

## **Commissioner's Corner: Health Insurance: Picking the Right Coverage to Protect Your Family's Future**

*"If you do not have medical insurance to help pay bills, a serious injury or illness can be financially devastating to you and your family. Even if you do have health insurance, too little or the wrong kind of coverage might still mean your family could suffer under the weight of medical bills."*



– **Kim Holland**, Oklahoma Insurance Commissioner

### **What Types of Health Insurance Are Available?**

#### *Major Medical Plans*

This type of policy is usually effective in covering serious illness or injury where costs are high. Hospital care, drugs and doctors' visits are generally covered. These benefits can be delivered in several different ways:

- **Indemnity plans** – These plans usually provide the most flexibility in choosing where to receive care and typically have a deductible; i.e., the amount you pay before the insurance company begins paying benefits.
- **Preferred Provider Organization (PPO) plans** – In these major medical plans, the insurance company enters into contracts with selected hospitals and doctors to furnish services at a discounted rate. As a member of a PPO, you may be able to seek care from a doctor or hospital that is not a preferred provider, but you will probably have to pay a higher deductible, co-insurance, or co-payment.
- **Health Maintenance Organization (HMO) plans** – These major medical plans usually require you to choose a primary care physician (PCP) from a list of network providers. If you need care from any network provider other than your PCP, you might have to get a referral from your PCP to see that provider. You must receive care from a network provider in order to have your claim paid through the HMO. Treatment received outside the network is usually not covered, or covered at a significantly reduced level.
- **Point of Service (POS) plans** – These major medical plans are a hybrid of the PPO and HMO models. They are more flexible than HMOs, but require you to

select a primary care physician (PCP). Like a PPO, you can go to an out-of-network provider and pay more of the cost.

### *Limited Benefit Plans*

These types of policies provide limited coverage for a particular health care setting, ailment or disease. Here are some of the options that might be available to you:

- **Basic Hospital Expense Coverage** – Covers a period of usually not less than 31 days of continuous in-hospital care and certain hospital outpatient services.
- **Basic Medical-Surgical Expense Coverage** – Covers costs associated with a necessary surgery, including a certain number of days (usually not less than 21 days) of in-hospital care.
- **Hospital Confinement Indemnity Coverage** – Covers a fixed amount (usually not less than \$40) for each day that you are in a hospital. The benefits paid are not based on your actual expenses.
- **Accident Only Coverage** – Covers death, dismemberment, or hospital and medical care caused by an accident. Specified accident coverage that covers only certain accidents may also be purchased.
- **Specified Disease Coverage** – Covers diagnosis and treatment of a specifically named disease or diseases; such as cancer or heart attacks.
- **Other Limited Coverage** – You may purchase insurance covering only dental or vision or other specified care.

### *Discount Plans and Risk-Sharing Plans*

**Discount plans and risk-sharing plans are not insurance plans!** Before signing, be sure to understand how the program works, and what benefits it offers you or your family.

- **Discount Plans** – You might receive advertisements from plans offering discounts on health care for a monthly fee. These are not health insurance plans and participants do not have the same protections as under licensed health insurance plans. Insurance commissioners strongly recommend that you thoroughly investigate any plan promising deep discounts for a “low” monthly fee and weigh the benefits against the cost carefully.
- **Non-Licensed Risk-Sharing Plans** – You may receive offers to join a group or association that will take your monthly payments, put them in a savings account (or trust) with other participants’ money, and then help pay some of your health care costs, as needed. Such arrangements are not insurance and the participants do not have the protections available to purchasers of licensed insurance plans. I strongly recommend that you thoroughly investigate such plans before joining.

### *Oklahoma Consumer Protections*

Oklahoma provides a variety of important protections through state law. These might include:

- The appeal of coverage decisions within the insurance company;
- The appeal of coverage decisions to an impartial external reviewer;
- Prompt payment of claims;
- Access to certain specialists and health care providers pursuant to policy language;

- Coverage of specific treatments and services pursuant to policy language.
- If you have questions about protections in Oklahoma, contact Oklahoma Insurance Department at [www.insurance.state.ok.us](http://www.insurance.state.ok.us).

#### *Other Important Consumer Protections*

- **COBRA Continuation Coverage** – If you purchase insurance coverage through your employer and your employer has 20 or more employees, when you leave your job, you are entitled to continuation coverage by the federal Consolidated Omnibus Budget Reconciliation Act (COBRA). Oklahoma requires continuation coverage to be provided for a period of thirty days by all insurance carriers writing in the employer group market. The thirty day continuation is for all employees and their covered dependents that have lost coverage. The continuation can last up to six months for disabled individuals, those in a plan of surgical treatment and persons pregnant. You can find out more about COBRA continuation of group health benefits from the federal Department of Labor, Office of Employee Benefits Security Administration Web site, [www.dol.gov/ebsa/](http://www.dol.gov/ebsa/).
- **HIPAA** - The Health Insurance Portability and Accountability Act of 1996 limits insurers' power to deny or delay claims, reduces your chances of losing existing coverage, makes it easier and less risky to switch health plans, and prohibits insurance discrimination based on health problems. You can find out more about HIPAA from the Centers for Medicare & Medicaid Services Web site, [www.cms.hhs.gov/](http://www.cms.hhs.gov/).

#### *Some Final Tips on Buying Health Insurance*

- Make sure you feel confident in the insurance agent and company. It is a good idea to contact the Oklahoma Insurance Department and make sure the agent and company you are dealing with are licensed.
- Learn what kinds of policies will provide what you need and pick the one best for you. Don't hesitate to shop around and ask a lot of questions.
- Do not sign an application until you review it carefully to be sure the answers are complete and accurate. Make sure that the word "insurance" is actually used and that there is no disclaimer stating that, "This product is not insurance, nor is it intended to replace insurance."
- For more information about health insurance options, and tips for choosing the coverage that is right for you and your family, go to [www.insureUonline.com](http://www.insureUonline.com).
- Please contact the Oklahoma Insurance Department at (800) 522-0071 with additional questions.