

## Procedure/Lecture Outline

- 1) Guide students through the Power Point presentation (link)
  - a. Introduce the lesson by showing the students 10 things they should know about health insurance
    - i. Insurance costs a lot but having none costs more
    - ii. If your employer offers insurance, grab it
    - iii. Comparing plans is tough but necessary
    - iv. The lowest premium isn't always the cheapest plan
    - v. Even good coverage can have big loopholes
    - vi. You'll pay more for freedom
    - vii. You can check out networks before signing up
    - viii. You can keep your insurance if you lose your job
    - ix. Working couples have more to think about
    - x. Tax breaks can help
  - b. At some point in your life you will probably need expensive medical care
    - i. Health Insurance, like other kinds of insurance, protects you against significant financial loss
    - ii. It ensures you can afford medical help when you need it
    - iii. Health Insurance can help keep you healthy by detecting and treating dangerous medical conditions before they become serious
  - c. It is important that you understand health insurance in order to protect yourself and your family
    - i. Not long ago, individuals paid for medical expenses out of their pocket directly to the provider
    - ii. As the costs of healthcare continued to rise it was apparent that the public needed a way to help pay for the services
  - d. Law of Large Numbers
    - i. Health insurance companies, as with other types of insurance companies, protect themselves against financial loss by spreading the risk of costly claims among many customers over many years
  - e. Pre-existing Conditions
    - i. The more likely that people need health insurance, the more likely they are to seek it
    - ii. An insurer may refuse to cover treatment if the condition existed prior to enrolling in a health insurance plan
  - f. Two Basic Plans: Group Plans and Individual Plans
    - i. Group Plans
      1. A group buys insurance for everyone in the group
      2. Most Americans fall into some type of group plan
      3. Employer, professional, religious, or other organizations can purchase group plans for their members
      4. In most cases, group insurance is provided by an employer as a benefit to its employees
      5. Advantages:
        - a. Generally less expensive
        - b. Everyone who belongs to the group can enroll even if pre-existing conditions exist
      6. Disadvantages:
        - a. Options are limited depending on what the plan sponsor chooses
        - b. The plan sponsor can discontinue the insurance at any time as long as everyone in the plan is dropped

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### ii. Individual Plans

1. People who are self-employed, or whose company does not offer health insurance as a benefit, can buy health insurance directly from an insurance company
2. Advantages:
  - a. You can have the policy written for your needs
  - b. Discounts can be offered for healthier people
3. Disadvantages:
  - a. Usually more expensive
  - b. If a pre-existing condition exists, it will be very expensive to cover

### g. Matching a Health Plan to your Needs

#### i. Group Plans

1. Does your employer or group offer a plan?
2. Do you have a choice of plans?
3. How much can you tailor each plan?
4. Evaluate your medical needs
5. List the people in your household and what their medical needs are
6. Are there any chronic conditions that would affect coverage?

#### ii. Types of Health Plans

##### 1. Common coverage types:

Hospitalization	Rehabilitation facility care
Hospital outpatient services	Physical therapy
Physician hospital visits	Speech therapy
Office visits	Home health care
Skilled nursing services	Hospice care
Diagnostic tests	Maternity care
Prescription drugs	Chiropractic care
Mental health care	Preventive care and checkups
Drug and alcohol abuse treatment	Well baby care
Contraceptives	Dental care
Fertility treatments	Vision care

#### iii. Individual Plans

1. You can customize your plan to match your personal needs
2. Your state department of insurance will have a list of insurers in your area
3. Get at least three quotes for each type of plan
4. You will have to provide evidence of insurability
5. Underwriting Factors:
  - a. Age
  - b. Health
  - c. Occupation
  - d. Habits
  - e. Lifestyle
6. The higher the risk factors that an insurer has the higher the premium will be

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### iv. The Bottom Line

1. Young people who are relatively healthy often do not see the need for health insurance
2. Unless an illness is life-threatening, a health-care provider can refuse to treat you
3. If a young person had a catastrophic illness or accident the medical bills could easily top \$50,000
4. No matter what your economic or health status is you can usually find a plan that will at least cover some of your needs including a catastrophic accident or illness

### h. Healthcare problems in the United States

- i. The United States provides the highest quality health care in the world
- ii. Despite breakthroughs in medicine, the healthcare system continues to be a source of great frustration
  1. Rising healthcare costs
  2. Large number of uninsured people
  3. Uneven quality of medical care
  4. Considerable waste and inefficiency

### iii. Rising Healthcare Costs

1. Factors accounting for the increase
  - a. Rising hospital costs
    - i. Due to expensive technology, high labor costs due to shortage of nurses and consolidation of hospitals
  - b. Rising prescription drug costs
  - c. New technology
  - d. Physician cost trends
    - i. Due to increased use of specialists
  - e. Cost shifting by Medicare and Medicaid
    - i. Private patients have to pay more to cover costs of other patients that these programs do not cover
  - f. State mandated benefits
    - i. States mandate that insurers must provide certain benefit
  - g. Higher administrative costs
    - i. Includes customer service, information technology, and medical management costs
  - h. Uninsured patients, healthcare fraud and abuse of the system

### iv. Large Number of Uninsured Persons

1. An estimated 15 percent of the population does not have health insurance

### v. Uneven Quality of Medical Care

1. Medical care varies widely depending on the physician, geographic location, and the type of disease being treated

### vi. Waste and Inefficiency

1. The administrative costs of delivering health insurance benefits are excessively high
  - a. Large amounts of paperwork
  - b. Claims forms are not uniform
  - c. Defensive medicine by physicians results in unnecessary tests and procedures