-2284
II. MATCHING HEALTH NEEDS WITH OPTIONS FOR COVERAGE

C. SOURCES OF HEALTH CARE COVERAGE

Lesson Outline

There are private and public sources of health care protection plans and insurance. Private sources include:

I. Prepaid Fee-for-Service Insurance plans

A. Available from:

1. Blue Cross/Blue Shield Associations

2. For-profit insurance companies
   (approximately 1,000 nationwide)

3. Independent groups offering health plans

B. Types of policies

1. Group

   a. Master policy or contract
      between insurance company
      group (i.e., employer)

   b. Members issued certificates

   c. Advantages:
      (1) Lower premiums
      (2) Coverage more comprehensive
      (3) Pre-existing exclusions and
           waiting periods less frequent
      (4) Rarely need to take a physical

2. Individual

   a. Can also cover dependents

   b. May supplement group coverage

   c. Usually more expensive

   d. Coverage, value, claims practices and costs vary widely

Suggested Learning Activities

Unless otherwise designated, the materials listed are for the leader's use and do not need to be duplicated unless the leader chooses to do so.

Review fact sheet "Sources of Health Care Coverage."
Display "Options In Health Care Coverage - Persons Under Age 65," and discuss Exhibit II-C. Ask participants for examples under each type. How many participants have each type of coverage?

Ask participants to list the advantages of group insurance.

Distribute pamphlet "Health Care Coverage...When You Are Not In A Group."
Copies available from Cuyahoga County Cooperative Extension Service, 3200 West 65 Street, Cleveland, OH 44102. Allow time for class discussion of options listed.
C. Ways to Purchase Coverage

1. Blue Cross/Blue Shield Representative
2. Insurance agent representing one company
3. Independent, multi-line, multi-company general agency or broker
4. Groups and organizations (i.e., labor unions, professional organizations, fraternal societies, trade associations).
5. Mail order.

II. Alternative Delivery Systems provide comprehensive hospital, surgical, and medical services at prepaid or predetermined rates

A. Health Maintenance Organizations (HMOs) - provide a comprehensive package of services on a fixed, prepaid basis within a particular geographic area.
   1. Group model has its own facilities and doctors on staff (i.e., Kaiser Permanente)
   2. IPAs (Individual Practice Associations) offer prepaid services through doctors who practice out of their own offices (i.e., Health America; Western Reserve Health Plan; Health Care Network; HMO Health Ohio).

B. Preferred Provider Organizations (PPOs) - Groups of physicians and hospitals that contract on a fee-for-service basis to provide lower cost medical services to health plan subscribers, i.e., Emerald Health Network; Ohio Health Choice Plan; Preferred Care of Ohio.

Public sources include:

I. Medicare (Covered in Section V)
II. Medicaid
III. Workers' Compensation
IV. Social Security

Ask participants to cite examples of these groups.

Ask participants to describe TV commercials for mail-order insurance and/or bring samples of advertising literature to class. Debate pros and cons of this type of insurance.

Review fact sheet, "Health Maintenance Organizations."
Using Exhibit II-D, "Health Maintenance Organizations," discuss how HMOs operate.

Using Exhibit II-E, "HMOs Two Models," discuss and compare two different models. Ask class to cite examples of each in local area.

Using Exhibit II-F, "Advantages of HMO Membership," and Exhibit II-G, "Disadvantages of HMO Membership," discuss each. Allow enough time for input from participants.

Using Chart, "How Much Will It Cost?," compare a fictional plan with an HMO as a sample on how to compare costs.

Review fact sheet, "Preferred Provider Organizations."
Using Exhibit II-H, "Preferred Provider Organizations," discuss structure and functions of PPO's.

Using Exhibit II-I, "When Choosing an HMO or a PPO consider These Steps," review with class key points to consider when deciding whether or not to join an alternative system.
Health care coverage is available from both private and public sources.

PRIVATE SOURCES:

Private Prepaid Fee-for-Service Insurance (Group or Individual) Plans are available from Blue Cross and/or Blue Shield organizations or from over 1,000 private, for-profit insurance companies. Some independent groups also offer health plans.

**Group Insurance** - in a true group insurance program there is a master policy or contract between the insurance company and a legal entity, such as an employer. Members are issued certificates that outline their benefits and identify family members or dependents who are covered.

**Franchise Group Insurance** - This is actually individual policies purchased through a group or association, and may include coverage for a spouse and dependents. With a franchise policy, the group or association agrees to collect the premiums for the insurance company. The franchise policy may have rates that are lower and benefits that are better than those found in a similar individual policy.

**TIP:** If you are asked to complete your own application as part of a group, it is most likely that you are purchasing "franchise insurance." The health history part of the application is very significant. If you omit what the insurance company considers "pertinent health," the company may plead fraud and deceit when you file claims.
This insurance is available through numerous groups:

- Employers
- Labor Unions
- Professional Organizations
- Fraternal Societies
- Trade Associations
- Civic Groups
- Religious Organizations
- Clubs
- College Health Departments
- College Alumni Associations
- Rural and Consumer Health Cooperatives
- Financial or Consumer Organizations

But you should shop around to be sure. If you are a member, it may be cheaper to purchase insurance through one of these groups.

Individual policies - can be bought to supplement a group policy which does not provide adequate coverage or to provide protection for persons who are not covered under group health insurance plans.

The coverage, value, and claims practices of companies selling individual policies vary widely. You should shop around to find the policy that is best suited to your needs.

Individual policies can be purchased through:

1. Blue Cross/Blue Shield Corporations - Plans vary from state to state and within states, so check the one you are considering carefully.

2. A one-company insurance representative (agent).

3. An independent, multi-line, multi-company general agency or broker.

4. Insurance companies, directly through the mails, usually, for a relatively low monthly price, these plans claim to offer supplementary insurance to fill gaps in your coverage. Most are "cash benefit" (indemnity-type) plans usually paid when you are in the hospital.

Since most mail-order policies have limited benefits because of exclusions, waiting periods or other clauses, the consumer must be very careful when considering one of these plans. Read the fine print and be sure you understand what you are buying or you might find out later that the insurance does not pay for some things you thought it did.

Alternative delivery systems offer comprehensive medical care at predetermined or prepaid rates. This includes hospital, surgical, and medical services. Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs) are examples of alternative delivery systems.

PUBLIC SOURCES: Public Plans for those who qualify cover basic medical costs. The two major public plans in the U. S. are Medicare and Medicaid. In addition, Workers' Compensation pays medical bills and a weekly benefit to replace some wages for workers hurt on the job or in a job-related activity and Social Security disability benefits which pay benefits for long term or permanent total disability.
EXHIBIT II-C  OPTIONS IN HEALTH CARE COVERAGE

PERSONS UNDER 65

SOURCES

PRIVATE INSURANCE COMPANIES

MAINTENANCE ORGANIZATIONS (HMOs)

PROVIDER ORGANIZATIONS (PPOs)

PRIVATE INSURANCE COMPANIES

TYPES

BASIC COVERAGE

COMPREHENSIVE

HOSPITAL

SURGICAL

MEDICAL

CATASTROPHIC (MAJOR MEDICAL) COVERAGE

OTHER SUPPLEMENTAL TYPES

HOSPITAL INDEMNITY

LIMITED BENEFITS

DISABLED

DISABILITY

INTENSIVE CARE

ACCIDENT
HEALTH MAINTENANCE ORGANIZATIONS (HMOs)

Health Maintenance Organizations, or HMOs, are one alternative form of health care coverage available today. An HMO provides comprehensive health care for members and their families on a prepaid basis rather than requiring payment after medical care is received. Thus, an HMO provides both health insurance and services through a single organization.

An HMO either directly provides or arranges for all the health services needed by its members. Sometimes an HMO has its own facilities where doctors are employed as a staff to see members. Another type, called an IPA, contracts with doctors in the community who treat HMO members out of their own offices. In addition to providing the health services usually covered by traditional insurance, HMOs provide routine office care and preventive health services with no deductibles or co-insurance. Some charge small co-payments for certain services.

Most people join an HMO through an employer. Employers with 25 or more employees who offer health insurance as a benefit are required to offer the choice of joining a federally qualified HMO, if there is one in the area. Some HMOs also accept individuals or families directly, either after a medical screening or during their once-a-year open enrollment period with no medical screening. For a complete list of HMOs in Ohio, write to: Information Department, Group Health Association of America, 624 Ninth Street, N.W., Washington, D.C. 20001.

Prepared by Lindell C. Northup, Program Assistant, as part of a Research and Training project of the Cuyahoga County Cooperative Extension Service.

The Ohio State University, 1985.
The following HMOs are operating in the Greater Cleveland area (no endorsement intended):

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<tr>
<th>HMO Name</th>
<th>Address</th>
<th>Phone Numbers</th>
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<tr>
<td>KAISER-PERIVENTE HMO</td>
<td>1100 Bond Court Building</td>
<td>216/621-5600</td>
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<tr>
<td>HMO HEALTH OHIO</td>
<td>2066 East Ninth Street</td>
<td>216/642-3130</td>
</tr>
<tr>
<td>WESTERN RESERVE HEALTH PLAN</td>
<td>19101 Villaview Road, Suite 207</td>
<td>216/486-0152</td>
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<tr>
<td>HEALTH AMERICA</td>
<td>280 Euclid Avenue</td>
<td>216/579-9100</td>
</tr>
<tr>
<td>HEALTH CARE NETWORK</td>
<td>23200 Chagrin Boulevard</td>
<td>216/464-8446</td>
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New federal rules make it possible for Medicare recipients to enroll in HMOs, some of whom accept a limited number of elderly. Medicare HMO members pay a monthly premium in addition to their Medicare premiums for which they receive complete health care, thus eliminating out-of-pocket deductibles and limiting co-insurance to set amounts. HMO membership eliminates filing of most claims. Depending on an individual's HMO benefits, it can also do away with or limit the need for private medigap insurance.

Some features of HMO plans that are considered desirable by many persons include: One premium with few out-of-pocket costs; elimination of claim forms; and improved coordination of services. However, HMOs also have limitations that are considered undesirable by many consumers, including a more limited choice of doctors, hospitals, and other providers and the fact that coverage when traveling may be limited to HMO-defined emergencies.

If you are considering joining an HMO, you should investigate the HMOs you are thinking of joining and consider how they compare with your traditional health insurance and each other. Try to get recommendations from friends or co-workers who have used the services of an HMO. Visit the facility and talk to staff as well.

Here are some things to consider in your evaluation of an HMO:

1) BENEFITS - Compare services available from the HMO with services covered by your insurance plan. (Use Comparison of Benefits Worksheet.)

2) LOCATION - Is the HMO as easy for you to get to as the doctors you are now using? Remember, if you join an HMO, you must use its facilities or physicians' offices except in an emergency. Is public transportation available if you need it?

3) ACCESS - When you join an HMO, you will be able to select a primary care physician from its roster. Often, in an HMO, you will be able to receive care for the entire family at one central location. However, if you have a long-standing relationship with a personal physician, you should consider very carefully whether you are willing to switch.
4) QUALITY - Check to see if the physicians are board certified or eligible. This means they have met rigorous professional standards. Ask if the HMO has a quality assurance program which assures members of high quality care.

5) COSTS - Compare the total amount of out-of-pocket costs you might pay under each plan. This involves more than just the premium since many insurance plans require deductibles and co-insurance payments. The following chart will help you make this comparison.

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<th>HOW MUCH WILL IT COST?</th>
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<td><strong>Current Plan</strong></td>
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<td><strong>Premiums</strong></td>
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<td>Enter Yearly</td>
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<td>premiums you will pay</td>
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<td><strong>Yearly Premium</strong></td>
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<td>&quot;Out-of-Pocket&quot; Costs</td>
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<tr>
<td><strong>Total Health Care Cost</strong></td>
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QUESTIONS TO ASK BEFORE JOINING A

Health Maintenance Organization

Health maintenance organizations (HMO's) are an alternative to traditional health insurance. An HMO is a program providing comprehensive health care for members and their families at a fixed prepaid premium. Some features of HMO plans that are considered desirable by some persons are:

- one premium with few out-of-pocket costs
- eliminate filing of claims
- improved coordination of services

However, HMO's also have limitations that are considered undesirable by some consumers, including the following:

- limited choice of doctors, hospitals, and other providers
- coverage when traveling may be limited to HMO-defined emergency

Before you enroll in an HMO plan, you may wish to ask the following questions: (A separate form should be used for each plan considered.)

1. What are the premium costs of the plan? $_____(annually) or $_____(monthly)

2. What is the waiting period for pre-existing conditions? _________

3. Are physicians with the following specialties affiliated with the HMO? Which specialties are you likely to need?

   Family physicians           Anesthesiology
   Surgery                      Skin care
   Orthopedics                  Oncology
   Mental health                Radiology
   Rehabilitation medicine      Neurology
   Eye care                     Urology
   Pediatrics                   Other
   Obstetrics/Gynecology        _______

4. What is the total number of doctors associated with the HMO? __________________

Which doctors are board certified or board eligible?
5. Where do I obtain the following services and what coverage is included under this plan?

LOCATION

Hospital
Primary care doctor(s)
Specialists
Prescription drugs
Vision care
Skilled nursing facilities/care
Emergency center
Mental health care
Drug/alcohol abuse
Dental care
Family planning
Other

6. Which types of preventive care are covered by the plan?
Approved Health Education
Routine Physical Exam
Other

7. Are extended plans available for additional costs?
Dental
Vision
Pharmacy
Blood
Mental Health
Hearing
Alcohol/Drug Abuse
Custodial Care

8. Does the plan pay for house calls?  Yes  No
Other home health care?  Yes  No

9. Does the plan pay for second opinions for recommended treatment?  Yes  No
Can the second opinion be obtained from outside the HMO at no extra cost?  Yes  No

10. Choosing your doctor:
Will you be allowed to choose your personal HMO doctor?  Yes  No
Will your choice be restricted in any way?  Yes  No
Will you be allowed to change your physician if you are unhappy with the one you selected?  Yes  No
Is there a limit on how often you can switch HMO doctors?  Yes  No

11. What type of staff handles routine office visits?
Physician  Nurse Practitioners  Physician Assistants
12. What provision is made if the HMO is not affiliated with a specialist you might need?

13. What coverage is available for family members who are students living outside the service area?

14. Under what conditions would an abortion or sterilization be covered under this plan?

15. What is the usual waiting period for an appointment with your doctor?

16. What are the office hours of the HMO?

17. What provisions are made for emergency care or for receiving care when the central location is closed?

18. EMERGENCY CARE:

How does the HMO define emergency care?

Is emergency care coverage limited to life-threatening situations when within the service area? Yes No

out of the service area? Yes No

Does the plan pay for necessary ambulance service? Yes No

How will you obtain health care services when traveling or visiting outside the HMO service area?

Are you covered if you are out of the country? Yes No

Is permission required for non-emergency care when you are outside the HMO service area? Yes No

How long will it take to be reimbursed for expenses for care received while outside the service area?

What records must be submitted to obtain payment for care received while outside the service area?

19. Under what conditions can you drop membership?

Can you rejoin the HMO if you leave the area and return? Yes No

20. If you move out of the service area, how could you provide for health care costs in another community or state?

21. What provision is made to cover hospital and other costs if the HMO were to become insolvent?
22. Consumer Representation:

Does the HMO have an advisory committee made up of consumers?

________________________________________________________

Are consumers represented on the HMO Board of Directors?
  ____Yes  ____No

23. Does the HMO have a grievance procedure and how does it work?
  ____Yes  ____No

How does it work? ________________________________________

Below are some questions you may choose to ask HMO members:

1. Do the physicians and other care providers treat you with courtesy and deal with you at a level you can understand?
   ____  ____

2. Do you have access to doctors when necessary?
   ____  ____

3. Are appointments for urgent care scheduled promptly?
   ____  ____

4. Is the waiting period for routine check-ups reasonable?
   ____  ____

5. Is it reasonably easy to call to make an appointment or ask a question?
   ____  ____

6. Can you call your HMO doctor or physician extender when you have a question about your care?
   ____  ____

7. Do you feel the HMO fairly and adequately covers the cost of what you believe is emergency care?
   ____  ____

8. Would you recommend membership in an HMO to others?
   ____  ____

**HEALTH MAINTENANCE ORGANIZATIONS (HMO'S)**

- **ALTERNATIVE TO TRADITIONAL HEALTH INSURANCE**

- **PROVIDE BOTH HEALTH INSURANCE AND SERVICES THROUGH SINGLE ORGANIZATION**

- **PROVIDE COMPREHENSIVE HEALTH CARE TO MEMBERS FOR A SET PREPAID PREMIUM**

- **CARE PROVIDED BY HMO AFFILIATED DOCTORS AND HOSPITALS**

- **PRIMARY CARE PHYSICIAN DETERMINES CARE AND SERVICES REQUIRED**
HEALTH MAINTENENCE ORGANIZATIONS (HMO'S)

TWO MODELS

STAFF - DOCTORS ARE EMPLOYED AS A GROUP (staff) TO SEE MEMBERS AT HMO'S OWN FACILITIES OR AT HOSPITALS UNDER CONTRACT WITH THE HMO.

IPA'S - INDEPENDENT PRACTICE ASSOCIATIONS WHICH CONTRACT WITH DOCTORS IN THE COMMUNITY WHO TREAT MEMBERS OUT OF THEIR OWN OFFICES AND AT THE HOSPITALS DOCTORS ARE AFFILIATED WITH.
ADVANTAGES OF HMO MEMBERSHIP

- ONE PREMIUM WITH FEW OUT-OF-POCKET COSTS

- ELIMINATION OF CLAIM FORMS

- IMPROVED COORDINATION OF SERVICES
DISADVANTAGES OF HMO MEMBERSHIP

- MORE LIMITED CHOICE OF DOCTORS AND HOSPITALS

- COVERAGE WHEN TRAVELING LIMITED TO HMO-DEFINED EMERGENCIES
PREFERRED PROVIDER ORGANIZATIONS (PPO'S)

- ALTERNATIVE TO TRADITIONAL HEALTH INSURANCE

- LIKE HMO'S, COMBINE HEALTH CARE FINANCING AND SERVICES

- DOCTORS AND/OR HOSPITALS WHO CONTRACT TO PROVIDE HEALTH CARE TO SUBSCRIBERS FOR A NEGOTIATED FEE

- GROUPS CONTRACTED WITH INCLUDE EMPLOYERS, INSURERS, LABOR UNIONS

- COST SAVINGS ACHIEVED BY PEER REVIEW AND STRICT USE CONTROLS

- ALLOW SUBSCRIBERS TO RECEIVE CARE OUTSIDE THE PPO, EVEN FOR NON-EMERGENCIES

- MEMBERS HAVE FINANCIAL INCENTIVES, SUCH AS ELIMINATION OF DEDUCTIBLE AND CO-INSURANCE REQUIREMENT IF PPO PROVIDERS ARE USED
WHEN CHOOSING AN HMO OR A PPO CONSIDER THESE STEPS:

- Compare services available
- Determine if choice of caregivers is acceptable
- Decide if location of caregivers is convenient
- Determine quality
- Compare costs
- Know regulations for out-of-town coverage
- Check financial stability
- Seek recommendations for subscribers
- Visit facility and talk to staff
Unlike HMOs, there is no legal definition of Preferred Provider Organizations (PPOs), a concept which combines health care financing and services. Essentially, a preferred provider organization is a group of doctors and/or hospitals who contract with a group, such as an employer, insurer, or union, to provide health care to subscribers for a negotiated, usually discounted, fee. PPOs use peer review and strict utilization controls (pre-admission screening, concurrent review of hospitalized patients and retrospective claims reviews) to achieve cost savings.

PPOs are sometimes described as fee-for-service, independent practice-association (IPA) type health maintenance organizations. Unlike most HMOs, however, PPOs allow subscribers to receive care outside of the plan, even for nonemergency reasons. However, PPO patients have financial incentives, such as elimination of the deductible and co-insurance requirement, if care is received from PPO providers.

The following PPOs, all available through groups only, are operating in the Greater Cleveland area (no endorsement intended):

**Ohio Health Choice Plan**
Suite 310
2322 East 22 Street
Cleveland, OH 44115
216/363-2501

**The Emerald Health Network**
7530 Lucerne Drive
Middleburg Hts., OH 44130
216/243-2030

**Preferred Care of Ohio**
2060 East 9 Street
Cleveland, OH 44115
216/687-6056
Unlike HMOs there are no federal standards for PPOs. If you are faced with the decision to sign up for a PPO, keep the following key points in mind:

* Find out what doctors are on the approved list of providers. If you have a relationship with a physician, are you willing to switch doctors? What specialists could be used? What happens if you choose a doctor or facility outside of the PPO?

* Is there a mechanism to voice legitimate complaints (patient-grievance procedure)?

* Is the plan as comprehensive as the one you are giving up?

* Are pre-existing conditions covered?

* What is the coverage if you get sick or hurt out-of-town? What about away-from-home nonemergency benefits?

* How long has the PPO been in operation? (an indication of how financially sound it is)

As with any service, it is a wise idea to seek recommendations from subscribers (relatives, friends, co-workers) who use the PPO you are considering.
III. EVALUATING AND SELECTING HEALTH CARE PLANS AND POLICIES

This section is designed to help individuals and families in evaluating, comparing, and selecting the best health care coverage available to them in order to get the most protection for dollars spent.

CONSUMER OBJECTIVES:

After completion of this section of leader training, participants should be able to:

1. Recommend one procedure for evaluating and comparing policies and plans.
2. Choose an example of a policy or plan that could meet their health care needs and cite two reasons to support that choice.
3. Cite four “tips” for consumers to consider in order to increase value for dollars spent on health care coverage.
Lesson Outline

Buying health care coverage is a major consumer purchase. Consumers must be comparison shoppers. The major considerations are:

I. Reliability of Company

A. Financial Stability
   1. Check rating in Best's Insurance Reports - available in reference section of Cuyahoga County Public Libraries.
   2. Should be one of two highest ratings.

B. State Licensing - call Ohio Department of Insurance to be sure.

C. Loss ratio - does the company return at least 50% of premiums in benefits?

D. Seek Recommendations

II. Understand Policy's Provisions

A. Dependent Coverage
   1. Who is covered?
   2. From birth? To what age?
   3. For what benefits?

B. Effective Date

C. Exclusions and other limits on coverage
   1. Waiting Periods - between effective date and start of coverage
2. **Pre-existing conditions** - exclude coverage entirely or for a period of time. Various definitions:
   a. symptoms
   b. condition for which medical treatment was received or recommended
   c. condition which shows itself within a certain period of time
   d. an unknown condition

Shop for policy with shortest exclusions for pre-existing conditions.

3. **Riders** - attachments which take away benefits

4. Other exclusions - examples:
   a. military service injuries
   b. self-inflicted injuries
   c. experimental procedures
   d. hazardous sports

D. Conversion Privileges - ability to convert a group policy to a guaranteed individual or family plan without a medical screening or waiting period.

