



# How Health Insurance Policies Work

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# What's in a Health Insurance Policy?


## The 10 Essential health Benefits (EHBs)

1. Hospitalization
2. Prescription Drugs
3. Emergency Services
4. Laboratory Services
5. Ambulatory Patient Services
6. **Maternity & Newborn Care**
7. **Pediatric Dental & Vision Care**
8. Rehab and Facilitative Services & Devices
9. Preventative, Wellness & Chronic Disease Management
10. Mental Health, Substance Abuse and Behavior Health Treatment



# Other Mandates

1. No Annual or Lifetime Dollar Limits on EHBs
2. Adult Children May Remain on Parent's Policy until age 26
3. Plans Obtained before March 23<sup>rd</sup>, 2010 may be "Grandfathered Plans"



# Insurance Goes through Network Providers. So What are Networks?

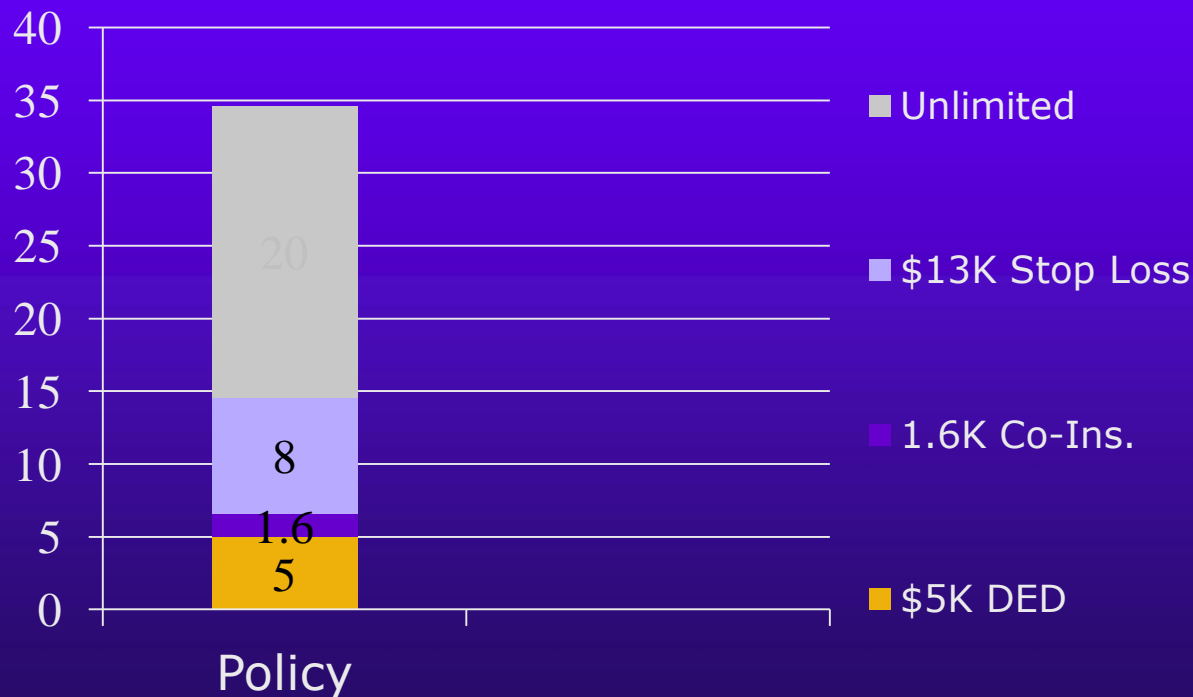
Provider Networks are managed care organizations designed to give the insured pre-negotiated discount rates from Medical Doctors, Hospitals and Health care providers

The Four Basic Networks are:

- 1.) Preferred Provider Organizations – PPO
- 2.) Exclusive Provider Organizations – EPO
- 3.) Health Maintenance Organizations – HMO
- 4.) Point of Service – POS

# How Should I Envision My Policy?

Here is a Policy with a \$5K Deductible & \$6600 "Out of Pocket" Max (OOP). The Co-Insurance is 20% after Deductible. No Co-payments for Doctors or Drugs.



# What Reports to Your Deductible?

❑ Doctor's Office Visits-



❑ Diagnostic Care -



❑ Drugs -



Everything!



## Once I Meet My \$5K Deductible, Then What?

Your Co-Insurance Kicks In; You Pay 20%. Therefore;

- Drugs are 80% Off
- Diagnostic Care is 80% Off
- Doctor's Office Visits are 80% Off
- Hospital Stays are 80% Off

You will pay 20% until you have paid \$1600 of your next \$8000 of claim cost. At \$1600, you have completed your OOP!

$\$5000 \text{ DED} + \$1600 \text{ Co-In} = \mathbf{\$6600 \text{ OOP !}}$



# Are There Exceptions to This Rule?

Yes! If you have a plan with co-payments. (The original example did not have co-payments)

- ✓ Co-payments for Drugs (The price will remain the same for co-payments until OOP is met)
  - ✓ Co-payments for Doctor's Office Visits (The price will remain the same for co-payments until OOP is met)
- i.e. Your policy has a \$30 co-payment for doctor's visits and \$5 co-payment for generic drugs. You will not pay 20% on these with your co-insurance. These procedures/items will remain the same until your OOP is met.





# The Bottom Line

Always use a broker to help with your insurance needs. The cost of a policy will always be the same, with or without a broker. Therefore, make sure you are not paying too much for insurance. Also, this will reduce your chances of being over or under insured.