HEALTH INSURANCE:

CHOICES

PLANS

DECISIONS

HERE ARE MANY CHOICES IN PRIVATE HEALTH INSURANCE.

Most people receive group health insurance coverage through their employers. Some people buy individual plans. Often an employer will offer two or more plans. What are the important features of each kind of plan? How can you choose the best coverage for you and your family?

This brochure outlines the differences between the three major types of coverage: traditional insurance, PPO, and HMO. It is not a substitute for information you will receive from insurers and/or your employer. You should read all plan descriptions carefully before you choose.

After you read this brochure, you will know the general differences between the plan types. But there are also variations within each type of coverage. Not all PPOs are the same. HMOs differ, too. And there are wide variations in traditional insurance. Compare plans carefully.

The California Medical Association hopes that this brochure will give you a better understanding of the different plans and what each one provides. Our goal is to provide you with information so that you can make a decision that is in your best interest.

TRADITIONAL INSURANCE

Traditional Health Insurance Allows You to choose whichever doctor you want to, and to make your own decisions about what specialists you may want to see. As long as the service is covered, you do not have to get a physician's approval to see a specialist. Traditional health insurance does require that you pay a certain amount before the plan covers a percentage of your health care bills, and after you have paid that amount, traditional health insurance will pay most of your bill. After you have paid a higher amount, the plan pays 100% of your covered health care costs.

Traditional health insurance requires claim filing and paperwork which may be completed by you or your doctor. It is also generally more expensive than an HMO or PPO. And, unless it is an emergency, you may have to get the plan's approval before you can check into a hospital.

PPO (PREFERRED PROVIDER ORGANIZATION)

PPOS Are Usually More Flexible Than HMOs and usually more restrictive than traditional health insurance plans. They allow you to choose from a larger list of doctors; you can even use doctors that they do not contract with, but you will pay a higher percentage of your bill. There are usually deductibles in PPOs, which means that you must pay for all your health care until you have reached a certain amount of money ---say, $500--- before the plan pays for most of each visit. Still, PPOs usually require copayments even after you have paid that amount, and you will still have to pay perhaps 10 to 30 percent of each bill.

While PPOs generally cover more preventive visits, such as checkups, unless it is an emergency you still have to get approval from the PPO before you can enter a hospital. While most PPO-approved doctors will file your claims for you, you would have to do your own paperwork if you used a doctor who was not connected to the plan.

HMO (HEALTH MAINTENANCE ORGANIZATION)

There Are Several Different Types Of HMOs, but they share certain similarities. Many HMOs cover routine health care services that may not be covered by other health plans. Many other health care plans also include coverage for preventive services. HMOs may require a small payment from you when you receive services or fill a prescription. Most HMOs require little or no insurance paperwork.

Many HMOs have restrictions. The plan usually pays only for services you receive from doctors and other health care providers offered by the HMO. You may have to choose a "Primary Care" doctor, who will coordinate your care. You may need approval from the plan before seeing a specialist. Unless it is an emergency, you may, in some plans, have to get approval from the HMO before you enter the hospital. Because all HMOs are different, you should read the plan descriptions very carefully.

IMPORTANT INSURANCE TERMS

CLAIM: How your doctor, or you, tell your insurer to pay for a medical bill.

COPAYMENT: An amount paid by you when you visit your doctor or fill a prescription.

DEDUCTIBLE: An annual amount paid by the patient before the plan pays for any services. Common amounts are $250 individual / $500 family, or $5OO individual / $1,000 family.

OUT-OF-POCKET PAYMENTS: The combination of deductibles, copayments and any other costs you pay. Most plans place an annual limit on such payments, and pay 100% of costs after your payments reach that amount.

PRE-AUTHORIZATION: When you and/or your physician have to get the plan's approval before you can have certain services. Failure to get the plan's approval may mean you will have to pay for the service.

PREMIUM: An amount paid (usually monthly) for health insurance.

CHECKLIST OF HEALTH PLAN BENEFITS AND FEATURES

THE FOLLOWING LIST INCLUDES SOME OF THE features that you may find in health care plans. You may use this list to compare plans, or to make a summary of your current plan. It is not intended to include all possible benefits or services.

Remember that most plans only cover things they consider "medically necessary". You may also have to get approval from your health plan before you can have certain services, such as surgery or hospitalization. And plans may limit the total amount they will spend on individual treatments, or on the number of certain treatments they allow.

ALWAYS READ THE CONTRACT, plan description, and other materials the health care plan provides.

SERVICE: PLAN A PLAN B PLAN C

ACUPUNCTURE

AMBULANCE

CARE IN A SKILLED NURSING FACIL.

CHEMOTHERAPY

DIABETES SELF-MANAGEMENT

DIAGNOSTIC EXAMS

DIAGNOSTIC LABORATORY TESTS

DIAGNOSTIC X-RAYS

DURABLE MEDICAL EQUIPMENT

EYE EXAMINATIONS

EYE GLASSES

HOME HEALTH CARE

HOME INFUSION THERAPY

HOSPICE CARE

HOSPITAL SERVICES

IMMUNIZATIONS

INFERTILITY TREATMENT

MAMMOGRAMS

ORGAN TRANSPLANTATION

PAP TESTS

PERIODIC PHYSICAL EXAMINATIONS

PHYSICAL THERAPY

PHYSICIAN SERVICES

PLASTIC RECONSTRUCTIVE SURGERY

PRENATAL AND MATERNITY CARE

PRESCRIPTION DRUGS

RADIATION THERAPY

SPEECH THERAPY

STERILIZATION

INPATIENT TREATMENT FOR
ALCOHOL AND DRUG ABUSE

OUTPATIENT TREATMENT FOR
ALCOHOL AND DRUG ABUSE

INPATIENT TREATMENT FOR
NERVOUS AND MENTAL DISORDERS

OUTPATIENT TREATMENT FOR
NERVOUS AND MENTAL DISORDERS

WELL-BABY CARE

FEATURES OF HEALTH CARE PLANS TO CONSIDER

Will you have to make copayments -- pay a certain amount for each visit or prescription?

Will you have to meet a deductible -- pay a certain amount of your own money before the plan will begin to cover you?

Will you be able to keep your current physician, pharmacist, or other health care worker?

Do you have to live or work in a certain area? If you travel extensively, will the health plan provide coverage?

Are there restrictions on your choice of specialists --- can you decide you need to see a specialist in, say, eye disorders, or does your doctor have to approve it first?

Does the plan exclude coverage for pre-existing illnesses or specific conditions/diseases?

Is preauthorization required for any service in order to receive full payment for that service?

ISSUES TO CONSIDER

Your Employer May Contract With One Company to provide all three kinds of coverage: HMO, PPO, and traditional. Even though only one company is involved, you may still have to choose a plan.

If your employment ends and you are not covered by another group plan, you can continue coverage under your employer's plan for at least 18 months if you pay the premium, plus a small administrative fee. You may also convert to an individual plan. Ask your employer about your rights under COBRA (the law requires this option).

Plans often have pre-existing condition exclusions (which means that you won't be covered for any sickness or injury you had before you went on the plan), or waiting periods (which means that you have to wait a certain amount of time before your coverage kicks in). Review these details carefully to find out if they affect you.

Physicians are paid in different ways by different plans. Some plans pay a flat amount each month for each patient. Some pay the physician's full charges. Some pay a percentage of the physician's charge.

If you are not sure which plan to choose, ask friends, co-workers, the health benefits manager at your workplace, and health professionals for information about the plans offered.

Finally, discuss your questions and concerns about your health care coverage with your physician. Your doctor may be able to provide you with valuable insights about the different kinds of coverage available.