E. Renewal Provisions - ideally, policy should be noncancellable and, at buyer's option, renewable. Possible types:
   1. Term or nonrenewable
   2. Conditionally renewable - company can decline to renew contract under certain conditions (e.g., deteriorating health) and can change rates
   3. Guaranteed renewable - insured can renew until specified age. Premium rates can be changed for class of insureds only
   4. Noncancellable - company can't change, cancel, or refuse to renew policy. Premium rates can't be changed unless policy provides scheduled rate increases with age.

Ask participants for examples of pre-existing conditions - list on board or chart.

Warn participants not to confuse this provision with attempts by some salespeople to convince clients to "convert" old policies to new and better ones.

Display and discuss Exhibit III-C, "Policy Renewal Provisions" (may be made into a transparency).
F. Limitations on choice of care givers usually to those associated with plan.

G. Coordination of Benefits – limits payments so that the total paid under all contracts does not exceed total cost of medical expenses.

H. Deductible – out-of-pocket amount insured must pay before benefits begin.
   1. Higher deductible = lower premiums
   2. Can apply to a period of time or each illness
   3. Per family member and/or a total family amount
   4. Only cost of covered benefits can meet deductible
      a. Can apply cost of noncovered medical costs towards tax deduction

I. Co-insurance – percent of covered medical expenses (after deductible) paid by insurance company and/or insured. Look for policies with a maximum of 20% paid by the insured.

J. Stop-loss provision – maximum on total out-of-pocket expenses.

K. Maximum Level of Lifetime Benefits – Experts recommend at least $250,000.

L. How Benefits Are Paid –
   1. Service – Pay all necessary and reasonable charges (after deductible and subject to co-insurance clause)
   2. Service with Maximum – up to a specified amount listed for each covered service

Distribute handout "Determining Your Out-of-Pocket Expenses for Health Care" for participants to use at home to estimate their costs.

Work out the following example with the class:

Mr. Jones receives a bill for $250 from his doctor for a series of office visits for an illness. The bill includes $50 in lab tests. His coverage includes a $100 deductible per family member and 80% co-insurance for all other "reasonable charges." Lab tests are fully covered. What does Mr. Jones have to pay out of his own pocket?

<table>
<thead>
<tr>
<th>Total Bill</th>
<th>Minus Lab Fee</th>
<th>Doctor's Fee</th>
<th>Deductible</th>
<th>Balance</th>
<th>80% Paid by Insurance Co.</th>
<th>20% Paid by Mr. Jones</th>
<th>Total Out-of-Pocket Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>$250</td>
<td>$50</td>
<td>$200</td>
<td>$100</td>
<td>$100</td>
<td>80</td>
<td>$20</td>
<td>$120</td>
</tr>
</tbody>
</table>

Will he have to pay the deductible the next time he receives a bill for covered charges? NO

Will he have to pay the 20% co-insurance? YES
3. **Schedule of Benefits or Indemnity Plan** — pay specific dollar amount per day in hospital or each procedure.

M. **Inpatient or Outpatient benefits** — certain services may be received in certain settings only.

**SUMMARIZE THIS LESSON BY COVERING THE FOLLOWING TIPS FOR BUYING PRIVATE HEALTH INSURANCE:**

A. Complete application completely and honestly.
   1. Do not be pressured
   2. Review application attached to policy to be sure it is correct

B. Be sure agent is licensed in Ohio.
   1. Ask to see license
   2. Be sure it is a license to sell health insurance.

C. Do not pay premium in cash.

D. Do not buy based solely on advertising or a famous person's endorsement.

E. Be sure company is licensed to do business in Ohio.

F. Beware of scare tactics like, "last chance to enroll."

G. Be careful about replacing existing policies.
   1. May have to take a physical or satisfy new waiting periods
   2. Keep old policy until new one takes effect.

H. Check for pre-existing conditions or waiting periods.

I. Be sure there is a "free look" provision which allows the return of the policy within a certain number of days.

J. Check renewability of policy.

Review "Tips for Buying Private Health Insurance" — duplicate, distribute, and review with class.
When buying health care protection, it's just as important to comparison shop as it is when buying a car. Listed here are important points which should be checked before deciding what policy is best.

RELIABILITY OF COMPANY

Health insurance is written by more different types of organizations than any other type of insurance. Several ways in which you can check the overall reliability of a company include:

* Financial Stability - Best's Insurance Reports - Life/Health, published annually and available in the reference section of Cuyahoga County Library, rates insurance companies. A high rating from Best's means the company is less likely to go broke. Look for one of the two highest ratings from Best's - "most substantial" and "very substantial" (Blue Cross/Blue Shield Associations are not included in Best's).

* State Licensing - Experts recommend that you only buy policies from companies licensed to do business in Ohio. In that way, the Ohio Department of Insurance can be of assistance if you have a problem with a company or claim. To find out if an insurance company is licensed in Ohio, call the Ohio Department of Insurance's Hot Line (toll free) at 800/282-4658 and ask for the Policyholders Service Division.

* High Loss Ratio - The loss ratio, or benefit-cost ratio, is the amount of funds collected in premiums that are returned to the insured persons. When selecting a company, look for a high return (a high loss ratio). Some experts believe that health insurance should not be purchased from a company who returns less than 50% of the premiums as
benefits. To check the loss ratios of companies, contact:

Argus Chart of Health Insurance
National Underwriter Company
420 East 4 Street
Cincinnati, OH 45202
513/721-2140

* Seek Recommendations - You want a company that will pay your claims promptly, fairly, efficiently, and courteously. Ask your relatives, friends, and co-workers what kind of service their companies have given them. Another source to ask are people who file claims, in doctor's offices for example, who are likely to have first-hand experience on how well claims are paid.

UNDERSTAND THE POLICY'S PROVISIONS

In addition to the company, consumers must be sure that they know and understand the terms of the policy which is, in effect, a written contract that outlines both benefits and obligations.

* Dependent Coverage - Know who is covered and at what age benefits begin and end. Infants should be covered from birth. Other children are usually covered until 19 years of age or sometimes longer if full-time students. Coverage is usually dropped automatically when children reach the maximum age listed in the contract, marry or enter the armed forces, but some policies continue coverage for totally disabled or handicapped children as long as they are dependent.

* The Policy's Effective Date - Not necessarily the date you apply, unless a binder is given and money is exchanged.

* Exclusions and Other Provisions Which Limit Coverage - It is very important to know what services, conditions and/or circumstances are delayed from being covered or are not covered by the policy, such as:

  Waiting Periods - sometimes called "probationary periods," after your policy is in effect during which time your policy will not cover a given problem or condition. A waiting period can be between 15 and 30 days for any illness to be covered or can be as long as 12 months, as is often the case with maternity benefits.

  Pre-existing Conditions - any illness or possibly symptoms you may have had before the policy was issued. Some policies don't cover such conditions at all; some specify a waiting period before you can collect. Still other policies have an automatic waiting period for collecting on claims for certain illnesses, pre-existing or not. Do not believe that because you are not required to take a physical or give a medical history that you will be covered for conditions you already have. Pre-existing conditions may by defined differently by various companies. They may mean any of the following:
- the existence of symptoms that could have required treatment.
- a condition for which medical treatment was received or recommended.
- a condition that shows itself within a certain period of time.
- a condition you did not even know you had before you bought your policy.

Ask how many years the company will go back in looking for pre-existing conditions (it could be as far as birth!). Ask how many years the policy will exclude paying benefits for pre-existing conditions after the policy's effective date. Shop for the policy with the shortest possible exclusion for pre-existing conditions.

NOTE: Information about health insurance histories is kept by the Medical Information Bureau (MIB). A list of past insurance you have had or been denied, and why, is compiled. Each history also lists the claims you have made with the illnesses and conditions that required those claims. The MIB is used by insurance companies when reviewing applications. And is, in some cases, the cause of an application for insurance being denied. You can get copy of the information on file about you by request. Medical information is sent to the doctor you specify and non-medical information can be sent directly to you. Contact:

Medical Information Bureau
Disclosure Office
Essex Station
P. O. Box 105
Boston, MA 02112

If you find that the information is incorrect or out-of-date, you can ask for an investigation. If the incorrect information is no changed, you can have a "statement of dispute" placed in your file to be included whenever requests for information about you are made.

Riders - are attachments that take away benefits described in the policy itself. By law, a separate rider for each condition excluded must be attached to printed policies. Although riders reduce benefits, premiums are not usually reduced accordingly.

Other Exclusions - health insurance policies usually exclude illness or injury resulting from:
- War or military service
- Attempted suicide or self-inflicted injuries
- Injury or illness covered under Workers' Compensation
- Treatment received in government hospitals (VA, military, or federal institutions)
- Aviation (under certain circumstances)
- Hazardous sports (i.e., race car driving)
- Experimental procedures
- Criminal acts such as committing a felony
- Coverage outside of United States and Canada

* Conversion Privileges - group contracts contain a clause that allows an employee, when leaving a job or in the case of marriage, death, or divorce of spouse, birth of a child or a child reaching maximum age, to convert all or part of the contract to a guaranteed individual or family plan, sometimes at a cost lower than buying a new individual policy. Such policies could be more comprehensive. By converting an existing policy rather than buying a new one, you don't have to take a physical and you don't have to worry about any waiting periods before coverage begins. There is usually a time limit of 15 to 31 days during which the conversion privileges may be exercised.

**TIP:** Do not confuse this legitimate provision in a policy with an attempt to convince you to "convert" or rewrite the policy you have to a new and different one. Be very cautious before you cancel or change policies because you may be left with no coverage or coverage that is significantly reduced, often with higher costs. If you are asked to complete a new application, you are applying for a new policy. Benefits to an existing policy may be supplemented by the company simply by adding an amendment.

* Renewal Provisions and Changing of Premium Rates - Individual policies are written for a limited time, usually a year, and must be renewed at the end of each term. Ideally, the policy should be non-cancellable and, at your option, renewable either indefinitely or until you qualify for Medicare. A non-cancellable policy will cost more since the company assumes greater risk. However, without this feature, the company would be able to terminate your coverage if you have large medical bills.

* Limitations on Services of Care Givers - Some plans limit your choice of physician, hospital, or other place of care to those associated with the insurance plan. Some plans pay "member doctors" in full and other doctors only in part. Know what your choices will be.

**TIP:** Look for policies that do not impose limitations when the insured person is traveling in the United States. Also, if you travel to other countries, look for contracts that will pay for medical care wherever it is received and be sure this is written into the agreement.

* Coordination of Benefits - When an individual is eligible for benefits under more than one contract or policy, a coordination of benefits provision may be included. This limits payment so the total amount paid under all contracts does not exceed the total medical expenses incurred.
*The Deductible Amount* — Know the amount of money you must pay out-of-pocket before your insurance benefits begin. Usually, the higher the deductible, the lower the premium. Find out if the deductible applies to each separate illness or to a calendar or policy year. The deductible may be for each person covered by the policy in which case there is usually a single sum for the family as a whole. Remember that only the cost of covered benefits can be used toward the deductible. If, for example, your policy does not cover the cost of routine physical exams, the money spent on one will not be included as part of your deductible (you can, however, apply those non-refundable costs towards your tax deduction for medical expenses).

**TIP:** Some experts feel that a low deductible in an individual policy may not be a better bargain over the long run and may end up costing more than those with higher deductibles. They suggest you use the following as a general rule of thumb when comparing policies: if the difference in monthly premiums over an 18-month period is greater than the difference in the amount of the deductible, you are better off with the policy that has the higher deductible.

*Co-insurance* — The provision that specifies how you and the insurance company will share the payment of covered services, expressed as a percentage. Co-insurance begins after your expenses which are allowable (covered) have surpassed the deductible amount. Some experts believe you should not buy a policy in which the co-insurance amount exceeds 20%. A co-payment is a specific dollar amount, similar to a deductible, but is only charged in certain defined situations. Co-payments are most commonly charged for doctors' visits for maternity care.

*Stop-loss Provision* — A maximum on your total out-of-pocket expenses. The higher the amount, the lower the premium. It is important, however, to find out whether this rule applies when your total medical expenses reach the specified amount or only when the portion you have been paying out of your own pocket goes that high.

*Maximum Level of Lifetime Benefits* — The maximum amount the company will reimburse you for covered medical costs. Some policies have a feature called an "annual restoration provision," which reinstates a portion of the lifetime maximum on an annual basis. The Health Insurance Association of America recommends you buy a policy with a maximum level of at least $250,000.

*How Benefits Are Paid* — Generally, benefit payments fall into one of three categories:

- **Service Benefits** — recommended by many experts, pay all necessary and reasonable charges subject to any deductible or co-insurance clauses in the policy. Payment may be made directly to the hospital or physician, or to the insured.
- **Service Benefits with Specified Maximum** pays up to a specific maximum amount, usually listed in the policy, for each covered service. If the actual cost is less than the stated amount, the policy pays the actual (lesser) amount. If the actual cost is more than the policy provides, the insurer pays the amount stated in the policy and you, the insured, must pay the difference.

- **Scheduled Benefit or Indemnity Plans** pay a specific dollar amount for each day in the hospital or each medical procedure. These plans pay cash to the insured who can use the money as desired. Often, the specific amounts paid by these plans are well below what actual charges are, so caution needs to be exercised if the plans you are considering will be your only form of coverage.

* **Inpatient and Outpatient Benefits** - Be sure you understand what procedures are covered and in what setting. Since so many procedures today are being done on an outpatient basis (you are not admitted to a hospital), be sure to check these areas carefully. Comparison worksheets found in this kit will assist you when reviewing a policy or plan.

References:


SELECTING A HEALTH INSURANCE POLICY

• RELIABILITY OF THE COMPANY
  ~ Financial Stability
  ~ State Licensing
  ~ Payment of Claims
  ~ Loss Ratio
SELECTING A HEALTH INSURANCE POLICY

UNDERSTAND POLICY'S PROVISIONS

- Dependent Coverage
- Effective Date
- Exclusions and Other Limitations
  - Waiting Periods
  - Pre-existing Conditions
  - Riders
  - Other Special Exclusions (I.E. Experimental Procedures)
- Conversion Privileges
- Renewal Provisions
- Limitation on Choice of Care Givers
- Coordination of Benefits
- Deductible Amount
- Co-insurance Amount (As A Percentage)
- Stop-Loss Provision
- Maximum Level of Lifetime Benefits
- How Benefits Are Paid
  - Service
  - Schedule of Benefits (Indemnity)
When considering a health policy, use this checklist to be sure you are buying an adequate product that will meet your needs. Refer to "What You Should Look For In Health Insurance" for more information on each of these factors.

I. Reliability of Company

A. Financial Stability. Has the company selling the policy received one of the two highest ratings from Best's Insurance Reports (most substantial or very substantial)?
   _____Yes   _____No

B. Is the company licensed to do business in Ohio?
   _____Yes   _____No

C. What is the company's loss ratio?
   _____%

D. Do you know anyone who has filed claims and recommends the company?
   _____Yes   _____No
II. Policy's Provisions

A. Dependent Coverage. What family members would be covered?

Are newborn babies covered from birth? _____Yes _____No
To what age are children covered? ________________

B. Exclusions:

1. How long is the waiting period before benefits start? ________________

2. Are there exclusions for pre-existing conditions? _____Yes _____No
   If yes, what conditions? _______________________

3. Are there any riders or amendments attached to the policy? _____Yes _____No. If yes, what benefits are taken away?

C. Is the policy guaranteed renewable? _____Yes _____No
   Is the policy non-cancellable? _____Yes _____No

D. Is there a limit on your choice of physicians, hospitals or other places of care? _____Yes _____No

E. How much is the deductible? per individual $_______
   Family maximum $__________.

F. How much is the co-insurance? ____________%

G. What is the maximum (stop-loss) out-of-pocket amount of covered expenses you would pay? $_______

H. What is the maximum level of benefits over a lifetime? $_________

I. How are the benefits paid? Service Benefits or Indemnity Plan

J. Is coverage for certain procedures limited to inpatient (in-hospital) settings? _____Yes _____No
   If yes, are they more likely to be done on an outpatient basis? _____Yes _____No
<table>
<thead>
<tr>
<th>TYPE OF PROVISION</th>
<th>MEANING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term or Nonrenewable</td>
<td>Policy cannot be renewed.</td>
</tr>
<tr>
<td>Optionally Renewable</td>
<td>Policy can be renewed. Insurance company can decide not to renew but may only cancel at certain times, such as when premiums are due. Premium rates can be changed.</td>
</tr>
<tr>
<td>Conditionally Renewable</td>
<td>Insured can renew until a specified age subject to the insurance company's right to decline renewal under conditions specified in the contract. Usually renewal would not be denied if the insured's health had deteriorated. Premium rates can be changed.</td>
</tr>
<tr>
<td>Guaranteed Renewable</td>
<td>Insured has the right to renew until a specified age. Premium rates can be changed for a class of insureds, but not just for an individual.</td>
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<td>Noncancellable</td>
<td>Insurance company cannot change, cancel or refuse to renew the policy if premiums are paid on time. Premium rates cannot be changed. The policy can provide for scheduled rate increases as the insured gets older.</td>
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SOURCE: VIRGINIA HEALTH INSURANCE CONSUMER'S GUIDE, 1983
Here is a list of some of the payments you have to make:

**INSURANCE OR PLAN PREMIUM** - The price of the premium is determined by the age and sex of the applicant, the extent of coverage, and the presence and size of a deductible and co-insurance. Health insurance premiums and costs of joining alternative plans have been increasing in recent years. In 1984, comprehensive group family health insurance policies generally cost $1,500 to $3,500. Individually purchased plans can be 15% to 40% more expensive than group coverage. How much are you contributing toward health care protection?

$__________ yearly $__________ monthly x 12 = $__________

**DEDUCTIBLE** - The dollar amount of medical expenses you must pay each year before the insurance policy starts paying.

My yearly deductible (the amount which I must budget for) is:

______ Per Individual ________ Family Total

Does your policy allow expenses incurred at the end of the year to be carried forward as part of the deductible for the following year?

______ Yes ________ No

Prepared by Lindell C. Northup, Program Assistant, as part of a Research and Training project of the Cuyahoga County Cooperative Extension Service.
The Ohio State University. 8/86.

All educational programs and activities conducted by the Ohio Cooperative Extension Service are available to all potential clientele on a non-discriminatory basis without regard to race, color, national origin, sex, handicap or religious affiliation.

CO-INSURANCE - The percentage of covered expenses you must pay is ________%.

CO-PAYMENTS - Does your policy require a specific amount of money to be paid by you for specific procedures, such as x-rays, office visits, innoculations?

________ Yes   ______ No

COORDINATION OF BENEFITS - Is your spouse covered by another health insurance plan which may result in additional reimbursement to you of your medical expenses?

________ Yes   ______ No

HOW BENEFITS ARE PAID - If your plan pays on an INDEMNITY basis, how much will it pay you for each day of hospitalization? $________ How does this compare to average hospital room rates in your area? (In 1984, the average cost for a semi-private room in Ohio was $228; Cleveland is higher). How many days in the hospital would be paid for under this policy? ________

SERVICE benefits are, on the other hand, can be authorized by the insured to be paid directly, and are usually for the full cost of a semi-private room, board and in-hospital services, or to the doctor, providing the hospital or doctor is a member, a "participating" provider who has agreed to accept the reimbursement rate negotiated by the insurance company.

POLICY MAXIMUM (STOP-LOSS PROTECTION) - Does your policy set a maximum out-of-pocket dollar amount that you must pay in a calendar year before your policy picks up 100% of covered charges at the UCR level? ________Yes   ________No  If yes, my maximum expense is $________ (NOTE: Charges that the insurer says are in excess of reasonable and customary fees are excluded from the out-of-pocket limit.)

REASONABLE AND CUSTOMARY FEE STIPULATION - Typically a policy will pay 80% of up to what is considered the "going rate" for identical or similar services within a specific geographic area (after the satisfaction of the deductible). If your doctor charges fees in excess of what the insurer considers "reasonable and customary," you pay the difference. In large urban areas such as Cuyahoga County, fees can vary widely.
SECTION III-A

TIPS FOR BUYING PRIVATE HEALTH INSURANCE

Complete the application completely and honestly. A written application is necessary to buy health insurance. Alone it does not constitute a contract to provide coverage, but it is a critical first step in securing protection. Do not withhold medical information. Since claims forms often request the same information, it is critical that the original application include essential facts of your health history or future claims may not be paid.

* DO NOT allow yourself to be pressured into signing an application without reviewing what has been written.

* Carefully review the copy of the application attached to the policy to be certain that it is correct and has not been altered in any way. If you find a mistake, notify the company in writing.

Be sure agent is licensed to sell health insurance in Ohio. Ask to see a copy of his or her license before signing the application.

DO NOT PAY CASH. Make premium payments by check or money order made out to the insurance company, not the agent.

Do not make a decision to buy based solely on advertising on TV, radio, or newspaper or an endorsement by a famous person.
Be sure the insurance company is licensed to do business in Ohio. Contact the Ohio Department of Insurance (toll-free) 1-800-282-4658.

Beware of "Scare Tactics. Do not be high-pressured into buying a policy. Avoid buying under the pressure of limited enrollment periods or "last chance to enroll."

Be careful about replacing existing policies. You may have to take a physical exam or satisfy new waiting periods. If you need improved coverage, see if you can upgrade a current policy first or keep it until a new policy becomes effective.

Check for pre-existing condition exclusions and waiting periods.

Make sure there is a "Free Look" provision giving you at least ten days from when an individual policy is received to review it. If it is not what you expected or you decide you don't want or need it, or can't afford it, return it promptly by certified mail. Enclose request in writing for a full refund of the premium with the reason for your request. Always keep a copy of your letter.

Check your right to renew the policy.
III. EVALUATING AND SELECTING HEALTH CARE PLANS AND POLICIES

B. COMPARE HEALTH INSURANCE POLICIES AND PLANS

Lesson Outline

Today consumers are being faced with many options in the purchase of their health care. Competition among providers and plans for limited dollars has increased the number of choices and contributed to consumer confusion. Employers, in order to stop or reduce escalating costs, often offer choices to their employees regarding health care coverage. These choices usually are among traditional fee-for-service private health insurance plans, HMOs and/or PPOs. Some employers offer a "cafeteria plan" where employees can select individual programs, including health care coverage, from a "menu" of benefits.

Suggested Learning Activities

Unless otherwise designated, the materials listed are for the leader's use and do not need to be duplicated unless the leader chooses to do so.

Review "Changes In Health Care: What You and Your Family Should Know" by the Ohio State Medical Association (Copy in Overview Section).

Secure samples of policies or explanation of benefits from:

- Private Health Insurance Companies
- HMO Plans
- PPO Plans

Duplicate and distribute Policy/Plan Comparison of Benefits Worksheet to participants.

Divide class into small groups and ask each group to fill in the worksheet for a policy or plan. Allow time to compare. (If time is short, make Exhibit III-D into a transparency and fill in worksheet as a group.)
Many employers are now offering choices to their employees regarding health care coverage. Use the chart below to help compare what would be covered under each option before you make a decision. You should contact your employee benefit specialist or personnel department with specific questions. This worksheet can also be used by persons who must secure individual health care.

