

Methods of Payment for Healthcare

Foundation Standard 3

Objective: Discuss common methods of payment for healthcare

Berryhill & Cashion

HS1/Unit 3 Healthcare Systems, Legal & Ethical Practices

2017-2018

Health Insurance Plans

- Health insurance plans help pay for the costs of health care.
- Reimbursement regardless of who provides care.
- 15% of gross national product (money spent on goods and services in USA) is on health care.



What can happen to individuals and families if they do not have health insurance?

Health Insurance Plans

- Plans are offered by thousands of different insurance agencies.
- For example, Blue Cross Blue Shield 
- Many people have insurance coverage through their place of employment (called employer-sponsored health insurance or group insurance)
- The insurance premiums are usually paid by the employer (most of the premium) and the employee pays a percentage of the premium
- Private policies are available for individuals to purchase

Health Insurance Plans

- Insurance terms:
 - Premium – the cost you pay each month for the insurance policy.
 - Deductible – the amount the patient pays for a medical service before the insurance company pays
 - Co-insurance – percent of expense shared by the patient
 - Co-payment – specific amount a patient pays for a particular service

Managed Care (HMO and PPO)

- Network of providers (doctors, therapists, hospitals, etc.) provide care at the most reasonable cost.
- **HMOs** (Health Maintenance Organization) and **PPOs** (Preferred Provider Organization) are the main providers of managed care.

HMO

- A monthly fee or premium is paid and the fee stays the same regardless of the amount of healthcare services
- Premium paid by employer and the individual
- Care provided directed toward preventative-type health care
- Disadvantage-individual is required to use only HMO affiliated health care providers (doctors, labs, hospital)

PPO

- Usually provided by large industries or companies
- PPO form a contract with certain health care agencies to provide certain types of health care at reduced rates
- Usually require a deductible and a co-payment

Government - Medicare

- Provides health care for:
 - Individuals over the age of 65
 - Person with disability for two or more years
- Three types of coverage:
 - Type A – hospital insurance
 - Type B – medical insurance
 - Type D – pharmaceutical expenses
- Individuals pay a premium and deductible for Type B coverage
- Medicare only pays 80% of services

Government - Medicaid

- Usually pays healthcare for:
 - Individuals with low incomes
 - Children who qualify for public assistance
 - Individuals who are physically disabled or blind

Worker's Compensation

- Health insurance plan for workers injured on the job
- Plan reimburses for wages lost because of on-the-job injury.

Do you know?

- Nancy takes her daughter to see the doctor for a sore throat. Before seeing the doctor, the receptionists asks Nancy for her co-pay of \$25. What is a co-pay?
 - A) The amount you pay each month for the insurance policy
 - B) Specific amount a patients pays for a particular service
 - C) The amount the patient pays for medical services before the insurance company pays
 - D) Percent of expense shared by the patient

And the answer is...B

Do you know?

- Bob has to pay \$200 every month for his health insurance _____.
- A) co-payment
- B) Co-insurance
- C) Premium
- D) Deductible

And the answer is...C