

Know Your Options

Long and Short-Term Coverage

by Brenda McGowen

Health Insurance: “insurance against loss through illness of the insured; especially: insurance providing compensation for medical expenses” as per Merriam-Webster’s Medical Dictionary, ©2002 Merriam-Webster, Inc.



Individual health insurance

Over the past year, health insurance has been at the center of considerable controversy and debate, monopolizing the attention of the media and the American public. Although a large majority of the working class is currently covered under some form of employer-sponsored group medical plan, a percentage of the population does not have access to a group medical plan. Individual health insurance is readily available in such instances and is offered by several major insurers.

Getting from point A to point B

Individual health plans can be either short-term in nature or can provide coverage for a longer period of time, possibly up until Medicare eligibility.

Short-term medical plans are intentionally designed to serve as temporary solutions. They are ideal for students who have just graduated and are looking for employment, or for those who are waiting to be eligible for a group plan with a new employer. They are also convenient for people who are in-between jobs and do not have the option to apply for COBRA (a government program which gives workers and their families the opportunity to extend coverage under a group health plan for a limited period of time).

Short-term medical plans can be written for a time period between 1 and 12 months. No medical underwriting is performed because coverage is not offered for pre-existing conditions. The benefits are administered on a deductible and coinsurance basis for all medical treatment sought, including general office visits and prescription drug coverage.

When you need extended coverage

Traditional individual health plans are long-term in nature and can remain in effect for as long as the insured continues to pay the premiums, up to Medicare eligibility. Those who may be interested in individual plans could include early retirees, self-employed persons and individuals unable to participate in a group coverage plan.

Individual plans are offered either as traditional indemnity coverage or on a managed-care basis. Furthermore, consumer-driven plans, such as qualified high-deductible health plans, coupled with health savings accounts have become increasingly popular over the past several years.

Traditional indemnity plans allow members to seek treatment with any healthcare provider. Payment for service is made directly to the member based on a flat-fee schedule of benefits.

It is the member's responsibility to pay the difference between the medical provider's charge and the flat-fee reimbursement.

Managed-care options provide lists of medical providers who agree to administer services based upon the usual and customary charges of all providers in their region. Because the providers agree to a pre-determined schedule set with the insurance company, the member cannot be billed the difference between the billed amount and the schedule. As outlined in the member's health plan, the member is responsible for paying the co-pay(s), deductible and coinsurance. There are multiple managed-care options, including HMO (Health Maintenance Organization) plans, PPO (Preferred Provider Organization) plans and POS (Point of Service) plans.

Medical underwriting is a prerequisite for all traditional individual health plans and coverage is not guaranteed. Carriers can issue a policy as quoted, decline to write a policy or issue a policy subject to specific riders on certain medical conditions. A rider is an exclusion of coverage for a condition or list of conditions and can also exclude coverage for a family member.

Traditional individual health plans commonly have a waiting period of 12 months for any conditions for which the applicant was treated in the 12 months prior to initiating the plan. Some carriers will allow credit toward the waiting period with proof of prior coverage. Healthcare reform will eventually eliminate such pre-existing condition limitations.

The basics of individual plans

In general, individual plans are designed with predetermined standard benefit options. The main variable provision that applicants may select is the level of deductible. Maternity, mental health and substance abuse coverage may be optional elections on certain plans with select carriers, but are not available on all plans.

Selecting individual health insurance is an important decision. Whether you are choosing an individual health plan based on affordability, portability or customization, partnering with a reliable and stable insurance carrier is critical. It is also beneficial to speak with a qualified representative about key points to consider when evaluating individual health coverage. SilverStone Group can provide expert counsel and assistance during the application process for an individual health plan.