DIRECTIONS: A list of provisions or benefits included in many plans is provided in column I. It is not meant to be all inclusive. The types of plans commonly offered by employers are listed in columns II-V. Write in the names of the plans your employer offers under the correct type. Review each plan and fill in the benefits described in each under each column. When completed, you will have a comparison that can be used to help you decide which plan best meets your family's needs.

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Lesson Outline

Consumers should realize purchasing health insurance is like any other major consumer purchase. As a way of summarizing this leader guide section, review the following tips designed to help maximize health care dollars:

1. **Maintain healthful habits** in order to need minimum medical care.
   - Health habits can have a positive impact on underwriting decisions for individual policies.
   - Some insurers or companies offer rewards (reduced premiums or cash incentives) for healthier habits (i.e., non-smoking).

2. **Shop Around**—more options than ever
   - Wide variety of coverages
   - Wide variety of rates

3. **Purchase group coverage** if possible.
   - Usually 15-40% less
   - Review carefully to be sure rate is lower for same coverage

Suggested Learning Activities

- Unless otherwise designated, the materials listed are for the leader's use and do not need to be duplicated unless the leader chooses to do so.

- Review "Getting The Most For Your Insurance Dollar." Distribute and discuss with class (or make Exhibit III-E into a transparency).

- Request additional suggestions from participants.
D. Avoid Duplicate Coverage For Same Services
   1. Under coordination of benefits can't collect twice or more than 100%
   2. Compare services covered carefully

E. Pay Premium Annually or Semi-annually
   1. Usually pay less
   2. Can pay monthly until satisfied with contract
   3. Some companies allow "trial application" to determine insurability; if rejected, no record of denial

F. Choose Large Deductibles If Dollars Are Limited
   1. Policies with "first dollar" coverage very expensive
   2. Self-insure for least expensive costs
   3. Larger deductible = lower premium

G. Select Less Expensive Providers or Procedures
   1. Outpatient procedures less expensive
   2. Save on co-insurance

H. Plan Ahead
   1. Schedule covered elective procedures and care in year when deductible has been met
   2. Know what policy or plan requires to be reimbursed
MAINTAIN HEALTHFUL HABITS - the most obvious way to lower costs for medical care is to stay as healthy as possible so that you need minimum medical care. Health habits also play a part in underwriting decisions for individual insurance policies. Some insurers or companies offer reduced premiums or other cash incentives for healthier habits, non-smoking, for example.

SHOP AROUND - there are more options today for health coverage than ever before. This means that there is a wide variety of coverages and rates. Health care protection is a major purchase and should be approached in the same comprehensive way as other major consumer purchases.

PURCHASE GROUP COVERAGE, if possible. It is usually 15-40% less than an individual policy.

AVOID DUPLICATE COVERAGE - when filing an insurance claim, other policies you have must often be listed. Under "coordination of benefits," you cannot collect the same benefits from two policies since the maximum that will be paid in most cases is 100% of the cost of the illness.

If a married couple work for different companies and one or both must pay a part or all of the premiums under the employers' health plan, it may be unnecessary for both to have family coverage. However, it could be beneficial to pay the extra premiums and coordinate benefits so that one policy fills in where the other leaves off. This is probably the least expensive way to supplement coverage.
PAY PREMIUM ANNUALLY OR SEMI-ANNUALLY — in general, the fewer payments you make will lower the total yearly premium. Ask to see a payment schedule, to be sure you are getting a lower rate. Some experts, however, recommend you pay monthly until after a contract is issued, and then you may exercise your 10-day free look option. Once a claim occurs, coverage is cancellable on a monthly basis after the fact.

A TRIAL APPLICATION is allowed by many companies to determine insurability. They may have a special form or may use the regular form on which is written "Trial Application - Make No Record Unless Accepted." If the application is rejected, this will prevent a record of the denial of the health insurance being added to your health insurance history.

TIP: Always pay your premium by check, money order or bank draft made out to the insurance company, not the agent or anyone else. Do not pay cash unless you get a bona fide receipt.

CHOOSE LARGE DEDUCTIBLES — policies which pay all costs from the first dollar are very expensive. Determine how much you can afford to pay out of current income and cash reserves, then choose a policy with the highest deductible you can afford.

SELECT LESS EXPENSIVE PROVIDERS OR PROCEDURES — today many medical procedures are being done on an out-patient basis or in urgent care or surgical centers. In fact, your coverage may require this for full payment for certain procedures or may provide a monetary incentive, such as waiving the deductible, if you utilize a less expensive option. In any case, you will save money if your plan requires a co-insurance payment by you.

PLAN AHEAD — by understanding how the deductibles and limitation of your plan work, you can maximize the coverage. For example, if medical expenses are running high one year, you might decide to get care you have been putting off but know you need because you have already met your annual deductible. If you have been healthy all year, you may choose to schedule the elective procedures for early the next year. Approach your insurance policy the way you do a tax return and use all legal ways you can to save money by making the rules and regulations work to your advantage.

TIP: For tax purposes, if you are close to exceeding 5% of your taxable income for medical expenses, you may want to schedule as much medical care as possible for one calendar year, since medical expenses are not deductible unless they exceed that amount.
EXHIBIT III-E

GETTING THE MOST FOR YOUR HEALTH INSURANCE DOLLAR

- MAINTAIN HEALTHFUL HABITS
- SHOP AROUND
- PURCHASE GROUP COVERAGE
- AVOID DUPLICATE COVERAGE
- PAY PREMIUM ANNUALLY
- CHOOSE LARGE DEDUCTIBLES
- SELECT LESS EXPENSIVE PROVIDERS OR PROCEDURES
- PLAN AHEAD
IV. USING YOUR PLAN TO MAXIMIZE BENEFITS

This section is designed to assist consumers in following correct procedures for filing claims in order to receive reimbursement from their plans and in seeking appropriate assistance with complaints. It also provides information on how to utilize health care plans in order to receive full value and benefits.

CONSUMER OBJECTIVES:

After completion of this section of leader training, participants should be able to:

1. List three guidelines to keep in mind when filing health care claims in order to insure proper reimbursement.

2. Describe how to file a health insurance complaint.

3. Cite two general examples of procedures required by some health care plans in order to insure maximum reimbursement.
IV. USING YOUR PLAN TO MAXIMIZE BENEFITS

A. How To File A Health Insurance Claim

Lesson Outline

I. Check ahead to be sure treatment is covered.

II. Ask service provider to bill insurance company directly.
   A. Know extent of coverage.
   B. Know reimbursement process.

III. Have supply of correct claim forms.

IV. File claims promptly.

V. Discuss wording on form with the doctor.

VI. Fill forms out correctly and completely; attach back-up.

VII. Keep copies of all paperwork.

VIII. Follow up, if necessary.
   A. Claims must be paid promptly or
   B. must receive a reply within 15 working days.

Suggested Learning Activities

Unless otherwise designated, the materials listed are for the leader's use and do not need to be duplicated unless the leader chooses to do so.

Review "Filing A Health Insurance Claim."

On board or flip chart, outline major steps.
The most important step, especially with the recent changes in many medical plans, is to understand your coverage. Your claims can only be fully paid if you follow the correct procedures required of your plan. Here are some guidelines:

1. **Check ahead of time** to see if a particular medical service or treatment is covered and to what extent it is covered. Your company or agent should be able to supply you with the necessary information.

2. **Ask for your insurance company to be billed directly.** You should know the exact extent of your coverage and the process for reimbursement in order to assist the hospital or physician's staff in honoring your request.

3. Make sure you have a supply of the correct claim forms. For some insurers or Blue Cross/Blue Shield Associations, your hospital or doctor may have the forms and may be able to file your claim for you.

4. **File claims promptly.** Most policies have a time limit on the filing of claims. If you have an agent, contact him or her to help you file your claim.

5. **Discuss your coverage with your doctor or staff.** The exact wording of the reason you saw the doctor may make a difference in whether your policy will pay or not.

6. Make sure you **fill out the necessary form correctly and completely**, and that you supply all necessary forms, such as an itemized bill from your doctor.
7. Keep copies of whatever you send to the insurance company, including a record of the date you filed the claim.

8. Ask how long it will take to be reimbursed and follow up promptly at the time specified if you have not been paid.

After the company is informed of your claim they should send you any needed forms and verify your claim. The Unfair and Deceptive Trade Practices Rule of 1975 requires prompt payment by insurers of justified claims, and prompt response (within 15 working days) of all policyholders' inquiries. If the company rejects your claim or pays only a part of it, you should be given an explanation for the decision.

If your claim is denied or only partially paid, you may want to seek assistance from some of the following sources, which apply to your particular situation:

1. Your agent or company representative;
2. Your employee benefits specialist;
3. Your union;
4. Your doctor;
5. The claims manager of your insurance company. See if there is a toll-free number for the claims department.
6. The professional, fraternal or labor group sponsoring your group plan;
7. Professional claims assistants, who charge a fee (usually per hour) for their work. In Cuyahoga County, two examples of this type of company include Claim and Help and Mediform.
8. Ohio Department of Insurance (refer to fact sheet, "How To File An Insurance Complaint.")
9. A private attorney.
Lesson Outline

I. Why complain?
   A. Insurance company has improperly refused to issue or renew a policy.
   B. Claim is refused or only partly paid.

II. How?
   A. Contact agent or company representative first.
      1. Send letter
      2. Include all information
      3. Keep a copy
   B. Contact Ohio Department of Insurance who will investigate.
      1. Call toll-free phone 1-800-282-4658.
      2. Use form provided by Department of Insurance.
   C. If not satisfied, may take legal action.

Suggested Learning Activities

Unless otherwise designated, the materials listed are for the leader's use and do not need to be duplicated unless the leader chooses to do so.

Review "How To File An Insurance Complaint in Ohio."

On board or flip chart, outline complaint procedure.

Write phone number on board or flip chart. Display claim form.
SECTION IV-B

HOW TO FILE AN INSURANCE COMPLAINT IN OHIO

If you believe your insurance company has improperly refused to issue or renew your policy, or refused to pay all or part of a valid claim, you have a right to question and complain. Your first step is to contact your agent or company representative.

A complaint by letter is best. Always keep a copy. Include your name, address, telephone, policy number, type of policy and the nature of your complaint. If you decide to complain by telephone, keep a written record of your call, the name of the person you talked to at the company, and what was said during the call.

If you do not receive a response that you agree with, you may contact the Ohio Department of Insurance who will investigate and determine if the company is within the laws of the state. This consumer protection service is provided by the Department's Policyholders' Service Division which has a toll-free hot line available to all Ohio residents. When a written complaint is received, one of the Division's investigators is assigned to investigate and answer the consumer's complaints. To reach the department:

Ohio Department of Insurance
2100 Stella Court
Columbus, OH 43266

You may call the department's HOT LINE (toll-free) 1-800-282-4658, or use a form provided by the department.

If you are not satisfied with the results of the department's resolution of your complaint, you can consider taking legal action against the insurance company.
In response to your request for assistance we are sending this Insurance Complaint Form. Please complete and return it. We will then conduct an investigation and further advise you.

NOTE: If there is a File # shown in the For Department Use Only section it is only necessary to complete the items checked √:

<table>
<thead>
<tr>
<th>Your Name</th>
<th>For Department Use Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>I.C. Code</td>
</tr>
<tr>
<td>Telephone:</td>
<td>File #</td>
</tr>
<tr>
<td></td>
<td>Date Received</td>
</tr>
</tbody>
</table>

---

**SECTION A.**

1. Type of Insurance (please check one)
   - ☐ Auto
   - ☐ Fire or Home Owners
   - ☐ Life
   - ☐ Health
   - ☐ Others

2. (A) If your problem involves an insurance company, please give the full name of the company (not the agent or broker).

   (B) If your problem involves an agent or broker, please give full name and address:

3. My policy number is: ________________

4. Date and location of accident or loss: ________________

5. This is my only report of this accident or loss to the Department.
   - ☐ Yes
   - ☐ No

6. I have attached copies of policies, correspondence, bills, etc.
   - ☐ Yes
   - ☐ No

---

**SECTION B. PLEASE CHECK THE STATEMENT(S) THAT APPLY TO YOUR PROBLEM.**

1. ☐ Claim Amount Dispute
2. ☐ Denial of Claim
3. ☐ Delay in Settlement
4. ☐ Cancellation or Non-Renewal
5. ☐ Payment Not Credited
6. ☐ Refund Due
7. ☐ Misquoted Premium
8. ☐ Policy Not Received
9. ☐ Cash Surrender or Cash Value
10. ☐ Other

(OVER)
Briefly and in your own words describe your problem. If more space is needed, please attach additional sheets.

PLEASE SIGN AND DATE THE STATEMENT BELOW:

To the best of my knowledge the information contained herein is correct. I understand that a copy of this form and attachments may be forwarded to the insurance company involved.

Signature

Date

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Lesson Outline

Many employers are implementing cost containment procedures, usually affecting:

I. Hospital admission
   A. Preadmission permission (called precertification) required for nonemergencies.
   B. Insurance company grants permission for a specific period of time or
   C. May recommend alternative treatment (i.e., ambulatory surgical procedure)
   D. No permission = no coverage or lowered coverage

II. Surgery (nonemergency)
   A. Second opinion required
   B. Company may provide names of doctors
   C. Cost fully covered
   D. Third opinion often covered
   E. If surgery is decided upon, plan may also require permission for hospitalization

III. If employed persons are both covered, correct procedures must be followed for secondary payer as well.

Suggested Learning Activities

Unless otherwise designated, the materials listed are for the leader’s use and do not need to be duplicated unless the leader chooses to do so.

Review "Health Care Coverage and the New Rules."

Display and discuss Exhibit IV - A. - Plan Design Options. Stress #2 and #5, the most common areas affected by change.
In an effort to lower the cost of health care, many companies have new procedures which must be followed in order to receive full value from the plan. It is critical that you understand them before you need to use certain medical services.

The two areas which are the most likely to have been changed are hospital admission and surgery. A hospital review program usually requires what is known as preadmission certification, or obtaining the insurance company’s permission before being admitted to the hospital for non-emergency care. Under this requirement, a patient or the physician must contact the carrier with the specific details of the diagnosis. The insurance company then decides whether to grant approval for the admission for a specified length of time. If approval is not granted, the company may recommend alternatives, such as an ambulatory surgical facility. If permission is not obtained and the patient is admitted, the company may refuse to pay or pay at a reduced level.

Many plans require a second opinion prior to certain surgical procedures. Some plans provide the names of up to three surgeons from whom you must obtain another opinion. The cost is usually fully covered, as is a third opinion if you feel it is necessary, when there is some disagreement. If you decide to have surgery, your plan may still require that you follow the hospital predetermination rules before you are admitted to a hospital. If you and your spouse have coverage through two different plans, it is critical that you follow the correct procedures for both plans or the secondary payer may refuse to pay full benefits under the coordination of benefits concept. Contact your employee benefits specialist or insurance company for the details on your plan.
Plan Design Options

- Encouraging the Use of Health Promotion and Prevention (Physical Fitness, Smoking Cessation, etc.)
- Requiring Second Surgical Opinion for Certain Procedures
- Increasing Co-Payments and Deductibles
- Encouraging Outpatient Services (e.g., Ambulatory Surgery)
- Encouraging Preadmission Testing
- Adding Home Health Care and Hospice Care

Source: What Employers Should Know About PPOs

Clearinghouse on Business Coalitions for Health Action
V. SENIOR CITIZENS AND HEALTH CARE COVERAGE

This section is designed to assist those consumers 65 years and older in selecting health care coverage to supplement Medicare.

CONSUMER OBJECTIVES:

After completion of this section of leader training, participants should be able to:

1. Identify at least three gaps in Medicare’s coverage.
2. List three factors to use when selecting a Medicare Supplement (Medigap) policy.
3. Cite two examples of alternatives to a Medigap policy.
4. List three special “tips” for seniors to keep in mind when shopping for coverage.
LEADER TEACHING GUIDE

V. SENIOR CITIZENS AND HEALTH CARE COVERAGE

A. MEDICARE - WHAT IS COVERED AND WHERE ARE THE GAPS?

Lesson Outline

Medicare provides specific benefits through two separate programs:

Part A - Compulsory Hospitalization Insurance (HI)
Part B - Voluntary Supplemental Medical Insurance (SMI)

Persons eligible for Part A have the premium provided free; Part B requires a monthly premium.

I. Part A - Hospital Insurance

A. Cover inpatient care in four areas
   1. In a hospital
   2. Inpatient care in a skilled nursing facility
   3. Home health care services after a hospital stay
   4. Hospice care

B. Requires Deductible ($520 in 1987)
   1. After 60 days in hospital, patient must also pay $130/day co-payment
   2. After 90 days, a patient may use 60 "once in a lifetime" days with a $260/day co-payment

II. Part B - Medical Insurance

A. Covers:
   1. Doctors' services (except routine physicals)
   2. Outpatient hospital Services

Suggested Learning Activities

Unless otherwise designated, the materials listed are for the leader's use and do not need to be duplicated unless the leader chooses to do so.

Call or visit the local Social Security Office to obtain a copy of "Your Medicare Handbook." Since this information is somewhat technical, thoroughly review the handbook prior to the presentation. Additional free copies are available from local Social Security Offices (in Greater Cleveland - call 476-1414).

Display and discuss Exhibit V-A - "The Medicare Program Part A - What It Pays... What You Pay."

Display and discuss Exhibit V-B - "The Medicare Program Part B - What It Pays... What You Pay."

For more information, refer to "Medicare Handbook for the Consumer" by the National Consumers League.

815 15th Street NW
Suite 516
Washington, DC 20005
3. Laboratory services
4. X-ray and radiation therapy
5. Unlimited home health visits
6. Physical therapy and speech pathology services
7. Durable medical equipment
8. Limited ambulance services
9. Prosthetic devices and other medical supplies and equipment

B. Requires deductible ($75 in 1987)

C. Co-insurance pays 80% of Medicare approved amount

D. "Accepting Assignment" - when doctor agrees to accept the Medicare-approved fee as the whole fee

1. Provider files claim, receives payment directly
2. Patient pays other 20% (after $75 annual deductible is met)

E. "Nonassignment" - doctor does not accept Medicare-approved fee

1. Patient must file medical insurance claim (Medicare payment sent to patient).
2. Medicare pays 80% of "reasonable charge" for covered services (after $75 annual deductible is met)
3. Patient must pay other 20% of approved charge plus any amount over approved fee charged by provider.

For more information on home health care, review "Home Health Care" factsheet (contains guidelines for selecting providers).

Using Exhibit V-C, work out the two examples to demonstrate assignment concept.

Refer to "How To Fill Out A Medicare Claim Form." Review steps with class. Additional free copies available from local Social Security offices.

For more information on home health care, review "Home Health Care" factsheet (contains guidelines for selecting providers).
Medicare does not pay all costs associated with health care. According to the American Association of Retired Persons (AARP), Medicare only pays an average of about 40% of health care bills; 30% is paid directly by Medicare recipients.

The three major categories of expenses not covered by Medicare that represent gaps are:

I. Medicare deductibles and co-payments for covered services

II. Medical items and services that Medicare does not cover at all

A. This area involves the largest out-of-pocket costs to Medicare beneficiaries

B. Few private health insurance policies offer significant additional protection here

C. Major gaps in hospital insurance

   1. Services after 150 days of hospitalization (90 if reserve days are used up)

   2. Services after 100 days of skilled nursing care

   3. Nursing home care other than a skilled nursing facility

   4. A private room or private duty nursing

D. Major gaps in medical insurance:

   1. Drugs and medicines (while not hospitalized)

   2. Eyeglasses and routine eye exams

   3. Hearing aids and routine hearing loss exams

   4. Dental care

   5. Services not medically necessary or received in a foreign country.

Review "Bridging the Gaps in Medicare."

Display and discuss Exhibit V-D - "Medicare Does Not Cover: Deductible and Co-payments."

Display and discuss Exhibit V-E - "Medicare Does Not Cover: Non-covered Items and Services."

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E. Any care deemed primarily "custodial."

1. Care for personal needs (e.g. bathing, eating)

2. Provided by persons without professional skills and training.

III. Charges that exceed "Reasonable Charges"

A. Inpatient hospital care reviewed by Professional Review Organization (PRO) and determined to be medically unnecessary

B. Doctor's care in excess of what is considered usual medical practice in that area

C. Services or supplies not generally accepted as reasonable or necessary

D. Most private health insurance supplemental policies do not cover these charges

E. Whenever possible, seek providers who supply services or supplies on an assignment basis

If the patient feels that a Medicare claim has been incorrectly denied, they may appeal the decision. Only 2-3% of Medicare beneficiaries ever appeal, but 50% of appealed claims are decided in favor of the beneficiaries.
EXHIBIT V-A
THE MEDICARE PROGRAM
PART A -
What It Pays...
What You Pay...

HOSPITAL INSURANCE (PART A) COVERS:

- INPATIENT HOSPITAL CARE
- POST-HOSPITAL SKILLED NURSING FACILITY CARE
- POST-HOSPITAL HOME HEALTH CARE
- HOSPICE CARE

<table>
<thead>
<tr>
<th>MEDICARE SERVICES</th>
<th>BENEFIT PERIOD</th>
<th>MEDICARE PAYS</th>
<th>YOU PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>PART A: HOSPITAL INSURANCE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Semi-private room rate</td>
<td>First 60 Days</td>
<td>All but deductible</td>
<td>Deductible $520</td>
</tr>
<tr>
<td>Miscellaneous hospital services and supplies</td>
<td>61st to 90th Day</td>
<td>All but $130 per day</td>
<td>$130 per day</td>
</tr>
<tr>
<td>Dietary and meal services</td>
<td>90th to 150th Day</td>
<td>All but $260 per day</td>
<td>$260 per day</td>
</tr>
<tr>
<td>Special care units</td>
<td>Beyond 150 Days</td>
<td>NOTHING</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Diagnostic procedures, x-rays, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laboratory services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating and recovery rooms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anesthesia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rehabilitation services</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SKILLED NURSING CARE</th>
<th>BENEFIT PERIOD</th>
<th>MEDICARE PAYS</th>
<th>YOU PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>In approved facility after 3-day hospital stay and enter the facility within 30 days of discharge</td>
<td>First 20 Days</td>
<td>All Costs</td>
<td>Nothing</td>
</tr>
<tr>
<td></td>
<td>21st to 100th Day</td>
<td>All but $65.00</td>
<td>$65.00 per day</td>
</tr>
<tr>
<td></td>
<td>Beyond 100 Days</td>
<td>NOTHING</td>
<td>ALL COSTS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Home Health Care</th>
<th>BENEFIT PERIOD</th>
<th>MEDICARE PAYS</th>
<th>YOU PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlimited as medically necessary</td>
<td></td>
<td>ALL COSTS</td>
<td>NOTHING</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hospice</th>
<th>BENEFIT PERIOD</th>
<th>MEDICARE PAYS</th>
<th>YOU PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two 90-day periods and one 30-day period</td>
<td>All costs but outpatient drugs and respite care</td>
<td>Limited drug costs and respite care</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Blood</th>
<th>BENEFIT PERIOD</th>
<th>MEDICARE PAYS</th>
<th>YOU PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>As needed</td>
<td>All but first 3 pints</td>
<td>First 3 pints</td>
<td></td>
</tr>
</tbody>
</table>

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EXHIBIT V-B

THE MEDICARE PROGRAM
PART B —
What It Pays...
What you Pay...

MEDICAL INSURANCE (PART B) COVERS:

- Doctors' Services
- Outpatient Hospital Services
- Home Health Care (Without a Hospital Stay)
- Other Health Care Services: Lab Services; X-Ray; Medical Equipment; Limited Ambulance; Prosthetic Devices

<table>
<thead>
<tr>
<th>Medicare Services</th>
<th>Benefit Period</th>
<th>Medicare Pays</th>
<th>You Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PART B: PHYSICIAN INSURANCE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physician and surgeon fees</td>
<td>As medically necessary</td>
<td>80% of approved amount after $75 deductible</td>
<td>$75 deductible &amp; 20% of balance (you also pay any charge above approved amount)</td>
</tr>
<tr>
<td>Physical/speech therapists</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diagnostic tests</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical supplies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inpatient and Outpatient services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ambulance service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Health Care</td>
<td>Unlimited as medically necessary</td>
<td>ALL COSTS</td>
<td>NOTHING</td>
</tr>
<tr>
<td>Outpatient Hospital Treatment</td>
<td>Unlimited as medically necessary</td>
<td>80% of approved amount after $75 deductible</td>
<td>After deductible 20% of balance</td>
</tr>
<tr>
<td>Blood</td>
<td>As needed</td>
<td>30% of approved amount after 3 pints</td>
<td>First 3 pints and 20% of balance</td>
</tr>
</tbody>
</table>
HOME HEALTH CARE

Home health care consists of a wide variety of services provided to older, disabled, and/or convalescent persons who do not need institutional care but require some assistance in meeting their health care needs. Skilled care is given under the general direction of a doctor and consists of health services provided by licensed professionals, such as registered nurses and physical therapists. Supportive services are those provided in addition to skilled care which enable a person to continue independent living at home. These include assistance with personal needs, such as bathing and dressing and household chore services, such as shopping and meal preparation.

Medicare, Medicaid, and private insurance (i.e., insurance companies, Blue Cross/Blue Shield, HMO's) may cover some of the costs of home health care. Medicare coverage of home care is restricted to homebound persons who require "intermittent" skilled nursing care or physical or speech therapy and use a home health agency certified by Medicare. Beyond the minimal services required by federal regulation (skilled nursing on an intermittent basis, home health aides, medical supplies and equipment), each state decides what it will cover under Medicaid.

Coverage by private insurers varies widely, although more and more plans are covering some form of home health care. Policies generally cover nursing care, occupational and physical therapists and home health aides, with limits. Policy provisions, such as deductibles and co-insurance apply.

Other sources of financing for home health care to pursue are health maintenance organizations (HMO's) and area agencies on aging that contain a health service component, such as visiting nurse, immunization, screening programs, and home-delivered meals.
The quality of services varies. Check with knowledgeable people to find out what services are available. Sources of this information include:

- local hospital discharge planners
- local or county public health and welfare departments
- social services departments
- Area Agency on Aging
- United Way (lists nonprofit voluntary agencies)
- telephone directory
- yellow pages under "Home Health Services" or "Nurses"
- churches/synagogues
- day care centers (for seniors)
- medical or surgical centers
- nursing homes
- Social Security Administration
- physicians
The National Consumers League recommends the following:

CHECKLIST FOR CONSUMERS OF HOME HEALTH CARE

The following questions should help a potential user of home health services to evaluate agency programs.

Standards

1. Is the agency licensed by the state? Have any complaints against the agency been filed with the state regulating agency (generally the state health department)?

2. Is the agency accredited by one of the following:
   a) National League for Nursing/American Public Health Association
   b) National HomeCaring Council
   c) Joint Commission on Accreditation of Hospitals

3. Is the agency and its employees bonded?

4. Is the agency Medicare/Medicaid-certified?

5. How long has the agency been operating in the community? Can the agency provide you with references?

Services

1. Does the agency provide a complete list of its services?

2. Does the agency confer with your doctor before providing services? How does the agency coordinate with the doctor on the plan of care and monitor to see that the plan is being followed?

3. Is care available on the weekends or after regular hours?

4. What procedures does the agency use in an emergency?

Costs

1. Does the agency provide a written list of services and the cost for each service? Does it explain which services are covered by your private insurance, Medicare, Medicaid or other sources of financial assistance and which services you will be responsible for paying?

2. Do you sign a service agreement or a contract allowing the agency to bill your insurance company or Medicare or agreeing to cover the costs yourself? What if you are dissatisfied with the service?
3. How are the costs billed—per visit, per hour or on some other basis? Are there minimum hours or days per week required? Do you sign a time sheet for each employee? Are you billed each week for the services you received that week?

4. If fees are on the basis of hourly or per visit charges, are all services covered? Are there separate charges for an evaluation visit, employee social security or travel?

5. If you have private or government insurance, will the agency handle the billing to them? If you have to pay for some or all the services, what arrangements can you make for payment?

Agency Personnel

1. Do the people whom the agency refers to you work for the agency or do you become their employer?

2. Could you be liable for an injury or accident to an agency employee in your home?

3. What kind of education, training, and experience do the agency personnel have? Have they met state licensing requirements for their profession, and are they certified by their professional organizations?

4. Are references required of the agency personnel prior to hiring? Have their references been checked? Can you see them?

5. Will you be assigned the same person for the length of time you need care? Does the agency check with you to see if the people assigned to you are satisfactory? What happens if you complain about a person assigned from the agency? Will you get a replacement and, if so, how quickly?

6. Does the agency have a full range of health service personnel on staff or does it sub-contract? How does it ensure the reliability and competence of these personnel?

7. What supervision does the agency provide for the people it sends to your home? Does a supervisor come out to observe the employee, to check on how he or she is carrying out your plan of care and to find out if you are satisfied?

8. Does the agency provide registered nurses, licensed nurses, or both? How much education, training, and experience are they required to have? Does the agency have its own testing system for its staff and requirements for in-service training?

9. Does the agency require home health aides to be licensed or certified? How much training and/or experience are they required to have?

EXAMPLES OF ASSIGNMENT CONCEPT

DOCTOR ACCEPTS ASSIGNMENT

(Yearly deductible not met)

Fee .......................................................... $ 600

Medicare approved ........................................ 475

You must pay:

Deductible ..................................................... 75

20% of approved charge, less deductible .......... 80

TOTAL COST TO PATIENT -------------------------- $ 155

DOCTOR DOES NOT ACCEPT ASSIGNMENT

Fee .......................................................... $ 600

Medicare approved ........................................ 475

Difference patient must pay ...................... $ 125

Total Cost To Patient

Difference .................................................... $ 125

Deductible ..................................................... 75

20% of $400 .................................................. 80

$ 280
need, and an estimate of how long the equipment will be medically necessary.

CLAIMS FOR A PERSON WHO DIED
There are special rules for submitting claims for a deceased Medicare beneficiary. Any Social Security office or your Medicare carrier can give you information about these special rules.

KEEP A RECORD OF YOUR CLAIM
It's a good idea for you to keep a record of your claim in case there is ever any need to inquire about it. Before you send in a Form 1490-S, you should write down the date you mail it, a description of the services or supplies you received, the date and charge for each service or supply, and the name of the doctor or supplier who provided the services or supplies.

WHERE TO SEND YOUR CLAIM
Send the Form 1490-S and itemized bills to your Medicare carrier. If the carrier's name and address are not shown in the upper right-hand block of the form, you can find the name and address in Your Medicare Handbook. Or, you can call any Social Security office to get the carrier's name and address.
**MEDICARE CLAIM FORM (1490-S)**

Print your health insurance number exactly as it's shown on your Medicare card. Be sure to include any letter either at the beginning or the end of the number.

Print your complete address—street, city, State, and ZIP code.

Briefly describe the condition (illness or injury) for which you were treated. If you were treated for different conditions, describe each.

Check the box marked "yes" or "no".

If you have private health insurance or are covered under a State medical assistance program (such as Medicaid), print the name and address of the insurance company or State program.

Sign your name. (Do not print.)

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*Physician/Supplier Assignment Rate Lists, showing the approximate percentage of claims on which physicians and suppliers in your area accepted assignment in the previous calendar year, are now available for review in all local Social Security offices and all State and Area Agencies on Aging.*

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**When to Use the Patient's Request for Medicare Payment (Form 1490-S)**

**The Patient’s Request for Medicare Payment (also called Form 1490-S) is shown on the next page.** This is the form to use when you are requesting payment from Medicare. You can get this form from any Social Security office or your Medicare carrier (the names and addresses of all Medicare carriers and the areas they serve are shown in the back of Your Medicare Handbook). When you submit a claim, the carrier will send you another form for your next claim.

Before using this form, make sure your doctor or supplier is not submitting a claim on your behalf. If your doctor is sending a claim to Medicare for you, you should not use Form 1490-S. Also, if you haven't done so already, ask your doctor if he or she will accept Medicare assignment. Medicare's assignment method of payment can save you the trouble of filling out a claim form...and it can save you money as well. Your Medicare Handbook describes the assignment method of payment in detail.*
HOW TO COMPLETE FORM 1490-S

If your doctor or supplier does not accept assignment, you must send in the claim to receive payment. You fill in the form as shown in the diagram and attach itemized bills for the services you received. The information that must be shown on itemized bills is shown below.

It is important that the form be completed properly. Incomplete or incorrect information on the form may delay payment.

You should keep this leaflet handy so that you can refer to it whenever you have to fill out a Form 1490-S.

If you ever need assistance in completing the form, contact any Social Security office or your Medicare carrier. The people there will be glad to help you and can answer any questions you have about Medicare.

AN ITEMIZED BILL

The itemized bills you send in with your Form 1490-S must contain specific information or your claim may be delayed. A bill which simply says “For professional services rendered” or “Balance forward” is not an itemized bill.

If the doctor or supplier gives you an itemized bill that does not show all of the following information, ask him or her to fill in what is missing. Each itemized bill you submit must show all of the following information:

- A complete description of each service or supply you received.
- The date you received each service or supply.
- The place where you received each service or supply.
- The charge for each service or supply.
- The name of the doctor or supplier who provided each service or supply. (If more than one doctor’s name is shown on the bill, please circle the name of the doctor who treated you.)
- Your name and your complete health insurance number exactly as they are shown on your Medicare card. (If the doctor or supplier does not put your name and number on the bill, you can write them on it.)
- It is helpful, but not necessary, if the diagnosis is shown on the bill.

You can send in more than one itemized bill with a single Form 1490-S. It doesn’t matter whether all the bills are from one doctor or supplier or from different doctors or suppliers. And, you can send in the bills either before or after you pay them.

CLAIMS FOR DURABLE MEDICAL EQUIPMENT

If you rent or purchase durable medical equipment, such as a wheelchair or oxygen equipment, and are submitting form 1490-S, you must include the bill from the supplier who provided the equipment and a doctor’s prescription. The prescription must show the equipment you need, the medical reason for your
SECTION V-A

BRIDGING THE GAPS IN MEDICARE

Medicare is not an all-inclusive health insurance program. According to the American Association of Retired Persons (AARP), Medicare pays an average of about 40% of health care costs while 30% is paid directly by Medicare recipients. If you're hospitalized, you'll be charged a $520 (in 1987) deductible. After that, Medicare's Part A pays for 60 days in a semi-private room, plus lab work, operating rooms, drugs, x-rays, rehabilitation and other services. From the 61st to the 90th day you'd be responsible for co-payments of $130 a day. After that you'd start using "reserve days," and paying co-payments of $260 a day. Each Medicare beneficiary has a lifetime total of 60 reserve days. When they're exhausted, Medicare pays nothing.

The program doesn't pay for custodial care, but under certain conditions it will pay for care in a skilled nursing facility or home health care visits. The deductible must be paid every time you're admitted to a hospital, unless the "benefit period" hasn't expired. A benefit period starts when you are admitted to a hospital and ends 60 days after you leave the hospital or a nursing home.

There is also a $75 (1987) deductible for Part B, which helps pay for doctors and certain other services. Medicare then pays 80% of what it considers reasonable charges, or the "Medicare approved" amount. You pay the rest, plus any amount not judged to be reasonable unless your provider accepts assignment. The 80% co-insurance applies to the other services covered by Part B (outpatient hospital care, outpatient physical therapy, speech pathology, and home health care). The monthly premium for Part B in 1987 is $17.90, which is subtracted from the monthly Social Security check.

Medicare pays nothing for prescription drugs, eyeglasses or hearing aids, for private-duty nurses or most immunizations; for routine physical exams, dental or foot care; for eye and hearing exams; or for medical care in a foreign country.
The three major categories of health care expenses (gaps) not covered by Medicare are:

- The Medicare deductibles and co-payments for services Medicare covers.
- The medical items and services Medicare does not cover at all.
- The difference between the "reasonable charge" approved by Medicare and the actual charge for covered services by doctors and suppliers.

Your choice of additional health care coverage, if you decide you want and need added protection, should be based on a careful consideration of how well it fills the gaps in Medicare that you feel you should be insured against.

The Health Action Council of Northeast Ohio recommends these ten TIPS on controlling health care costs for Medicare recipients:

- Seek out participating physicians who accept assignment. (Acceptance of Medicare-approved fee as the whole fee.)
- If you see a non-participating physician, be aware that he or she can still accept assignment and encourage this.
- Check your bills for possible errors.
- Ask for a second opinion if surgery is recommended.
- Take no more drugs than are absolutely necessary.
- Consider generic drugs — they are always less expensive.
- Consider out-patient surgery.
- Avoid entering the hospital on a weekend for a procedure that is not going to take place until the following week.
- Be aware of alternatives to institutionalized care: day care, Meals on Wheels, home health, hospice, life care communities, etc.
- Stay healthy. Healthy lifestyles and preventive measures could reduce the cost of health care.

For more information, refer to The Prudent Patient by the American Association of Retired Persons (AARP), 1909 K Street, N.W., Washington, D.C. 20049.
MEDICARE DOES NOT COVER:

DEDUCTIBLES AND CO-PAYMENTS

(1987 Amounts)

HOSPITAL INSURANCE

• $520 FOR THE FIRST 60 DAYS OF INPATIENT HOSPITAL SERVICES IN A BENEFIT PERIOD (THE INPATIENT HOSPITAL DEDUCTIBLE).

• $130 A DAY FOR THE 61st THROUGH 90th DAY OF INPATIENT HOSPITAL SERVICES IN A BENEFIT PERIOD.

• $260 A DAY FOR EACH "LIFETIME RESERVE" DAY USED.

• $65 A DAY FOR THE 21st THROUGH 100th DAY IN A BENEFIT PERIOD FOR INPATIENT CARE IN A SKILLED NURSING FACILITY.

• THE FIRST 3 PINTS OF BLOOD IN A BENEFIT PERIOD.

MEDICAL INSURANCE

• THE FIRST $75 EACH YEAR OF "REASONABLE CHARGES" FOR COVERED SERVICES (THE ANNUAL MEDICAL INSURANCE DEDUCTIBLE).

• 20 PERCENT OF THE "REASONABLE CHARGES" FOR ALL COVERED SERVICES ABOVE THE DEDUCTIBLE.

• THE FIRST 3 PINTS OF BLOOD IN A CALENDAR YEAR.
EXHIBIT V-E

MEDICARE DOES NOT COVER:

NON-COVERED ITEMS AND SERVICES

HOSPITAL INSURANCE (Part A)

• MORE THAN 150 DAYS OF INPATIENT HOSPITAL CARE IN A BENEFIT PERIOD (OVER 90 DAYS IF YOU HAVE USED ALL YOUR "LIFETIME RESERVE" DAYS).

• MORE THAN 100 DAYS OF INPATIENT SKILLED NURSING FACILITY CARE IN A BENEFIT PERIOD.

• NURSING HOME CARE IN OTHER THAN A SKILLED NURSING FACILITY.

• PRIVATE DUTY NURSING.

• PRIVATE ROOM (UNLESS MEDICALLY NECESSARY).

MEDICAL INSURANCE (Part B)

• DRUGS AND MEDICINES YOU BUY YOURSELF.

• EYEGLASSES (EXCEPT AFTER CATARACT SURGERY).

• HEARING AIDS.

• DENTAL CARE.

• MOST CARE RECEIVED OUTSIDE THE UNITED STATES.

• SERVICES AND SUPPLIES THAT ARE NOT MEDICALLY NECESSARY.

• CUSTODIAL CARE
EXHIBIT V-F

MEDICARE DOES NOT COVER:
COSTS EXCEEDING WHAT ARE CONSIDERED "REASONABLE AND NECESSARY CHARGES"

- INPATIENT HOSPITAL CARE REVIEWED BY PEER REVIEW ORGANIZATION (PRO) AND DETERMINED TO BE MEDICALLY UNNECESSARY.

- DOCTOR'S CARE IN EXCESS OF WHAT IS CONSIDERED USUAL MEDICAL PRACTICE IN THAT AREA.

- SERVICES AND SUPPLIES NOT GENERALLY ACCEPTED AS REASONABLE OR NECESSARY.
The hearing is conducted by a hearing officer appointed by the carrier. The hearing officer will not have been involved in the previous decisions made on your claim. He or she will review what has already happened in the case, state what must be decided, and ask questions of you and any witnesses present. The hearing officer may ask a witness for the carrier to attend the hearing to explain how the carrier arrived at its decision. You and your representative may question the witnesses, present new evidence, and examine the evidence on which the hearing officer will base his or her decision.

You do not have to appear at the hearing. If you don't, the hearing officer will base his or her decision on the written evidence which was previously submitted in the case plus any additional written evidence or statements.

A copy of the hearing officer's decision will be sent to you. The decision of the hearing officer is final. The law does not provide for further review of medical insurance claims.

YOUR RIGHT TO BE REPRESENTED
You have a right to be represented at any stage of your claim for medical insurance payment. Your representative may be an attorney, a relative, or any other qualified person you choose. You are responsible for paying any fee your representative may require.

FOR MORE INFORMATION
If you have any questions about your right to appeal a decision on your medical insurance claim, call any Social Security office or your Medicare carrier. The people there will be glad to help you.
Your Right to Appeal Your Medical Insurance Payment

The carrier is required by law to make an initial decision on medical insurance claims with reasonable promptness. If it does not take action within 60 days from the time you file your claim, you may request a hearing. Your request may be made directly to the carrier or through a Social Security office.

Step 1: Request a Review

If you disagree with the decision on your claim, you may ask the carrier to review it. A request for review must be made within 6 months of the date of the notice of the initial decision.

The request must be in writing. It should show your name and health insurance claim number and the reasons you disagree with the decision. It also should include any claim number and/or control number which was shown on the notice of decision or Explanation of Medicare Benefits sent to you by the carrier. If you have additional evidence to support your claim, you should submit it with your request.

You may send your request either to the carrier that handled your claim or to a Social Security office, which will forward it to the carrier.

The carrier will examine all the evidence to determine if the original decision was correct. This review is not made by the person who made the original decision, but by another qualified person.

An Important Note

The carrier is required by law to make an initial decision on medical insurance claims with reasonable promptness. If it does not take action within 60 days from the time you file your claim, you may request a hearing. Your request may be made directly to the carrier or through a Social Security office.

Step 2: Request a Hearing

If you still disagree with the decision on your claim after it has been reviewed, you may request a hearing. You will be notified of a hearing only if the difference between Medicare's approved charge (including deductible and coinsurance) and the amount billed for services is at least $100. To meet the $100 minimum, you can count only services that you have had reviewed within 6 months.

A request for a hearing must be made within 6 months of the date of the notice of the review decision. You can send your request to the carrier that handled your claim or to a Social Security office for forwarding to the carrier.

The request must be in writing. It should show your name and health insurance claim number and give the reasons you disagree with the review decision. Be sure to include any claim number which was shown on the notice of review decision and submit any additional evidence that you want to have considered.

You will be notified of the place, time, and date of the hearing. You may appear at the hearing, and you may have one represent you if you choose.
Lesson Outline

If you or your spouse are approaching age 65 and are eligible for Medicare and are covered by a group health plan which covers at least 20 workers and plan to continue working, you can choose to:

I. Remain on your employer's plan and receive the same coverage as other employees which Medicare will supplement,* or

II. Select Medicare as the primary insurer with the employer's plan supplementing.

If you or your spouse are approaching age 65 and are planning to retire, you should begin to consider your options for supplementing your Medicare coverage. These include:

I. Continuation or conversion of pre-65 coverage
   A. May be similar or take form of a Medicare supplement policy - premium may be changed
   B. No pre-existing condition exclusions
   C. No medical data required
   D. No waiting periods
   E. Employer may pay part or all of premium

* Employed persons on company health care plans who continue to work past 65 and who stay on the company plan may elect not to take Medicare Part B (for which they must pay $17.90 a month) with no penalty or wait for yearly enrollment period once they decide to retire.
II. Major Medical Insurance

A. Can sometimes be converted from a group policy

B. Difficult for individuals over 65 to buy

C. Large deductible ($500–$1,000)

D. May or may not cover Medicare's deductibles and co-insurance

III. Medicare Supplement (Medigap) Policies

A. Usually covers only services also covered by Medicare

B. Usually pay some or all of deductibles and co-payments Medicare does not pay

C. Best policies cover deductibles and co-payment for both Part A & Part B and additional days of inpatient hospital and skilled nursing facility care

IV. Health Maintenance Organizations (HMOs)

A. Pay a membership fee

B. HMO furnishes all services

C. Membership fee covers Medicare deductibles and co-insurance

D. Services are pre-paid, no claims forms to process

Review "More Health For Your Dollar: An Older Person's Guide To HMOs."
Additional copies available from:

AARP
1909 K Street, N.W.
Washington, D.C. 20049

Read "Medicare and Prepayment Plans."
Additional free copies available from local Social Security offices.
V. Hospital - Indemnity Policies

A. Per-day cash payments

B. Only pay for actual days in hospital

C. Often do not begin on first day of hospitalization

D. Often have maximum number of days or maximum payment

E. Payments do not increase with inflation

F. May have pre-existing condition exclusions

VI. Limited Coverage Policies

A. Intensive Care

B. Accident

C. Skilled Nursing Home
   
   1. Usually pays per-day amounts
   2. Does not pay for custodial care

D. Specified Disease (e.g., cancer)
   
   1. Covers single disease
   2. Often have restrictive conditions
EXHIBIT V-G

OPTIONS IN HEALTH CARE COVERAGE

WORKING PERSONS

AGES 65 AND OVER

MEDICARE AS PRIMARY INSURER WITH EMPLOYER'S PLAN SUPPLEMENTING

REMAIN ON EMPLOYER'S PLAN WITH MEDICARE SUPPLEMENTING
EXHIBIT V-H

OPTIONS IN HEALTH CARE COVERAGE

RETIRING PERSONS 65 AND OVER
TO SUPPLEMENT MEDICARE

- CATASTROPHIC OR MAJOR MEDICAL POLICIES
- MEDICARE SUPPLEMENT (MEDIGAP POLICIES)
- HEALTH MAINTENANCE ORGANIZATIONS (HMOs)
- HOSPITAL INDENTITY INSURANCE POLICIES
- LIMITED COVERAGE POLICIES
  - INTENSIVE CARE
  - ACCIDENT
  - SKILLED NURSING HOME
January 1986

Dear Consumer:

Today's health marketplace has exploded with choices for health care. Consumers of all ages are being challenged to find the right health care at an affordable price.

AARP believes that health maintenance organizations (HMOs) are an option that deserves your attention. We recognize that HMOs function differently from the health care system most of us know. Of course an HMO has doctors, nurses, and lab technicians working in medical offices, and people who join an HMO go to the hospital as necessary. The difference is that an HMO combines health care and health insurance. And when you join an HMO you are agreeing to use the health professionals and facilities that are part of the HMO.

HMOs are important for many older Americans because they provide quality health care at a fixed, reasonable price. Many HMOs charge a rate that is lower than the premium currently charged for Medicare supplemental insurance policies. Frequently, the benefits and services provided by an HMO are more extensive than those covered by regular Medicare plus a supplemental policy. Members of an HMO don’t have the hassles of filing Medicare claim forms, and of searching for a physician who accepts Medicare assignment.

As part of AARP's campaign to reform our health care system, we are urging consumers to find out about HMOs. To help consumers learn more about HMOs AARP, with funding from the Health Care Financing Administration, has a pilot project in five major cities that provides consumer education and price information about HMOs. The volunteers in this “HMO Informed Buyer Project” are presenting consumer education forums to explain the pros and cons of health maintenance organizations, and are helping consumers decide whether HMO membership is right for them.

Changing the way we receive health care is an important decision, and should be based on your needs, current health costs, and personal values. We hope you’ll use this booklet when deciding whether an HMO is the right health option for you. It could be the decision that helps you “Cut the Cost/Keep the Care.”

Sincerely,

Cyril F. Brickfield
Executive Director
MORE HEALTH FOR YOUR DOLLAR

AN OLDER PERSON'S GUIDE TO HMOs
Contents

Acknowledgement

This guide to health maintenance organizations was written by Boston University's Health Policy Institute. AARP commends the authors for their work, and is grateful to the organizations and individuals who provided comments and suggestions on the manuscript.

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American Association of Retired Persons
1909 K Street NW, Washington, DC 20049

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Introduction

Anyone who's visited the doctor or been in the hospital recently knows that medical care is expensive. Older people particularly feel the pinch of these rising costs. Out of pocket health expenses for older consumers average $1,600 annually, while costs for younger people will average about $800.

Medicare helps pay for much of your health care, through Part A (Hospital Insurance) and Part B (Medical Insurance), but if you have used Medicare recently, you know it just doesn't pay all the bills. Medicare falls short due to:

- Deductibles—amount you must pay before Medicare begins to pay,
- Co-Payments—amounts you pay as part of the Medicare benefits,
- Special restrictions and exclusions—services not covered by Medicare.

And, despite the fact that you're paying more and more for your medical bills, Medicare does not cover important services such as preventive check-ups, eye examinations, and routine dental care.

Is there a way to get these services at a lower cost without sacrificing quality care? For many people, the answer might be "Yes" if you belong to a health maintenance organization (HMO).

HMOs now provide health care to more than 17 million Americans, including more than 1 million Medicare beneficiaries, and that number is growing. Because of recent changes in Medicare regulations regarding HMOs, and because consumers are becoming more aware about the benefits and potential cost savings of HMO membership, you'll probably be hearing a lot more about HMOs in the near future.

We think it's important that older people have all the facts about HMOs. In this booklet, we'll explain:

- what an HMO is;
- how HMOs work in connection with Medicare; and
- what the advantages and disadvantages of joining an HMO are.

We'll also give you some questions to ask yourself and others before making your decision, and a worksheet to compare benefits between the regular Medicare program, your supplemental insurance, and an HMO.

We hope this booklet provides you with the information you need to sort out your HMO options under Medicare, and to assist you in making your decision. While the American Association of Retired Persons does not endorse any particular HMO, we do feel it is an alternative form of health care coverage you should know more about.
What Is a Health Maintenance Organization?

Health maintenance organizations provide both health insurance and health services through one organization. They combine the functions of helping to pay for providing health care services into a single plan. HMOs offer an alternative to the traditional way doctors deliver care.

An HMO provides a wide range of health services through specially designated doctors, hospitals, skilled nursing facilities, health care agencies and other affiliated health care professionals and facilities. Generally an HMO will not pay for health services you receive from a provider or facility affiliated with that HMO. The limited exceptions to this rule are described in the section.

Types of HMOs

There are two major types of health maintenance organizations—group practice HMOs and individual practice HMOs.

Group Practice HMOs provide physician services to their members at one or more centrally located health facilities. These centers usually are staffed by both primary care doctors (internists, family practitioners, general practitioners) and doctors who practice as specialists in fields such as eye care, hearing care, arthritis, urology, heart and circulatory disease, surgery and gynecology. HMO members select one of the primary care doctors as their personal physician. At the center the physicians are assisted by other health professionals and technicians. Some, but not all, group practice HMOs make extensive use of specially trained nurse practitioners or physician assistants to handle routine patient visits. This makes more efficient use of the doctors, allowing them to concentrate on more difficult problems.

In addition to primary and specialty medical care, many centers offer laboratory, X-ray, pharmacy, health education and even ambulatory surgery services within a single location.

If you live near the health center of a group practice HMO, or have convenient transportation to it, this type of HMO might be an excellent place for you to get most of the health care you are likely to need.

Individual Practice HMOs (also known as Individual Practice Associations) provide physician services at the practice offices of doctors under the HMO and located within the HMO's service area. Individual practice HMOs offer the chance to find an HMO doctor practicing near your home. Also, since individual practice HMOs often contract with a large number of doctors, you probably will have a greater choice of physicians than through a group practice HMO. It is, however, unlikely that individual practice HMOs will have as much or have the wide range of services provided by a group practice HMO center.

Both types of HMOs limit their service to persons living in an area served by the practices of doctors and facilities affiliated with the HMO. This area is called the HMO's "service area."

Both types of HMOs use affiliated hospitals and skilled nursing facilities for inpatient care. A few group practice HMOs have their own hospitals.
Costs

HMO enrollees pay a fixed premium in advance. When medically necessary, the HMO guarantees to provide all the health services specified in the enrollment contract with no large deductibles or co-payments charged to the patient. Consequently, there are little or no large out of pocket expenses associated with HMOs.

Generally, an HMO does not get paid more for providing more health care services. For example, if you have to see a doctor four times rather than once, you will not pay for four office visits. Therefore, the HMO must operate within a specific budget. This gives the HMO a strong incentive to work out arrangements with its health care providers and facilities to deliver health care in an efficient manner. Studies have shown that this method of operation can result in savings to enrollees. Comparisons between total health care costs of people enrolled in HMOs and people with regular health insurance have found that HMO members usually spent less—sometimes much less—for health care. While this does not guarantee that you will save money by enrolling in an HMO, the HMO's responsibility to provide health care to its members within a budget means it will be more accountable to its enrollees for the cost, quality and availability of those services than traditional health delivery systems.
Since HMOs generally offer comprehensive health care at reasonable prices, the Medicare program has been encouraging older Americans to consider seriously the possibility of enrolling in HMOs serving areas where they live. Medicare today has contracts with more than 125 of the 425 HMOs operating in the United States and currently is seeking to expand that number. Some other HMOs, while not under contract to the Medicare program, provide all the services covered under Medicare Part A and Part B through something called a Medicare “wraparound.” A “wraparound” is Medicare supplemental coverage for individuals who are already HMO enrollees at the time they become Medicare beneficiaries. HMOs participate in the Medicare program under many different rules and regulations. The information in this section applies to most HMOs, but exceptions can be found.

Services

Health maintenance organizations with either Medicare contracts or Medicare “wraparound” packages usually provide at least all the benefits covered by Medicare, such as diagnostic and emergency room services, and medical supplies. (Medicare benefits are fully described in “Your Medicare Handbook,” available from any Social Security Office.) In the unusual instance where an HMO is unable to include a Medicare benefit in its HMO program—for example, some HMOs may not be able to offer some types of physical therapy—you will continue to be entitled to that benefit and may obtain it elsewhere through the regular Medicare program. You will not lose coverage for any benefit you are entitled to under Medicare if you choose to enroll in an HMO. However, if you join an HMO most of your health care will have to be provided through the HMO to take full advantage of your Medicare benefits.

Eligibility

The rules that determine whether you can join an HMO are different for those HMOs that have contracts with the Medicare program and those that only have the “wraparound” program for Medicare beneficiaries. To find out if the HMO that interests you has a contract with the Medicare program simply ask your local Social Security Office to find out, and ask the HMO.

As a Medicare beneficiary, you are eligible to join an HMO that contracts with Medicare if:

• You participate under Part B (Medical Insurance) of Medicare as well as Part A (Hospital Insurance).
• You live in the HMO service area.
• You do not have end-stage kidney (renal) disease.1
• The HMO is currently enrolling new members.

1A special note for persons with end-stage kidney (renal) disease.

For technical reasons, the Medicare program is phasing out the ability of HMO’s contracting with Medicare to accept new enrollments of persons having end-stage kidney (renal) disease. However, HMOs that already have contracts with Medicare may continue these contracts temporarily, and persons with end-stage kidney disease may be able to join an HMO under these existing contracts. Check with HMOs in your area or with your local Social Security Office for more information.
contracting with Medicare must accept Medicare enrollments during at least a 30-day period each year.)

If more Medicare beneficiaries apply to join the HMO than can be accepted at that time, applicants will be accepted on a "first come, first served" basis, unless the Medicare program agrees to a different policy. In very rare instances, HMOs with special permission from Medicare may have other restrictions on membership eligibility.

Criteria for membership in those HMOs not contracting with Medicare but which offer "wraparound" packages are set by each HMO in accordance with state regulatory laws. To be eligible you probably will need to have joined the HMO before you became a Medicare beneficiary and not have let your HMO membership lapse. Check with the HMO for more information.

If you or your spouse are still working, it is possible that you may join an HMO through your employer's health benefits program. The personnel department or your employee union will have more information. Some companies also include HMO membership as part of their health-benefits program for retirees.
How To Use Your HMO

Once enrolled in a health maintenance organization, you will receive most of your medical care through it. Most HMOs operate in the following manner:

- **Physician Selection**
  Generally, each HMO member may select one of the physicians affiliated with the HMO to be his or her personal HMO doctor, often referred to as your "primary care physician". If you do not select a personal HMO doctor, one probably will be assigned to you when you make your first appointment. If you are not satisfied with your primary care physician, most HMOs will let you select a different one.

- **Services**
  Your primary care physician will help you make appropriate use of the range of services available through the HMO. When you require medical attention, you will arrange it by contacting your personal HMO doctor's office. Your care will be provided by the physician or one of the qualified assistants affiliated with your doctor. If your primary care physician thinks that you need the services of another doctor, hospital, health care professional or special facility, the doctor's office will make appropriate arrangements for you. Almost always these services will be provided by professionals and/or facilities affiliated with your HMO.

- **Emergencies**
  Most HMOs provide a special telephone number you can call if you need care when unable to reach your primary care doctor. Also, there may be a walk-in clinic or another HMO doctor can see you in a medical emergency.

- **Enrollees' Payments**
  Most HMOs require monthly payments of the premium for membership.

- **Reimbursement for Services**
  Except on rare occasions you will not pay for any service you obtain from health practitioners or facilities not associated with the HMO. Exceptions to this rule can be made in medical emergencies and when problems requiring immediate medical attention arise unexpectedly while you are temporarily away from the HMO's area (and it would not be reasonable to return). Also, exceptions are made when services are received from doctors or facilities not associated with the HMO upon the request (referral) of an HMO doctor. You may not be referred to unaffiliated physicians, however, unless the HMO is unable to provide the needed care through its own doctors and facilities.

How To Use Your HMO

Once enrolled in a health maintenance organization, you will receive most of your medical care through it. Most HMOs operate in the following manner:

- **Physician Selection**
  Generally, each HMO member may select one of the physicians affiliated with the HMO to be his or her personal HMO doctor, often referred to as your "primary care physician". If you do not select a personal HMO doctor, one probably will be assigned to you when you make your first appointment. If you are not satisfied with your primary care physician, most HMOs will let you select a different one.

- **Services**
  Your primary care physician will help you make appropriate use of the range of services available through the HMO. When you require medical attention, you will arrange it by contacting your personal HMO doctor's office. Your care will be provided by the physician or one of the qualified assistants affiliated with your doctor. If your primary care physician thinks that you need the services of another doctor, hospital, health care professional or special facility, the doctor's office will make appropriate arrangements for you. Almost always these services will be provided by professionals and/or facilities affiliated with your HMO.
Receiving Health Care Outside the HMO

At some time you may wish to obtain health care services from a professional or facility not affiliated with the HMO, even though your HMO can reasonably provide the service. Whether the regular Medicare program will help pay for these services depends on the relationship between the Medicare program and the HMO you join.

Under some HMO contracts and under an HMO's Medicare "wraparound" package enrollees are not required to be "locked in" and may go outside the HMO for covered services. Although the HMO will pay for such care if it was not necessary for you to go outside the HMO, the Medicare program will provide its standard coverage for you. This means you will have to pay all the deductibles, co-payments or other charges which you must pay under regular Medicare coverage, even though you have already paid the HMO premium intended to be a substitute for the charges. If you plan to make frequent use of health care providers not affiliated with an HMO, it is probably not a good idea to enroll in one.

Many HMO contracts with Medicare require that Medicare beneficiaries enrolled in the HMO agree to be "locked-in" to the HMO. If you enroll in an HMO with this type of contract, Medicare will not pay anyone other than your HMO for your health care as
you are enrolled in that HMO. 

Moreover, if the HMO could have provided care outside the HMO for you during an unexpected problem requiring prompt medical attention while you were away from the area, neither the HMO nor Medicare help pay for that care. You will have to pay for that bill yourself. Approximately 65% of the HMOs currently contracting with Medicare have contracts with a “lock-in” requirement, and Medicare is working to encourage more contracts of this type. Be sure you know if your HMO has a “lock-in” requirement.

“Lock-In” Advantage

Though it might be possible for you to enroll in an HMO where Medicare will cover the costs of services received outside the area, there can be an advantage to joining an HMO with a “lock-in” requirement. If you enroll in an HMO having the “lock-in” feature while the HMO’s Medicare beneficiaries are using health care services that Medicare does not cover at a lower premium, the HMO is entitled to either reduce the amount paid by the enrollees or include some or all of the extras offered in the HMO’s “lock-in” plan at no additional cost. In some instances, the HMOs with the “lock-in” feature of Medicare are able to offer a lower premium charged by the HMO with a “lock-in” requirement because of the additional cost of providing extra benefits. The Medicare program, however, discourages HMOs from including extra benefits in their “standard” low-option plans if, as a result, the premium charged by the HMO will be somewhat higher to offset the cost of providing extra benefits. The Medicare program, however, discourages HMOs from including extra benefits in their “standard” low-option plans if, as a result, the premium charged by the HMO will be higher than what enrollees would pay if they were covered by Medicare beneficiaries.

HMO Benefit Options

Some HMOs offer Medicare enrollees only a single (“standard”) schedule of benefits. Many others offer a choice between a “low option” plan at a lower premium and a “high option” plan covering additional benefits for a higher premium. A few HMOs offer Medicare enrollees a choice between more than two benefit options.

- Low Option

The low-option benefit package (or “standard benefit package” if no choice is offered) generally covers at least the services included under the regular Medicare program. Such options may, however, also include extra benefits such as preventive check-ups covered under regular Medicare. But HMOs with the “lock-in” provision may or may not include all of the extra benefits offered in the Medicare program. The premium charged by the HMO will be higher to offset the cost of providing extra benefits. The Medicare program, however, discourages HMOs from including extra benefits in their “standard” low-option plans if, as a result, the premium charged by the HMO will be higher than what enrollees would pay if they were covered by Medicare beneficiaries.

- High Option

If one or more “high option” plans are available through the HMO, benefits covered by these plans will include services covered by either the regular Medicare program or the HMO’s “low-option” plan. The premium you pay will reflect the cost of providing additional services, but may present a good value. Before deciding which plan is best, carefully compare the benefits of the plans available to you.
Your HMO Rights Under Medicare

Medicare beneficiaries have a number of important rights as members of HMOs contracting with the Medicare program. If you are now a member or are considering becoming a member of a Medicare-contracted HMO, make sure you are aware of your rights to:

1. Enroll Regardless of Your Health

Eligible Medicare beneficiaries applying to enroll in the low-option or standard benefit plan may not have their applications denied because of poor health (see discussion of eligibility on page 6). Persons deemed to be in poor health by their HMO may be denied participation in a high option plan, however. If a beneficiary is turned down for a high option plan because of a health problem, the HMO must allow membership in the low option plan instead.

2. This discussion of "Your HMO Rights Under Medicare" applies ONLY to Medicare beneficiaries applying to enroll, or enrolled in, HMOs contracting with the Medicare program. If you are applying to enroll, or are enrolled in, an HMO that does not contract with Medicare, but rather has a "wraparound" package, your rights may be different. You should ask the HMO about all the rights discussed here.
2. Prompt Access to Medically Needed Services

The HMO must make available and accessible all covered services, if medically needed, to its enrollees with appropriate promptness at any time of day, any day of the week. This does not mean you can insist upon seeing a doctor at 4:00 AM if the visit can be postponed safely. There must be, however, a reasonable system through which you can contact the HMO at any time.

3. Stay Enrolled

The HMO cannot force you to drop your membership, nor refuse to renew your membership because you are in poor health or require a large amount of medical care. Your right to stay enrolled is protected by Medicare, even if you are in the high option plan, or if you develop end-stage kidney disease while you are enrolled in the HMO. However, if you fail to pay your HMO premium or any required co-payments; if you stop paying the Part B (Medical Insurance) Medicare premium; if you move to a residence outside the HMO service area; or if you provide false information in applying for your HMO membership, you may be terminated from HMO participation. Also, your membership may be cancelled if the contract between your HMO and the Medicare program is ended. If your membership is ended for this last reason, you will receive written notification at least 60 days in advance.
Membership

You have the right to return to the Icare program if you choose. To do so, you must notify the HMO in writing that you wish to return. If you have joined the HMO and signed the enrollment agreement, you will not be able to change your mind unless the agreement specifically allows it.

Your HMO has had written notification of your request to return to the program within a full calendar month. For most cases, you will cease to be an HMO member for the first day of the month following receipt of your letter. In some cases, you will not be able to get full instructions.

HMO Decisions

If you disagree with an HMO decision about a covered service, you have the right to appeal that decision. If your complaint involves a failure to reimburse you adequately for the cost of a medical service covered by Medicare that you think you needed and that you received and paid for outside the HMO because the HMO refused to provide the service, or an HMO refusal to provide you a service covered by Medicare that you think you need; or the failure of the HMO to respond within 60 days to your request for a covered service.

An HMO may refuse your membership if they currently have reached their limit on the number of Medicare beneficiaries enrolled. If you feel your HMO rights have been violated, any Social Security Office can help you request a review by Medicare. If your complaint involved more than $100, you have additional rights to appeal Medicare's findings if you disagree with the decision. These are explained more fully in "Your Medicare Handbook."

Supplemental Health Insurance

HMO members are much less likely to need private supplemental insurance plans (sometimes referred to as "Medigap" insurance) that pay all or part of the deductibles and co-payments required under regular Medicare, since HMO members often encounter few, if any of these expenses. These private supplemental plans would be useful only if you were enrolled in an HMO without the "lock-in" requirement and planned to make fairly frequent use of non-HMO providers. In this case, you would be relying on regular Medicare and private supplemental insurance to cover the additional expenses.

In most instances, however, it would be economical to continue paying the premium for "Medigap" type insurance as a member of an HMO. If you are planning to keep the supplemental insurance (after obtaining review of the benefits and costs) be sure to check the "Coordination of Benefits" provisions of both the private insurance and HMO plans. "Coordination of Benefits" provisions often are included in insurance contracts to avoid duplicate payments for services.

If you decide to cancel your private supplemental Medicare insurance, try to find out from your insurance company whether there would be any problem in getting back your coverage if you change your mind. Sometimes there are delays in renewing a policy or waiting periods before coverage becomes effective that may cause you to keep your private policy temporarily, until you decide whether you like the HMO.
There are many reasons why enrolling in an HMO may be an excellent choice for Medicare beneficiaries. This section will discuss the particular advantages of HMO membership for older citizens. But HMOs offer a different way to receive health care, and the next section will identify some of the features of HMOs that require adjustments or comparisons with other sources of health care.

### A Budget for Your Health Care Expenditures

Medicare HMO enrollees pay a specified premium to the HMO and the Part B Medical Insurance premium to Medicare. There are few, if any additional HMO deductibles or co-payments so the amount you pay for covered health services obtained through an HMO will not vary significantly with the amount of services you use.

For example, Mrs. Smith spent $50 dollars in April for doctor visits, $500 in June for 4 days in the hospital, and $150 in July for eye care services. All of this was in addition to her monthly Medicare Part B premium. Had Mrs. Smith been enrolled in an HMO, her health care expenses for the four months would have been the Medicare Part B premium plus the HMO premium.

Knowing in advance how much you will be paying for health care can be important for persons living on fixed incomes.

### Preventive Health Care

Just as their name implies, health maintenance organizations stress maintaining health rather than focusing entirely on treating sickness. The fixed amount paid to HMOs each month is not intended to provide more services. Consequently, HMOs have incentives to keep their members healthy and to treat problems that arise quickly, before they become more serious and costlier.

A growing number of HMOs are including preventive care among the services available for Medicare beneficiaries (although Medicare beneficiaries are generally required by the Medicare program to choose from their low option plans benefits covered by regular Medicare, including preventive services). Many HMOs also provide free or low cost health education programs, and some have special programs designed to help older members lead healthier lives and to help themselves stay healthy and active.
No Medicare "Assignment" Problems

Older people not enrolled in HMOs sometimes have trouble finding a doctor willing to accept Medicare "assignment". Doctors now are taking Medicare assignment less than half the time. If a doctor refuses to accept Medicare assignment, you can be charged more for services than Medicare approves. In such cases you are responsible for paying all of the amount charged by the doctor in excess of the limits set by Medicare, as well as the Medicare deductibles and copayments. Also, you will have to pay the entire bill when it is presented and wait for reimbursement from Medicare for its share of the cost.

HMO enrollees, on the contrary, are charged little or nothing at all for covered doctor services received through their HMOs. Medicare assignment is explained more fully in "Your Medicare Handbook."
Medicare Claim Forms

HMO enrollees do not have to fill out and submit Medicare Form 14905 (Patient's Estimate for Medicare Payment). In spite of the care's efforts to make the process for claims as simple as possible, some people find it confusing. As long as you use the doctors you will not have to submit additional Insurance (Part B) claims to Medicare. You will have to wait to be reimbursed for payments you had to make to physicians who refused Medicare assignment.

Improved Coordination Services

The rapid advances in knowledge and tools of medical science make the choices more and more difficult for the health care consumer. Deciding which practitioner to see, where to go for the care you need and how to pay for health care services pose problems for even the most informed person. When you join an HMO, your personal HMO doctor will coordinate all the care you receive through the HMO and make sure that you are directed to the health professional who can best meet your special needs. All the lab tests, x-rays, and other services you'll need will be provided through the HMO. The guidance of a personal HMO physician and the availability of comprehensive services can be especially helpful for older persons needing more frequent and varied health care.

Less Time in the Hospital

HMOs are helping to reduce the average time spent by patients in hospitals. Older enrollees, who are more likely to be hospitalized than younger people, can especially appreciate the advantages offered by the HMO. By providing broad coverage on an outpatient basis as well as for inpatient care, monitoring hospital use to assure appropriate care, HMOs help reduce the hospital dependency of their enrollees.

Extra Benefits or Reduced Premium

As mentioned before, many of the Medicare contracts with HMOs include special incentives to encourage Medicare beneficiaries to enroll. If Medicare determines that the HMO is providing the same care services covered by regular Medicare at a lower cost than other providers in the area, the Medicare-contracting HMO may allow the premium paid by Medicare beneficiaries to the plan or offer extra benefits without an increase in costs. Some HMOs may offer extra benefits such as vision or hearing aids, immunizations, dental care,
Assuring Quality

HMOs contracting with the Medicare program have formal programs to monitor the quality of care provided by their doctors and hospitals. With rare exceptions, studies of the care provided by HMOs find the quality equal to or in excess of community standards.
Adjusting to HMO Membership

For many people an HMO is a new and different way of receiving health care. Every HMO has policies and procedures to assure that members have access to services and that these services are used appropriately. But of us, this will mean a major adjustment.

In deciding whether to join an HMO, you need to weigh the advantages and disadvantages of the new ways of doing things that you will encounter in an HMO.

Limited Access to Providers Affiliated with the HMO

Unlike the regular Medicare program, you receive care from any licensed physician or approved facility. This same rule applies regardless of the provider although you likely will pay more if your present doctor does not accept assignment from Medicare. HMO members, however, incur higher expenses if they use doctors, hospitals, or other facilities not affiliated with HMOs. Therefore:

1. If you are happy with all your present arrangements for receiving health care, and;

2. If you do not find the financial limitations of Medicare coverage particularly burdensome;


you should think very carefully before joining an HMO that would not allow you to use your present health care providers. Of course, if your present doctor is affiliated with an HMO that you can join, this will not be a problem.

Limited HMO Locations

Getting to and from the doctor's office sometimes is a problem for persons with limited access to transportation. An HMO with centralized health centers may require more travel than usual to receive health care. Before you enroll, you should determine how you will travel to the HMO and whether such travel imposes a burden.

Limited Coverage When You Travel

Some older people spend a great deal of time away from home, traveling either for business or pleasure. The HMO usually will not cover expenses for health care needs that you could have recognized before going on a trip or care that might be postponed until you get home. Your HMO will cover care you get from providers not affiliated with your HMO in the case of a medical emergency or for a serious problem that arises unexpectedly while you are away from an HMO's service area.

If you have a chronic problem and in advance you'll need medical attention while you are traveling, your HMO will arrange for you to receive care from a doctor in the area you will be visiting. If you plan to travel, find out about the restrictions on coverage outside an HMO's service area before you join.

The Role of Physician Extenders

Some HMOs make extensive use of specially trained nurse practitioners and physician assistants to handle many regular office visits. These practitioners are called "physician extenders". Some people who
see a doctor when they need care. If you are concerned about this, ask the HMO to explain its policy on physician extenders before you sign up. As you consider this point, however, it is important to know that these professionals often spend more time with patients than doctors. They are concerned that the patients understand all aspects of the care they receive; and some physician extenders have special training in work with older patients.

Limited Experience with Older Patients

Approximately six percent of the people enrolled in HMOs are over 65 years of age. For this reason, most group practice HMO doctors do not get to see many elderly patients. Thus, they may be less accustomed to the special needs and preferences of older persons. Of course, many HMO doctors were in private practice and worked with older patients before their HMO affiliation, and Independent Physician Association (IPA) doctors may still work with older patients in their private practices. Also, all doctors had some experience with older patients as part of their clinical training. Any concerns you have about this should be raised with the HMO.
membership in an HMO seems intuitive to you after all you have read so far, it's time to take a closer look at the specifics you are eligible to join. Your local Social Security Office can help you identify or you can ask the HMOs in your area about their policies regarding Medicare beneficiaries.

Each HMO is different. They each use different doctors and hospitals, charge different premiums, and have different administrative policies. You will want to determine the HMOs you are thinking of joining and consider how they compare with your Medicare and each other.

To find out about a particular HMO, talk to staff members. Often there is a patient services department set up to answer such queries. Carefully read all the literature an HMO publishes describing its services. Also, try to talk to people who are (or have been) members of the HMOs you are considering.

To help you get started, we have listed some questions you may want to consider before you make your decision. Look over and decide which are the most important to you. Be sure to ask about anything that concerns you—whether or not it's covered by our list.
of each question, check (✓)

and Costs of Low Option Plans
out:

Premium you'll pay?

or co-payments are due?

How much and for which?

Guide's worksheet to

HMO costs with the

would pay under

care. You may wish to

total cost projections

our HMO costs with

under regular Medicare if

substantially more

in the near future.

and Costs of High Plans
out:

the HMO has a high

plan?

benefits are included that

part of the low option

3. Qualifications of Doctors Affiliated with the HMO
Did you find out:

What proportion of the doctors are board certified or board eligible?

Doctors who are board certified have completed specialty training and passed examinations testing their knowledge in a particular specialty; doctors who are board-eligible have completed training but not yet passed the examination.

Whether the HMO has physicians with the following specialties:

surgery?

eye care?

orthopedics?

skin care?

mental health?

other fields that might effect your personal needs?

4. HMO Staff Turnover Ratio
Did you find out:

The number of doctors affiliated with the HMO a year ago who are no longer there?

The total number of doctors affiliated with the HMO?

These figures will give you an idea of staff turnover and suggest whether the physician you select is likely to remain with the HMO for the foreseeable future.

5. Choosing Your Personal HMO Doctor
Did you find out:

Whether you will be allowed to choose your personal HMO doctor from those affiliated with the HMO?

If your choice will be restricted in any way? (For example, some doctors may not be accepting new patients.)

Whether you must pick a primary care doctor or can you choose a specialist?

Whether you can change your physician if you are unhappy with the one you selected?
If there is a limit on how often you can switch HMO doctors?

Doctor's Location
Did you find out:
- Whether you have a choice of locations?
- How long it will take to get there from your home?
- Whether you can travel conveniently to the HMO location?

Check-In Provision
Did you find out:
- Whether Medicare will pay for care you get from a provider or facility not affiliated with the HMO?

Physician Extenders
Did you find out:
- Whether nurse practitioners or physician assistants handle routine office visits?
- What the policy is if a patient wishes to see a doctor instead?
- Whether any of the physician extenders had special training in working with older patients?

9. Waiting Time for Appointments
Did you find out:
- How long the usual waiting period is before you can get an appointment with your personal HMO doctor?
- How long you'll wait when you have a special problem?
- How long it takes to get an appointment for a check-up?

10. Patients' Special Needs
Did you find out:
- Whether the HMO has a barrier-free entry?
- If the HMO staff can communicate with members who do not speak English?

11. Hours of Operation
Did you find out:
- When the HMO is open regularly?
- What provisions are made for receiving care when the central location is closed?
- Whether all services are available during normal business hours, or are some services available only at specified times?

12. Other Services Offered
Did you find out:
- If the HMO provides any of the following services at the same location:
  - X-ray?
  - Pharmacy?
  - Health Education?
  - Eyeglasses?
  - Other services you may need?

13. Specialist Services
Did you find out:
- Where you will have to go for care if you have a serious or chronic health problem requiring the attention of a specialist?
- What provision is made if the HMO is not affiliated with the particular specialist you may need?
- If the HMO will pay for a second opinion on a recommended treatment?
After the second opinion has been obtained from another doctor, can you seek an outside opinion?

16. Policies on Health Care Received Away from the HMO Service Area
Did you find out:
- Whether you must obtain permission from the HMO before receiving non-emergency care?
- How you will arrange for out-of-town care?
- What documents must be submitted for reimbursement of your out-of-pocket expenses for care received while away from home?
- If there is a time restriction on submitting these expenses?
- How long it takes to be reimbursed?

17. Member Satisfaction with HMO
Did you find out:
- The proportion of HMO members—both Medicare beneficiaries and others—who have dropped out voluntarily during the past year?
  - Keep in mind that some people discontinue their membership because they are no longer eligible.

18. Dropping Your Membership
Did you find out:
- How much notice you need to give?
- Whether your membership continues long enough after cancelling for you to make other arrangements for health care and health insurance?
- Whether you can re-join the HMO if you leave the area and return?

19. Change in Health Status
Did you find out:
- If there are conditions that will make you ineligible for high-option membership?
- If there are conditions that the HMO will not treat?

20. Handling Complaints
Did you find out:
- What the major complaints have been during the past year?

21. HMO History and Organization
Did you find out:
- How many members the HMO has?
Questions for HMO Members

Which companies offer membership as an employee benefit?

How long the HMO has provided services to Medicare beneficiaries?

How many members are Medicare beneficiaries?

Which groups are represented on the HMO Board of Directors?

Are HMO members have a seat on the Board?

Is there a members' advisory commission to the Board?

Are older people are members of the commission?

As you consider HMO membership, it may be helpful to talk with current or former members of the HMO you are investigating. They will be able to tell you what they like most and what they like least about the HMO, and can probably answer the following questions:

1. Did the HMO's physicians and other care providers treat you with courtesy and deal with you honestly?

2. Were your questions answered directly and promptly?

3. Did you have access to doctors when necessary?

4. Were appointments for urgent care scheduled quickly?

5. Was the waiting period for routine check-ups reasonable?

6. How difficult was it to get a call through to make an appointment or ask a question?

7. Can you call your HMO doctor or physician extender when you have a question about your care?

8. Do you enthusiastically recommend membership in the HMO for other Medicare beneficiaries?
Conclusion

Most HMOs will want you to enroll after you have been fully informed and satisfied that HMO membership is the best health care choice you can make. They know that misinformed or insufficiently informed members file more complaints; provide negative and misleading information to prospective members; and are likely to drop their membership before getting to know fully utilize the benefits offered by the HMO.

If you decide to join an HMO, as a knowledgeable member you will be able to take full advantage of the health care available to you through the HMO; realize the economic savings that might accrue through HMO membership; and fairly represent your HMO to other older citizens seeking information. Of course, you may decide not to participate in an HMO, as a result of careful consideration and weighing the advantages and disadvantages.

In either case, we hope the information provided in this booklet about health maintenance organizations will help your decision-making process. Informed health care consumers have an important part to play in improving the quality and cost of services for everyone.
Comparing Health Benefits & Costs

This worksheet to compare costs for services obtained through regular Medicare services and co-payments are accurate as of 1986. Remember that the amounts for Medicare co-payments and co-payments change periodically. As you fill in the blanks, and information to compare the costs of services with the costs for services elsewhere.

+ There may be additional limits, under Medicare or HMO, for some services, such as mental health care—check "Your Medicare Handbook" and HMO benefit description carefully. Also Medicare costs shown in table are for 1986. Costs are subject to change every year.

++ HMO services when provided by HMO, except in medical emergency or upon referral by HMO.

* Benefit period begins on 1st day you receive care as an inpatient in a hospital and ends after you have been out of the hospital or skilled nursing facility for 60 days in a row. You must have been hospitalized for at least 3 days before benefit period begins for skilled nursing facility.

** 60 lifetime reserve days under Medicare may be used only once. HMO may have this limit.

*** Once you have paid $75 for covered services in a calendar year, the Part B deductible does not apply to any additional covered services you receive that year.

**** Reasonable charges are determined by Medicare (see "Your Medicare Handbook").

** Table **

<table>
<thead>
<tr>
<th>PREMIUMS</th>
<th>You pay the following premiums, co-payments and deductibles for services through:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Medicare</td>
<td>Medicare Supplemental Insurance</td>
</tr>
<tr>
<td>$15.50/month</td>
<td>$__________ month</td>
</tr>
<tr>
<td>Medicare part B</td>
<td>$__________ month</td>
</tr>
<tr>
<td>$15.50/month</td>
<td>$__________ month</td>
</tr>
<tr>
<td>Medicare Supplemental Insurance</td>
<td>$__________ month</td>
</tr>
<tr>
<td>$15.50/month</td>
<td>$__________ month</td>
</tr>
<tr>
<td>HMO premium</td>
<td>HMO premium</td>
</tr>
<tr>
<td>$15.50/month</td>
<td>$__________ month</td>
</tr>
<tr>
<td>Medicare part B</td>
<td>Medicare part B</td>
</tr>
<tr>
<td>$15.50/month</td>
<td>$__________ month</td>
</tr>
<tr>
<td>Medicare Supplemental Insurance</td>
<td>$__________ month</td>
</tr>
<tr>
<td>$15.50/month</td>
<td>$__________ month</td>
</tr>
<tr>
<td>** BENEFITS **</td>
<td><strong>_heap</strong></td>
</tr>
<tr>
<td>Part A (Hospital Insurance)</td>
<td><strong>_heap</strong></td>
</tr>
<tr>
<td>1. Inpatient Hospitalization</td>
<td><strong>_heap</strong></td>
</tr>
<tr>
<td>Each Benefit Period *</td>
<td><strong>_heap</strong></td>
</tr>
<tr>
<td>1st day - 60th day</td>
<td>$492 TOTAL</td>
</tr>
<tr>
<td>61st day - 90th day</td>
<td>$123/day</td>
</tr>
<tr>
<td>91st day - 160th day**</td>
<td>$246/day</td>
</tr>
<tr>
<td>Additional days</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>2. Skilled Nursing Facility</td>
<td><strong>_heap</strong></td>
</tr>
<tr>
<td>Each Benefit Period *</td>
<td><strong>_heap</strong></td>
</tr>
<tr>
<td>(after hospitalization)</td>
<td><strong>_heap</strong></td>
</tr>
<tr>
<td>1st day - 20th day</td>
<td>Nothing</td>
</tr>
<tr>
<td>21st day - 100th day</td>
<td>$61.50/day</td>
</tr>
<tr>
<td>Additional Days</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Service</td>
<td>Regular Medicare</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Home Health Care (after Hospitalization)</td>
<td>Nothing</td>
</tr>
<tr>
<td>Private Duty Nursing</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Blood (FOR BENEFIT PERIOD)*</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Additional pints</td>
<td>Nothing</td>
</tr>
<tr>
<td>Part B (Medical Insurance)</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Preventive visits to Doctor</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Routine physical exams</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Routine lab tests</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Most immunizations</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Routine foot care</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Routine eye exams</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Routine hearing exams</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Routine dental care</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>Doctor services for medical surgical treatment of injuries or illness while you are in hospital or in skilled nursing facility</td>
<td>$75 deductible*** plus 20% of reasonable charge**** after deductible plus 100% of costs over reasonable charge if your doctor doesn’t accept assignment</td>
</tr>
<tr>
<td>Doctor services (as described in B3)</td>
<td>Same as B3</td>
</tr>
<tr>
<td>Hospital emergency room or inpatient department services</td>
<td>Same as B3</td>
</tr>
<tr>
<td>Part B (Medical Insurance)</td>
<td>Regular Medicare</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>7. Physical &amp; speech therapy</td>
<td>Same as B3</td>
</tr>
<tr>
<td>8. Medically necessary ambulance service</td>
<td>Same as B3</td>
</tr>
<tr>
<td>9. Home Health Care</td>
<td>Nothing if ordered by physician</td>
</tr>
<tr>
<td>10. Outpatient Mental Health Services</td>
<td>50% of the charge up to maximum of $500 per year</td>
</tr>
<tr>
<td>11. Other Medical Expenses</td>
<td></td>
</tr>
<tr>
<td>a. Prescription drugs</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>b. Eyeglasses</td>
<td>ALL COSTS</td>
</tr>
<tr>
<td>c. Hearing aids</td>
<td>ALL COSTS</td>
</tr>
</tbody>
</table>
"Healthy US" is the major national campaign of the American Association of Retired Persons to help reduce the skyrocketing health care costs that are weakening our health care system and our national economy. The campaign includes political and consumer action, and health promotion activities. To learn how you can help, write "Healthy US," AARP, 1909 K Street, N.W., Washington, DC 20049.
V. SENIOR CITIZENS AND HEALTH CARE COVERAGE

C. SHOPPING FOR A MEDICARE SUPPLEMENT POLICY

Lesson Outline

Any senior citizens for whom Medicare is their primary form of health care coverage also purchase a policy to supplement Medicare's gaps in coverage. These are also known as Medigap or medifill policies and are widely advertised on TV, radio, and in the mail. A good Medicare supplement Policy can help to pay some (but not all) of the costs Medicare doesn't pay. The U.S. Health Care Financing Administration of the U.S. Department of Health and Human Services offer the following "tips" for Medicare enrollees when considering additional insurance:

I. Do Not Buy More Policies Than You Need
   A. Expensive
   B. Duplicate coverage

II. Check for Pre-existing Condition Exclusions and Waiting Periods
   A. Know when coverage begins
   B. Get information in writing

III. Be Careful About Replacing Existing Coverage
   A. Usually a waiting period
   B. May need to take a physical
   C. Keep old policy in force until new one is in effect

Suggested Learning Activities

Unless otherwise designated, the materials listed are for the leader's use and do not need to be duplicated unless the leader chooses to do so.

Read "Guide To Health Insurance For People With Medicare," prior to presenting lesson. Additional free copies available from local Social Security offices.

Display and discuss Exhibit V-I, "Shopping Tips For A Medicare Supplement Policy" - may be made into a transparency.

Duplicate and distribute "Shopping Tips For A Medicare Supplement Policy." Allow discussion on personal experiences with this type of protection.
IV. Be Aware of Maximum Benefits

A. Can be maximum payments

B. May be maximum number of days or visits

V. Check Your Right To Renew

A. Avoid policies "renewable at company option"

B. Look for "guaranteed renewable" and "noncancellable."

VI. Beware of Implied or Actual Claim of Endorsement by U. S. Government

A. Federal government does not endorse insurance policies or companies

B. Official-looking envelopes with a Government "Seal" can be misleading

VII. Take Your Time

A. Don't be high pressured

B. Beware of "last chance to enroll"

VIII. Beware of "Scare Tactics"

A. Don't be frightened by advertising or hard sell

1. Less than 2% of elderly exhaust Medicare inpatient hospital benefits

2. Only 4% of elderly are in nursing homes

IX. Do Not Withhold Medical Information

A. Be complete and accurate

B. If withheld, may lead to non-payment on a claim
X. Get A Written Outline of Coverage

A. Read it carefully
B. Ask a friend or relative to review it with you

XI. Do Not Pay Cash

A. Pay by check, or money order, made out to insurance company
B. Keep information on agent and company to follow up

XII. Make Sure There Is A "Free Look" Provision

A. Should allow at least 10 business days to review policy and return for full refund of premium
B. Return policy and cancel in writing; keep a record

(III. Be Aware of Illegal Sales Practices

A. Agent suggests he or she represents Medicare program
B. Knowingly sells a duplicate policy

For more information, refer to:


EXHIBIT V-I

SHOPPING TIPS FOR A MEDICARE SUPPLEMENT POLICY

1. DO NOT BUY MORE POLICIES THAN YOU NEED.

2. CHECK FOR PRE-EXISTING CONDITIONS, EXCLUSIONS, AND WAITING PERIODS.

3. BE CAREFUL ABOUT REPLACING EXISTING COVERAGE.

4. BE AWARE OF MAXIMUM BENEFITS.

5. CHECK YOUR RIGHT TO RENEW.

6. BEWARE OF THE "GOVERNMENT LOOK."

7. TAKE YOUR TIME.

8. BEWARE OF "SCARE TACTICS."

9. DO NOT WITHHOLD MEDICAL INFORMATION ON APPLICATION.

10. GET A WRITTEN OUTLINE OF COVERAGE.

11. DO NOT PAY CASH.

12. MAKE SURE THERE IS A "FREE LOOK" PROVISION.

13. BE AWARE OF ILLEGAL SALES PRACTICES.
SECTION V-C

SHOPPING TIPS FOR A MEDICARE SUPPLEMENT POLICY

If you rely solely on Medicare for your health insurance needs and are looking for additional protection, the Health Care Financing Administration, the federal agency that administers the Medicare program suggests the following thirteen hints be considered when shopping for private Medicare supplemental insurance (sometimes called Medigap or Medifill policies):

SHOPPING HINT #1
Do Not Buy More Policies Than You Need

Many policies have a "coordination of benefits" clause--the policy will not pay when another insurer pays or each insurer will pay part of the costs, not to exceed total actual cost.

Duplicate coverage is costly--this often means multiple premiums with no greater protection than a single good policy.

SHOPPING HINT #2
Check For Pre-existing Condition Exclusions and Waiting Periods

Be sure you know:

When the new policy begins paying.

If any medical conditions are permanently excluded or not payable until a future date.

You have this information in writing.
SHOPPING HINT #3

Be Careful About Replacing Existing Coverage

There is usually a waiting period.

Your current medical condition may affect your new coverage.

However, do not keep an inadequate policy just because you have had it a long time. If you do replace it, keep the old policy in force until the new one becomes effective.

SHOPPING HINT #4

Be Aware of Maximum Benefits

Many policies have maximum payment amount under the entire policy or for specific treatments. Some have maximum number of days or visits.

Get the maximums in writing to see if they meet your needs.

SHOPPING HINT #5

Check Your Right To Renew

Avoid policies "renewable at company option." The company could cancel your individual policy for any reason at the end of the policy year or when the premium comes due.

SHOPPING HINT #6

Beware of Implied or Actual Claim of Endorsement by United States Government

Federal government does not endorse insurance policies or companies.

Advertising literature designed to look "governmental"

- Social Security envelope size
- Official-looking seal
- Correspondence begins with "Dear Medicare Member"

Remember

No private insurance company selling insurance to add to Medical is affiliated with or endorsed by the Federal Government.

A Federal seal on a policy does not mean government endorsement.
SHOPPING HINT #7

Take Your Time

Don't be "high pressured."

Beware of "last chance to enroll" statements. Ethical salespeople never "high-pressure" you.

Shop carefully and compare policies for what they cover and what they cost.

Buying insurance is an important decision. Take enough time to feel confident about your choice. Consult others if you can before you buy.

SHOPPING HINT #8

Beware of "Scare Tactics"

Agent or advertising literature describes extreme situations to frighten the purchaser.
- Exaggerated expenses
- Exaggerated likelihood of illness

Remember

Less than 2 percent of the elderly exhaust the Medicare inpatient hospital benefits in any given year.

Only 4 percent of the elderly are in nursing homes.

Few private health insurance policies cover all services Medicare does not cover.

SHOPPING HINT #9

Do Not Withhold Medical Information

Withholding medical information on a policy application may lead to nonpayment for a later claim.

Never believe salespersons who say you don't have to furnish such information when the application requests it, or say they will fill in that information later.
SHOPPING HINT #10

Get a Written Outline of Coverage

Always ask for a written description of the policy you are considering buying—in simple language.

A company selling a good policy will always provide a simplified description of what they are offering for sale.

Read it carefully.

SHOPPING HINT #11

Do Not Pay Cash

Always pay by check, money order, or bank draft made out to the insurance company—never to the agent or anyone else.

Always write down the name, address and telephone number of the agent or insurance company, so you can follow up if there is any delay in getting your policy.

SHOPPING HINT #12

Make Sure There Is a "Free Look" Provision

Most reputable insurance companies give you at least 10 days after you receive your policy to look it over. During that time, if you decide you don't want it, you can return it for a full refund of your premium.

Beware of any insurance policy that is on a "take it or leave it" basis and does not give you a grace period to change your mind.

SHOPPING HINT #13

Be Aware of Illegal Sales Practices

Federal criminal penalties can be imposed against a company or agent who:

- suggests they represent the Medicare program or any Federal agency

- knowingly sells you a policy which duplicates Medicare coverage or any private health insurance you already own that will not pay duplicate benefits

Contact your State Insurance Department for further information or to report misleading practices. In Ohio, call the Ohio Department of Insurance's toll-free hotline at 1-800-282-4658.
# MEDICARE SUPPLEMENTAL INSURANCE COMPARISON WORKSHEET

Use the information provided by the insurance companies to complete this worksheet.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Policy 1</th>
<th>Policy 2</th>
<th>Policy 3</th>
<th>Policy 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy/Plan Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premium: May be affected by age &amp; sex</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Monthly</td>
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<tr>
<td>Quarterly</td>
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<td>Semi-Annually</td>
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<tr>
<td>Annually</td>
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<td>$</td>
</tr>
</tbody>
</table>

**Does the Supplemental Policy Cover the Deductibles and Co-Payments Listed Below?**

1. If so, place a Checkmark in the appropriate column for each policy.

**Medicare Part A: Hospital (1987 Amounts)**

- Initial deductible: $520
- 61 to 90th Day Co-Payment: $130/day
- 91 to 150th Day Co-Payment: $260/day
- 90% of Medicare approved expenses for additional 365 days

**Skilled Nursing Care**

- 21st to 100th Day Co-Payment: $65/day

**Medicare Part B: Physician**

- Initial deductible: $75
- 20% Co-Payment

**Does the Supplemental Policy provide any additional benefits?**

1. If so, place a Checkmark in the appropriate column for each policy.

- Prescription drugs
- Private duty nursing
- Additional physicians' fees
- Skilled Nursing Care
- Number of days available

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Peoples Medical Society
14 E. Minor Street • Emmaus, PA 18049
Dear Fellow Ohioan:

More than 1.2 million Ohioans are covered by Medicare. But as many of you have found out, Medicare does not provide complete health-care coverage. In fact, it pays only about 40% of the average older citizen's health care bill. As a result, over two-thirds of all Ohioans covered by Medicare have turned to private insurance companies for additional coverage. These Medicare supplement policies, also known as Medigap or Medifill policies, cost Ohioans millions of dollars each year.

Older citizens are smart to supplement their Medicare coverage. Health care costs have risen at an alarming rate in recent years and the average senior citizen spends more on health care than do those of us under 65. But Medicare supplement policies can be confusing, and some unscrupulous insurance agents have taken advantage of the situation by misrepresenting their policies and selling Medicare recipients coverage which they already have.

This booklet was prepared to assist Ohioans with the purchase of Medicare supplement policies and to protect them against paying for duplicate coverage. It answers some important questions concerning the amount of coverage needed, where to purchase good coverage, and what benefits can be expected. Additional copies of “Closing the Gaps in Your Medicare Coverage” can be obtained by calling 614/466-4320.

Sincerely,

Anthony J. Celebrezze, Jr.
Attorney General
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<th>Page</th>
</tr>
</thead>
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<td>1</td>
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<tr>
<td>How Much Additional Insurance is Needed?</td>
<td>2</td>
</tr>
<tr>
<td>Where Can I Buy Medicare Supplement Insurance?</td>
<td>2</td>
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<tr>
<td>Points to Remember When Shopping For Medicare Supplement Insurance</td>
<td>3</td>
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<td>9</td>
</tr>
<tr>
<td>Additional Coverage</td>
<td>9</td>
</tr>
<tr>
<td>or More Information</td>
<td>10</td>
</tr>
</tbody>
</table>
Where Are the Gaps?

Medicare coverage is divided into two parts: Part A covers benefits for necessary services during an overnight stay in a hospital or nursing home and services provided by a home health agency or hospice. Part B pays benefits for services such as doctor bills and medical supplies.

The services covered by Medicare are measured by "benefit periods," which begin when you enter the hospital and end when you have been out of the hospital, nursing home or rehabilitation facility for 60 consecutive days. Medicare will pay for up to 90 days of hospitalization for each benefit period. The 90 day period is then renewable when you start another benefit period. Medicare pays in full for the first 60 days, except for the deductibles described later in this booklet.

If you are hospitalized for longer than 90 days in a single benefit period, Medicare provides an extra 60 "lifetime reserve" days, subject to a $200 deductible per pay. These days are not renewable; once you use them they are gone.

Although Medicare provides good basic coverage, it is not designed to cover an entire medical bill. There are four types of gaps in the Medicare program where expenses are not covered.

- **DEDUCTIBLES.** These are specified dollar amounts you must pay before Medicare coverage begins. For example, under Part A, you first pay a deductible of $492 when you go into the hospital, and then your Medicare benefits begin. Another deductible, under Part B, is $75 for doctor bills and medical supplies.

- **COINSURANCE.** The fixed portion of the bill you must pay is called coinsurance. Under Part A, the coinsurance charge is $123 per day for the 61st through the 90th days of hospitalization. Under Part B, Medicare pays only 80% of the reasonable charges. The remaining 20% is what you must pay as coinsurance.

- **"REASONABLE" CHARGES.** Medicare will pay a doctor only for "reasonable and customary" charges, which are usually less than the actual charge. For example, if your doctor's bills are higher than what Medicare says are reasonable and customary, you are responsible not only for the 20% coinsurance charge, but for everything over the reasonable and customary charge as well. However, your doctor may be one of many who have agreed to accept what Medicare calls the reasonable and customary charge as payment in full. This is called "assignment." Be sure to check with your doctor to determine if he or she accepts Medicare assignment. If so, you will only have to pay the 20% coinsurance charge for Part B, plus any deductibles which are not met.

- **SERVICES NOT COVERED BY MEDICARE.** Some of the services not covered by Medicare are hospital stays of more than 150 days, skilled nursing home stays of more than 100 days, private duty nursing, drugs outside of the hospital, stays in an intermediate care nursing home or rest home, dental care, and the cost of eyeglasses. Keep in mind this is only a partial listing. For more information about what Medicare pays and does not pay, consult "Your Medicare Handbook" issued by the Health Care Financing Administration. Your local Social Security Office should have copies of this booklet on hand.
How Much Additional Insurance is Needed?

As a rule, your first priority in supplementing Medicare should be to fill in the most costly gaps, particularly deductibles in Part A and the 20% coinsurance in Part B. Also, while the likelihood of a long hospital stay or skilled nursing home stay of more than 100 days is remote, it can be financially devastating if it occurs. You should consider purchasing the relatively inexpensive coverage against this possibility.

Insurance coverage for private duty nursing and other services not covered by Medicare should also be considered. Coverage for custodial or rest home care is generally not available.

Policies covering specific diseases are usually of an indemnity type, and insure against such diseases as cancer, kidney disease and muscular dystrophy. Keep in mind that these policies offer very limited coverage and may not be the wisest investment of your insurance dollar. Such policies should never be considered as a substitute for the more basic types of Medicare supplement policies discussed elsewhere in this booklet.

Where Can I Buy Medicare Supplement Insurance?

Medicare supplement policies are available from several sources. If you worked for the government or if you belong to a large union, you may already have Medicare supplemental coverage through your pension fund. Your fund may also give you the option of joining a Health Maintenance Organization (HMO) which covers the deductibles and coinsurance gaps at little or no additional cost to you. Check with your pension fund office for details.

Three organizations for senior citizens offer a variety of Medicare supplement policies to their members. The policies are usually serviced through the mail and are available to members only. Membership dues for the organizations vary, but are generally under $10 per year. These organizations can be reached as follows:

American Association of Retired Persons
1909 K Street, N.W.
Washington, D.C. 20049
Telephone: 202/872-4700

National Council of Senior Citizens
925 15th Street, N.W.
Washington, D.C. 20005
Telephone: 202/347-8800

Ohio Coalition of Senior Citizens Organizations
4156 East 147th Street
Cleveland, Ohio 44128
Telephone: 216/561-7177
Blue Cross and Blue Shield offer a variety of Medicare supplement policies to senior citizens throughout Ohio. Policies are generally serviced through regional offices. The number for the Blue Cross and Blue Shield plans nearest you can be found in the Yellow Pages under “insurance” or through your telephone operator.

Private health insurance companies usually offer Medicare supplement policies and they often sell through agents. If you already have an insurance agent who services your insurance needs, you may want to ask him or her about Medicare supplement policies. If the agent cannot offer one, ask for a recommendation to another company. Friends and relatives can also be helpful by suggesting agents or companies they know. If you have exhausted those resources, the Yellow Pages contains a listing of agents and companies in your area.

Medicare supplement policies are also available through direct mail solicitations, which often appear in Sunday newspaper supplements. These policies are normally serviced from one central location.

**Points to Remember When Shopping For Medicare Supplement Insurance**

1. Don’t buy more policies than you need. Duplicate coverage can be costly and unnecessary. One comprehensive policy is better than several small policies with overlapping coverage.

2. Check to see if a policy will cover pre-existing health conditions. This can be important if you are currently being treated for a specific condition.

3. Check the policy for maximum benefits payable, either in terms of a dollar limitation or a limitation based on the number of days for which payment will be made.

4. Check to see if the policy can be easily renewed. Policies that do not offer guaranteed or automatic renewal are often less desirable.

5. Know your insurance agent. Every licensed agent in Ohio is required to carry proof of licensing which shows his or her name and the names of the companies represented. If you wish to verify an agent’s license, contact the Ohio Department of Insurance, 2100 Stella Court, Columbus, Ohio, 43215, telephone: 614/466-3855. Also, write down your agent’s name, company, address and telephone number for your own records and keep the information in a safe place.

6. Even though an insurance agent or company is licensed in Ohio, that does not mean that the State of Ohio endorses the company, the agent, or the policies offered. It does mean the company meets the requirements of Ohio law, including financial soundness.
7. Medicare supplement policies are not sold by or affiliated with the government. You should not do business with any company or agent who claims to be associated with a government-sponsored program.

8. Low-income people who are eligible for the Medicaid program may not need additional health insurance. Medicaid may already pay almost all health costs. If you have questions concerning eligibility or coverage, contact the Ohio Department of Human Services, 30 East Broad Street, Columbus, Ohio, 43215, telephone: 614/466-6420.

9. When changing from one policy to another, do not cancel your existing Medicare supplement policy until you are absolutely certain the new policy is in force. You may actually have to pay two premiums for several months in order to avoid a lapse in coverage.

**How Much Should A Medicare Supplement Policy Cost?**

Costs vary greatly, depending upon what is and what is not covered under the particular policy you purchase. As you would expect, the more a policy covers, the more it will cost.

In addition to what is covered, policies differ on how much you have to pay out of your own pocket before your policy begins to pay benefits. Some provide what is called “first dollar coverage,” which means you pay little or nothing out of your own pocket for covered services.

Another common type of coverage is called “major medical.” Small bills of $15 or $25 each are not covered unless they add up to larger amounts such as $1,000 or more. Once that dollar amount is reached, coverage becomes very extensive. By requiring the individual to pay a set amount before the insurance benefits begin, major medical policies can provide coverage at a lower price than first dollar coverage. In exchange, you probably will pay some of your smaller bills out of your pocket.

Some companies offer policies that combine first dollar and major medical coverage. This is the most complete and usually the most expensive insurance coverage you can buy.

Another type of coverage is known as “indemnity” or “supplement income.” This coverage is for a specified dollar amount that is paid in cash directly to you, but it is usually in an amount far less than the cost of the service. For example, many of these policies pay $50 a day while you are hospitalized, but the daily cost of a hospital stay could be over four times that amount. Consequently, indemnity-type policies should only be used to add to your coverage, and not as a substitute for it.
Individual (non-group) Medicare supplement policies that provide the minimum coverages listed in the checklist on the next page of this booklet are generally available in Ohio at a cost of $150 to $350 annually. More comprehensive coverage is available at rates between $350 and $1,000 annually.

Please note the prices quoted here are for comparison purposes only and are based on 1985 statistics. The price you pay will depend on where you live, how old you are, the insurance company you are dealing with, and the types of benefits you choose.
Checklist
For Choosing Medicare Supplement Insurance

Courtesy of Attorney General Anthony J. Celebrezze, Jr.

(Use one checklist for each policy under consideration)

In 1982, the Ohio Department of Insurance issued an administrative order designed to standardize and simplify Medicare supplement policies. No insurance policy described in the rule may be advertised, solicited, or issued in Ohio as a Medicare supplement policy unless it meets the standards outlined in the rule. Even though the rules do not apply to every Medicare supplement policy (for example, it does not cover policies issued to a labor organization for its members) the following list is nevertheless important to consider when selecting any type of Medicare supplement policy. NOTE: Generally speaking, the more “yes” answers you compile in the checklist, the more extensive the coverage. A “no” answer will alert you to coverage you are not receiving. This does not necessarily mean you should not consider purchasing the policy. Some insurance policies do not meet the minimum standards under the law. As such, they cannot be called Medicare supplement policies. They do, however, offer some protection at premiums considerably lower than Medicare supplement policies. If you cannot afford a Medicare supplement policy, you might want to consider one of these lesser policies.

It might be helpful to refer back to the section of this booklet entitled “Where are the Gaps?” when answering some of the questions in this checklist.

<table>
<thead>
<tr>
<th>Minimum Benefits</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the waiting period for pre-existing health conditions six months or less?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are accidents and illnesses treated the same for payment purposes?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are benefits increased automatically when Medicare deductibles are increased?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If the policy is “noncancellable” or “guaranteed renewable,” does it continue in force even if the policyholder’s health deteriorates?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If the policy is “noncancellable” or “guaranteed renewable,” and if the policyholder’s coverage terminates (other than for failure to pay premiums), does coverage for the insured spouse of the policyholder continue?</td>
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<td></td>
</tr>
</tbody>
</table>
If a policy is terminated, will it cover losses which began while the policy was still in force (within the limits of the policy)? □ □

For days 61 through 90, does the policy pay for expenses which would have been paid by Medicare had those expenses occurred during days 1 through 60? □ □

When your “lifetime reserve” days are exhausted, does the policy pay at least 90% of all Medicare Part A eligible expenses for hospitalization? □ □

Does the policy pay at least 20% of all Medicare benefits under Part B, including tests, ambulance services, durable medical equipment and outpatient therapy? Is this payment subject to a deductible provision and a maximum payment provision? □ □

In addition to the standards outlined above, you should check to make sure all policies under consideration contain the following disclosures. Once again, even though the administrative rule discussed above does not require the following disclosures for every Medicare supplement policy issued in Ohio, it nevertheless serves as a guideline for the quality of the policy you are reviewing.

Does the policy contain a clear statement as to whether or not the policy is renewable and what procedure to follow in order to renew it? □ □

If the policy provides for payment based on “usual and customary” fees (or a similar term), is “usual and customary” defined and explained? □ □

Does the policy have a 10-day or 30-day “free look” provision prominently printed on the policy? □ □

Are policy provisions dealing with pre-existing health condition limitations clearly labeled? □ □

At the time the policy is actually applied for will the insurer deliver to the applicant an outline of coverage which clearly explains the following:
   Types of services covered? □ □
   What Medicare pays? □ □
   What the policy pays? □ □
   What the policyholder pays? □ □
More Comprehensive Coverage

If you want coverage that meets more than the minimum standards, you should determine if the policy contains the following features as well:

Does the policy pay the Medicare Part A deductible of $492 for the first 60 days in the hospital? □ □

Does the policy pay the Part A coinsurance charge for days 21 through 100 in a skilled nursing home? □ □

Does it pay for doctor bills that exceed the Medicare “usual and customary” limits? □ □

Does it pay at least 80% of the reasonable expenses for days in a skilled nursing home after Medicare benefits run out? □ □

Does the policy pay at least 80% of home health benefits after Medicare benefits run out? □ □

Additional Coverage

Policies that provide even more coverage are available for a higher cost. The following services are covered in some Medicare supplement policies. You should review each policy to determine exactly what additional coverage it provides and whether you want to pay for such coverage.

Does the policy pay at least 80% of the costs of any of these services Medicare does not cover at all, such as:

- Out-of-hospital prescription drugs? □ □
- Care in a skilled care facility not Medicare certified? □ □
- Care in an intermediate care facility? □ □
- Routine eye care? □ □
- Dental care? □ □
- Routine physicals? □ □
- Cosmetic surgery? □ □
- Care outside the United States except in limited circumstances? □ □
For More Information

To find out if a specific company or agent is licensed to do business in Ohio, contact the Ohio Department of Insurance, 2100 Stella Court, Columbus, Ohio 43215, telephone: 614/466-3855.

If you would like more information explaining what Medicare does and does not pay, the U.S. Government has prepared a booklet entitled "Your Medicare Handbook." The federal government also puts out a "Guide to Health Insurance for People with Medicare." Both of these publications can be obtained from your local Social Security office.

If you would like a detailed comparison of Medicare supplement policies, the Ohio Department on Aging has prepared "A Buyer's Guide to Medicare Supplemental Health Insurance." It is available for a nominal cost from the department, 50 West Broad Street, 9th Floor, Columbus, Ohio, 43215, telephone: 614/466-1221.

For additional copies of this booklet, write or call:

Attorney General Anthony J. Celebrezze, Jr.
"Closing the Gaps"
30 East Broad Street, 17th floor
Columbus, Ohio 43215
(614) 466-4320
GLOSSARY

AMPUTATORY SURGICAL CENTER: A medical facility where surgical procedures are performed on an outpatient basis.

APPLICATION: A signed statement of facts requested by the company on the basis of which the company decides whether or not to sell a policy.

ASSIGNMENT: The signed transfer of benefits of a policy by the owner of the policy to another party, for example, if you tell your insurance company to send a check directly to your doctor or hospital, instead of to you.

BENEFITS: The amount payable in either cash or services to you or a beneficiary under the provisions of the policy when a claim is filed.

CANCELLATION: The termination of an existing policy before it would normally expire.

CLAIM: When you, your doctor, or your hospital notifies your insurance company that you have received a medical service and are requesting payment in accordance with the provisions of your policy.

CO-INSURANCE: A provision frequently found in health insurance policies by which you and the insurance company share a covered loss under a policy in specified ratio. For example, after the deductible has been paid, 80 percent of your expense is paid by the insurance company and you pay the remaining 20 percent.

COMPREHENSIVE HEALTH INSURANCE: A health insurance policy that incorporates the coverages of major medical and basic medical expense policies into one policy.

CONDITIONALLY RENEWABLE POLICY: A policy which may be renewed up to a certain age limit, such as 65, provided all conditions of the insurance contract have been met.

CONVERSION CLAUSE: Privilege granted by a group policy to convert to an individual policy upon termination of group coverage.

COORDINATION OF BENEFITS: If you are covered by more than one group plan, this clause allows insurance companies to determine the percentage of your claim each company will pay. Under this, total benefits will not exceed the actual expenses of your medical care.

COVERED EXPENSE: Medical expenses that a policyholder incurs and the insurance company agrees to pay. The covered expenses that a policy will pay may be found in the schedule of benefits.

CUSTODIAL CARE: Care that is primarily for the purpose of meeting personal needs and could be provided by persons without professional skills or training.

DEDUCTIBLE: The amount of money you must pay before your insurance benefits begin and you can begin to submit claims. The insurer will pay benefits only on costs above the amount of your deductible.
DISABILITY INSURANCE: A type of insurance that pays you a portion of your previous wages/salary when you are sick or injured and unable to work.

DISEASE-SPECIFIC INSURANCE: Insurance which provides benefits should you develop a specific illness such as cancer or heart disease.

EFFECTIVE DATE: The date on which the insurance under a policy begins.

EXCLUSION: Specific conditions or circumstances listed in the policy for which the policy will not provide benefits.

FIRST DOLLAR COVERAGE: A policy which has no deductibles.

FRANCHISE INSURANCE: A form of insurance in which individual policies are issued to the employees of a common employer or the members of an association. The employer or association collects the premium and sends it to the insurance company. A franchise policy is one way of obtaining "group-like" benefits in an individual policy.

GRACE PERIOD: A period of time (usually 30 or 31 days) after the date a premium is due during which the policy remains in force and the premium may still be paid without penalty.

GROUP INSURANCE: Insurance, usually issued through employers and unions, which covers a group of persons.

GUARANTEED RENEWABLE POLICY: A policy which the insurance company guarantees to renew as long as the premiums are paid on time. During the time insurance is in force the company cannot raise the premium, unless policyholders have their premium raised at the same time.

HEALTH MAINTENANCE ORGANIZATION (HMO): An organization that provides a wide range of comprehensive medical services for a specified group at a fixed monthly payment.

HOME HEALTH CARE: A wide variety of services provided in the home to older, disabled, and/or convalescent persons who do not need institutional care but require some assistance in meeting their home and personal health care needs.

HOSPITAL INSURANCE: Health insurance providing coverage for the costs of hospital care resulting from injury or illness.

INDEMNITY POLICY: A health insurance policy which pays a specified amount of money each day or week that the policyholder is in the hospital. Indemnity policies also pay a set amount for medical and surgical procedures as determined by the insurance company. Generally, an indemnity policy will not cover the entire cost of a hospitalization.

INDIVIDUAL INSURANCE: Policies which provide protection to the policyholder and his/her family. Sometimes called Personal Insurance, as distinct from group or blanket insurance.

INDIVIDUAL PRACTICE ASSOCIATION (IPA): A pre-paid health care plan which is offered by physicians in private practice. An IPA permits an individual to retain their private physician and eliminates paying a fee every time services are received.

INPATIENT: A patient who is admitted to the hospital for medical services and who occupies a bed.
INSIDE LIMIT: A provision in a health insurance policy which limits to a certain amount the payment for any type of service, regardless of the actual cost of the services provided.

INTERMEDIATE CARE FACILITY: An institution licensed to provide health-related care and services to individuals who do not require the degree of care or treatment for which a hospital or skilled nursing facility is designed.

MAJOR MEDICAL INSURANCE: A health insurance policy designed to offset the large expenses of a severe and prolonged illness or injury. Normally, 70 to 80 percent of all medical expenses above a deductible are covered. The insured person as co-insurer pays the remainder up to the stop-loss provision of the plan.

MEDICAID: State programs of public assistance to persons regardless of age whose income and resources are insufficient to pay for medical care.

MEDICAL-SURGICAL INSURANCE: Coverage which provides benefits towards the fees of physicians and surgeons for care provided in the hospital, office, or home. It also covers x-rays and other laboratory tests performed outside the hospital.

MEDICARE: The hospital insurance system and the supplementary medical insurance for the aged created by the 1965 amendments to the Social Security Act.

MEDICARE ASSIGNMENT: When a physician or medical supplier accepts the payment allowed for services under the Medicare program and does not bill the patient for the difference between the normal fee and the Medicare-allowed payment.

MEDIGAP INSURANCE: Those policies which pay all or part of the expenses for health care not covered by Medicare.

OPTIONALLY RENEWABLE POLICY: A health insurance policy which gives the company the right to terminate the coverage at any anniversary or, in some cases, at any premium due date.

OUTPATIENT: A patient who is not admitted to a hospital, but who has services provided in the hospital.

POLICY: Legal document or contract issued by the company to the policyholder which outlines the conditions and terms of the insurance.

POLICY LIMIT: The maximum benefits an insurance company will pay under a particular policy. It may be listed as a maximum for each illness or condition, or total costs paid from the policy, or for a maximum period of time.

PRE-EXISTING CONDITION: A physical and/or mental condition which you have and/or had before you applied for insurance. Insurance companies do not usually cover pre-existing conditions.

PREFERRED PROVIDER ORGANIZATION (PPO): An arrangement where doctors and hospitals form an organization to offer medical services to selected group at discounted rates. In return for the discounted rate, the doctors and hospitals are guaranteed a certain volume of patients. Members of the groups agree to use only the "preferred" providers for all their medical needs.
PREMIUM: The payment required to keep a policy in force. This payment may be made monthly, quarterly, semi-annually or annually.

REIMBURSEMENT, BENEFITS: The actual expense incurred by the insured, such as medical, nursing, and hospital treatment.

RIDER: A document which amends the policy or certificate. It may increase or decrease benefits, waive the condition of coverage or in any other way amend the original contract.

SCHEDULE OF BENEFITS: A list of specific maximum amounts payable for certain conditions.

SERVICE CONTRACT: When claims are made under a service plan, the insurance company pays the hospital and doctor the full cost of the care they provided. For example, a Hospital and Medical-Surgical policy which pays service benefits that cover the cost for a semi-private room, ancillary services, physical fees, etc.

SKILLED NURSING FACILITY: A facility that is primarily engaged in providing skilled nursing care and related services for patients who require medical or nursing care.

STOP-LOSS LIMIT: The maximum amount that you have to pay within a given period of time (usually per year). Once this maximum is reached, the insurance company will pay 100% of eligible (covered) health care costs.

SURGICAL SCHEDULE: A list of cash allowances attached to the policy, which are payable for various types of surgery, with a maximum amount based upon the severity of the operation.

THIRD-PARTY-PAYOR: Any public or private organization, such as an insurance company, which reimburses medical care providers for services provided to policyholders. An insurance company is the third party between the patient and health care provider.

USUAL, CUSTOMARY, AND REASONABLE (UCR): A charge for medical care which is consistent with the going rate or charge in a certain geographical area for identical or similar services.

WAITING PERIOD: The length of time an applicant must wait, from the date of an application for coverage to be effective.

WAIVER: The surrender of a right or privilege which is known to exist.

WORKERS' COMPENSATION: An insurance program, usually established by the state, that provides income benefits to employees who are injured while on the job.

Adapted from:

Rooney, Michael. Health Insurance: How To Evaluate And Select Health Insurance. The People's Medical Society, 1985
HEALTH CARE COVERAGE CROSSWORD PUZZLE

ACROSS

1. Signed statements of facts requested by the company on the basis of which the company decides whether or not to sell you a policy.

11. Insurance policies which provide protection to the policyholder and his/her family. It is sometimes called Personal Insurance, as distinct from group or blanket insurance.

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12. Specific conditions or circumstances listed in the policy for which the policy will not provide benefits.

13. The payment required to keep a policy in force. This payment may be made monthly, quarterly, semi-annually or annually.

14. The amount payable in either cash or services to you or some beneficiary under the provisions of the policy when a claim is filed.

15. An arrangement where doctors and hospitals form an organization to offer medical services to selected groups at discounted rates. In return for the discounted rate, the doctors and hospitals are guaranteed a certain volume of patients. Members of the groups agree to use only the "preferred" providers for all their medical needs.

16. Name of state in which you want to be sure the insurance company is licensed to do business.

DOWN

1. The signed transfer of benefits of a policy by the owner of the policy to another party, for example, if you tell your insurance company to send a check directly to your doctor or hospital, instead of to you.

2. The amount of money you must pay before your insurance benefits begin and you can begin to submit claims.

3. A charge for medical care which is consistent with the going rate or charge in a certain geographical area for identical or similar services.

4. When you, your doctor or your hospital notifies your insurance company that you have received medical services and are requesting payment in accordance with the provisions of your policy.

5. A document which amends the policy or certificate. It may increase or decrease benefits, waive the condition of coverage or in any other way amend the original contract.

6. A patient who is admitted to the hospital for medical services and who occupies a bed.

7. A prepaid health care plan which is offered by physicians in private practice and eliminates paying a fee every time services are received.

8. Insurance, usually issued through employers and unions which covers a ______ of persons.

9. Facility that is primarily engaged in providing ______ nursing care and related services for patients who require medical or nursing care.

10. An organization that provides a wide range of comprehensive medical services for a specified group at a fixed monthly payment.
HEALTH CARE COVERAGE CROSSWORD PUZZLE

Answer Sheet

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  1  A  P  P  L  I  C  A  T  I  O  N  S
  2  L  N  I
  3  A  P  P  I
  4  I
  5  D
  6  G
  7  L
  8  M
  9  S
 10  E
 11  D
 12  G
 13  T
 14  T
 15  L
 16  T

11  I  N  D  I  V  I  D  U  A  L
  I  N  N
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  I  N
  I  N

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standards. Is there a quality program? Is there a patient procedure?

Compare the total amount of costs you might pay under this involves more than just since many insurance have deductibles and co-payments.

OWN COVERAGE — What is your coverage if you get sick or hurt? What are away-from-home hospital benefits?

STABILITY — How long has the plan been operational?

recommendations from workers who have used the plan. Visit the facility and see for yourself.

ALTERNATIVE FORMS OF HEALTH CARE COVERAGE

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two major types of health insurance and health maintenance organizations preferred provider organizations

such as a single organization or a concept which combines health care financing and services. Unlike HMOs, there are no federal standards for PPOs. Essentially a preferred provider organization is a group of doctors and/or hospitals who contract with a group, such as an employer, insurer, or union, to provide health care to subscribers for a negotiated, usually discounted, fee. PPOs use peer review and strict use controls, such as pre-admission screening, concurrent review of hospitalized patients and retrospective claims reviews to achieve cost savings. PPOs allow subscribers to receive care outside of the plan, even for non-emergency reasons. However, PPO patients have financial incentives, such as elimination of the deductible and co-insurance and may be used. If you have a long-term relationship with a physician, you should consider carefully if you are willing to switch.

- LOCATION OF CAREGIVERGP: Will the HMO or PPO affiliated hospitals as easy for you to find public transportation available? What are their hours of operation?

- QUALITY — Check to see if physicians are board certified. This means they have met certain standards of education and training.
HOW TO FILE HEALTH INSURANCE CLAIMS AND COMPLAINTS IN OHIO

Prepared by Lindell C. Northup, Program Assistant, as part of a Research and Training project of the Cuyahoga County Cooperative Extension Service.
The Ohio State University, 6/86.

MAKING SENSE OF HEALTH CARE PLANS: THE CONSUMER'S GUIDE TO HEALTH CARE COVERAGE

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FILING A HEALTH INSURANCE CLAIM

An important step before filing a claim, especially with the changes in many medical plans, is to check your coverage. Your claims may be fully paid if you follow the procedures required. Here are some tips:

1. Read to see if the medical treatment is covered and to determine if it is covered.

2. Make sure your insurance company can be contacted promptly. You must know the correct address for reimbursement in order to assist the medical staff with your case.

3. If you have a supply of the claim forms, if your doctor or hospital does not have the ones you need, request them promptly. Most policies have limits on the filing of claims.

4. Contact your coverage with your provider. The exact wording of what you saw the doctor may differ in whether your claim will be paid or not.

5. Fill out the necessary form correctly and attach all necessary documents such as itemized bills.

6. Keep copies of everything you send to the insurance company, including a record of the date you filed the claim.

7. Follow up promptly if your claim is not paid in the amount of time specified by the company to handle claims. If your claim is denied or only partially paid, you should be given an explanation for the decision.

HOW TO FILE A HEALTH INSURANCE COMPLAINT

If you believe your insurance company has improperly refused to issue or renew your policy, or refused to pay all or part of a valid claim, you have a right to question and complain. Your first step is to contact your agent or company representative.

A complaint by letter is best. Always keep a copy. Include your name, address, telephone, policy number, type of policy and the nature of your complaint. If you decide to complain by telephone, keep a written record of your call, the name of the person you talked to at the company, and what was said during the call.

If you do not receive a response that you agree with, you may contact the Ohio Department of Insurance to investigate and determine if the claim is within the laws of the state. The department's Protection Service Division which has a toll-free number available to all Ohio residents.

When a written complaint is received, one of the Division's investigators is assigned to investigate and determine consumer's complaints. To contact the department, write:

Ohio Department of Insurance
2100 Stella Court
Columbus, Ohio 43260

You may call the department's protection service LINE (toll-free) 1-800-282-4242

If you are not satisfied with the department's resolution of your complaint, your next option for redress is to consider taking legal action against your insurance company. Here you should weigh the amount in dispute and the additional costs of time and effort.
SHOPPING FOR A MEDICARE SUPPLEMENTAL POLICY

Prepared by Lindell C. Northup, Program Assistant, as part of a Research and Training project of the Cuyahoga County Cooperative Extension Service.
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When nearing retirement time and eligible for Medicare, it is very important to plan for your health care protection. Medicare covers certain basic hospital, surgical, and medical costs for people 65 or older. However, only 40% of the elderly’s health care is paid for by Medicare. Something to do is check the group insurance plan you currently belong to; if it can be continued after age 65, the coverage can be reduced or eliminated. Some policies may be similar to the one you currently have, but sometimes the new policy will take the form of a Medicare Supplemental policy.

Supplemental policies, also called Medigap policies, are designed to fill some of the gaps in Medicare’s coverage. Before evaluating policies, be sure you contact different insurance companies and compare policies because prices can vary considerably. Avoid buying overlapping coverage and policies that insure against only a single disease. One comprehensive policy is usually enough. Be wary of dropping one policy for another; the new one may have waiting periods and pre-existing condition provisions that would leave you for a time with insufficient protection. Look carefully at any pre-existing condition clauses. Policies labeled as Medicare Supplements can’t exclude coverage of pre-existing conditions for longer than six months. A policy may, however, exclude all pre-existing conditions. Check your right to renew. Look for a policy with a lifetime guarantee of renewability.

Supplemental policies, also called Medigap policies, are designed to fill some of the gaps in Medicare’s coverage. First, there is the gap between Medicare-approved costs and what providers actually charge. Lastly, there is the gap made up of items Medicare simply does not cover at all. Most Medigap policies concentrate on the first gap — the deductibles and co-payments. Some help out in the other uncovered areas. But many consumers are surprised when their supplemental insurance does not cover the gaps they thought they were protecting themselves from.

Be sure you contact different insurance companies and compare policies because prices can vary considerably. Avoid buying overlapping coverage and policies that insure against only a single disease. One comprehensive policy is usually enough. Be wary of dropping one policy for another; the new one may have waiting periods and pre-existing condition provisions that would leave you for a time with insufficient protection. Look carefully at any pre-existing condition clauses. Policies labeled as Medicare Supplements can’t exclude coverage of pre-existing conditions for longer than six months. A policy may, however, exclude all pre-existing conditions. Check your right to renew. Look for a policy with a lifetime guarantee of renewability.

Don’t be pressured by a short-term enrollment period. Be sure the insurance agent you are dealing with is licensed to sell in Ohio. Ask to see proof of licensing showing the name and contact information of the agent. You are also want to be sure that the agent is licensed to sell in Ohio. Make sure you ask for a refund of the premium if you don’t want or need it, or if you exceed a limit. Ask for a copy of your letter.

In addition to private companies, insurance plans are sold through groups as the American Retired Persons (AARP). Blue Cross Blue Shield is another source to investigate. Yet another option is the Health Maintenance Organization (HMO) if one nearby is serving Medicare enrollees.
CONTROLLING YOUR OUT-OF-POCKET INSURANCE EXPENSES FOR HEALTH CARE

Prepared by Lindell C. Northup, Program Assistant, as part of a Research and Training project of the Cuyahoga County Cooperative Extension Service. The Ohio State University, 6/86.

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The most obvious way to lower costs for insurance is to stay as healthy as possible so that you need minimum medical care. Habits can also play a part in making decisions for individual policies. Some insurers or employers offer reduced premiums or incentives for healthier habits such as non-smoking.

The price of an insurance premium is determined by factors such as the age and health of the applicant, the extent of coverage, the presence and size of a deductible clause and co-insurance. Individually purchased policies can be more expensive than group policies. It is important to find group coverage. Prices may vary greatly, so shopping is important.

Generally, if you pay the insurance premium annually or semi-annually, you may lower the total yearly premium. Ask to see a payment schedule to be sure you are getting a discount. This makes financial "sense," especially if you are satisfied with the claim servicing, etc. Therefore, you want to consider paying monthly premiums while on a new policy while you are familiar and satisfied with coverage and services rendered. The deductible is the dollar amount of expenses you must pay each year before the insurance policy starts paying. If you can budget enough to cover a higher deductible, your premiums should be lower. Also, look for a policy which allows expenses incurred at the end of the year to be carried forward as part of the deductible for the following year.

Co-insurance is the percentage of covered expenses you must pay once the deductible amount has been met. Look for a policy with no more than a 20% co-insurance clause which you would be responsible to pay.

Experts generally suggest you look for a policy which pays "service" benefits rather than cash payments. In that way you can authorize the insurance company to pay for expenses directly, usually at the customary rate.

Look for a policy with a maximum out-of-pocket dollar amount, called stop-loss protection, that you must pay in a year. After that the policy picks up 100% of covered charges. This will help you budget for the possibility of large expenses.

Review your policy to be sure you are following correct procedures for non-emergency services. Such requirements as second opinions for surgery and permission prior to hospitalization are becoming more common. Penalties for not following the new reductions in the amount of claims may be denied.

Know what your policy says and make sure that the documentation is worded correctly. Otherwise, claims may be denied.

Avoid buying insurance policies for duplicate coverage for the same risk. Most companies will "carve out" specific benefits which means you are not allowed to collect the same benefits from more policies. However, policies are alike so you need to compare policies to see if they cover different services.

By selecting less expensive procedures, such as outpatient surgery, you can save money. In many cases, you may be able to save by waiving the deductible, if that seems too expensive.

Check your medical bills carefully for errors. If you have been injured, check your bill to be sure that the stay and type of room and services have not been listed incorrectly. If the price of a service is considerably higher than others or that seem too high; and the insurance company charges you for a service you did not receive, you need to correct the error immediately.
listed on the bill were actually performed. If you find an error, contact both your insurance company and the hospital.

Shop around for a pharmacy that provides the services and prices best for you. When you need a prescription drug, ask your doctor or pharmacist if a generic drug may be dispensed. Often they can be substituted for brand name drugs at considerable cost savings.
SHOULD YOU BUY CANCER INSURANCE?

Prepared by Lindell C. Northup, Program Assistant. This is part of a Research and Training project of the Cuyahoga County Cooperative Extension Service. The Ohio State University, 6-86.

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Insurance is one type of 'dread disease' insurance. It provides benefits only if the disease is related to cancer. Policies vary widely in cost. Before you buy such a policy, ask yourself these questions:

First, ask if you need such coverage. Typically, comprehensive Medicare coverage will cover all costs related to cancer. If you are not covered by Medicare, you might consider buying a major medical policy which will cover all costs of care except what Medicare will cover.

Second, since insurance is designed to provide a measure of protection from risk, ask yourself how likely you are to contract the disease. While one of four Americans will get cancer over their lifetime, one-quarter of all cancers are skin cancer, the least expensive and most easily cured form. Regardless of this fact, the odds are 3 out of 4 that you will never receive any benefits from such a policy. Studies have shown that most cancer policies pay back less than 50 cents in benefits for each dollar paid in premiums.

Third, ask what the benefits would be, what the policy will not cover, and what the limitations are. Some policies pay only for hospital care. The average stay in a hospital for a cancer patient is only about 15 days. Today more and more types of treatment, such as chemotherapy and radiation therapy, are being done on an outpatient basis. Many cancer policies do not cover expensive follow-up treatments such as drugs, home nursing, physical therapy, or nursing home care. In fact, cancer policies cover only an average of 30-40% of the costs associated with treatment of cancer. Nor will your policy cover cancer-related illness that you applied for the policy, or deny coverage if you have had cancer at the time you applied for the policy. Most experts think cancer insurance is not a good buy. They believe it is better spent on protection from other illnesses of all kinds, or against the possibility of losing income from a disabling illness. Consider cancer insurance, or the best coverages and alternative options available. If you can find a policy which will cover costs of care for the best coverages and other options available, even if you did not know it.
HEALTH INSURANCE COVERAGE FOR PREGNANCY AND CHILDBIRTH

Prepared by Linda Northup, Program Assistant, as part of a Research and Training project of the Cuyahoga County Cooperative Extension Service.

The Ohio State University, 6/86.

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nancy Discrimination Act of 1978, employers of fifteen or more employees who offer a fringe benefit plan for all employees must provide the same coverage for pregnancy benefits as for illnesses and accidents. An employer who is with all other medical conditions must provide the same coverage for pregnancy benefits as for illnesses and accidents. All companies, however, have certain exceptions to these rules. If a woman is not covered under her husband's policy, it's important to determine coverage limitations for her pregnancy.

As with all policies or plans, find out ahead what will be covered, for how long, and how much will be paid. While most group policies provide full maternity benefits, others pay lump sums only for certain procedures, and often the actual charges are much higher.

Find out from your insurer whether your policy covers payments for births attended by a certified nurse-midwife or in an alternative birth setting if you plan to utilize these services. Some plans are providing financial incentives for new mothers who take early hospital discharge, usually in the form of a cash bonus and some nursing care.

If you or your spouse is pregnant and are thinking of changing jobs, be sure you check out the medical coverage you will be acquiring under the new company's plan to be sure that your coverage will be continuous. In some cases you may need to consider converting to an individual policy to be assured of this protection. However, in the case of employers who are "self-funded" for the cost of their employees' health care services, there may not be an insurance policy to which you can convert.

In order for an unmarried dependent to be covered for costs related to pregnancy and childbirth, the family must have both dependent child and maternity coverage. Coverage would not include the expenses related to a child's nursery charges.

An important point to check is your policy's provision regarding pre-existing conditions. In the past, many policies contained clauses that excluded costs for illnesses incurred up to a certain period of time (for example, the first 30 days of pregnancy) or for pre-existing conditions. New laws have passed that require new health insurance policies to cover infants from the time of birth, but old policies, even those that are guaranteed renewable, are not required to conform to these new standards.

Check your policy to find out if your baby will be covered from the time of birth, you can consider relatively inexpensive limited care policies for a short period of time until your child qualifies for regular dependent coverage. On an individual basis, however, you would have to medically qualify for dependent coverage. Another option to consider is enrolling in a Health Maintenance Organization (HMO) or Provider Organization (PPO) that covers pregnancy. However, the option is to "self-insure" and pay a certain amount of money directly to cover many medical expenses incurred until the newborn is covered under the family's plan.
decide on a policy, never
eum in cash or make a check
dividual agent. Complete the
completely and honestly. Do
medical information. Since
it is critical that the original
include essential facts of your
y or future claims may not be
sign an application without
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y to be certain that is
has not been altered in any
find a mistake, notify the
writing.

or, if you have any questions
or plan, it is important that
owered by a knowledgeable
ere you sign up.
e's health care needs are sometime. But there are some guidelines that apply to each one of us when we consider health insurance. Keep in mind that buying health care coverage is a major purchase. It's important to be a comparison shopper, and today's consumers have more options than ever. When purchasing insurance policies, keep the important points in mind.

- Ensure that the company you are considering is reliable. Check with the Department of Insurance by calling 1-800-282-4658 to be sure the company is licensed to do business in your state. Look for companies that are listed in the annual Best's Insurance Reports at your local library. Look for companies that keep a high portion of the monies paid into their trust accounts in the form of benefits.

- Are you sure you understand the policy's coverage? It's covered and to what extent, and perhaps more importantly, what is not covered. Know who in your family will be covered and at what age coverage for covered medical costs. With today's health care costs so high, look for a policy with at least a $250,000 maximum.

- Exclusions are provisions which limit coverage. This is a very important area for you to check out because it is generally the one upon which claims are denied. Exclusions include waiting periods during which time your policy will not cover a given problem. A waiting period of 11 or 12 months is not uncommon with maternity benefits.

- Pre-existing conditions refer to any illness you may have had before the policy was issued. Some policies will not pay for expenses related to pre-existing conditions at all; some specify a waiting period. Shop for a policy with the shortest period of time during which you are paying benefits for such

- Be sure to check out the policy for riders and attached External Attachments that take policy language and descriptions in the policy itself and agree to these attachments. Exercising your right to read insurance reports is usually within 10 days, with the financial responsibility on you. Remember to study this in writing so that you understand the cancellation and a request for a refund of any premium you paid in advance.

- Look for a policy that is renewable and guaranteed renewable. Check to see if the company cannot cancel your policy if you have late premiums. Also, look for a policy that has a specified age.

- Find out how the benefits are covered. Service benefits which pay for services provided by experts over indemnity type coverage which pay a specified amount. An indemnity type policy may receive your medical costs, and can apply to every family medical costs. Look for a policy that ensures a maximum deductible for a whole.

The co-insurance provision specifies how you and the insurance company will share the payment of covered services. Look for policies with a co-insurance clause of 20% or less. A stop-loss provision is the maximum out-of-pocket expenses you would be forced to pay after which the insurance pays 100% of covered services. Look for a policy with a stop-loss amount you can reasonably afford.

The maximum level of lifetime benefits is the amount the company will reimburse you for covered medical costs. With today's health care costs so high, look for a policy with at least a $250,000 maximum.

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