



NC Family to Family Health Information Center

"A beacon for families of children with special health care needs."

NC Family to Family Health Information Center
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Fact Sheet

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Private Health Insurance

Comprehensive/Traditional Indemnity Insurance

Comprehensive major medical insurance is offered through both traditional indemnity plans (**fee-for-service**) and managed care plans. Comprehensive plans are designed to insure your overall general health issues as opposed to a supplemental insurance plan which may only cover certain conditions such as cancer, accidents, hospitalization etc.

Traditional indemnity plans reimburse covered medical expenses such as doctor visits, surgery, x-rays, lab work and prescriptions at the "**usual customary reasonable**" amount (**UCR**). This amount is predetermined and if a claim is filed with fees that are higher than that set amount then it will probably not be covered. There are other limitations such as **deductibles** which are "out of pocket" and **co-insurance** provisions. Some services or conditions may require **pre-admission certification**, especially hospitalizations. Not all services will be covered or there may be a set limit on how much will be covered. These traditional plans are also called indemnity or fee-for-service and they allow insureds to seek medical treatment from the physicians and hospitals of their choice.

Managed Health Care

Managed health care plans are designed to provide appropriate medical care in the most cost-effective manner. These health plans manage both the cost and quality of the health care for their members. Many managed care plans cover well visits, and preventative medicine, such as routine physicals and screenings.

There are many types of managed care plans, such as: Health Maintenance Organization (HMO), Point of Service Product (POS), and Preferred Provider Organizations (PPO). These plans manage health care costs by contracting with specific physician groups for discount rates, provide benefits based on the use of those contracted providers and by reviewing medical treatments and services to determine if medically appropriate (known as "**Utilization Review**"). In most cases the primary care physician is the "**gatekeeper**" for specialists. The member would have to have the approval of the primary physician before going to see a specialist or it would not be a covered benefit and the plan would not pay for those services.

NOTE: No health plan may require the use of network providers in the event of an emergency!



The Family to Family Health Information Center is a Program of The Exceptional Children's Assistance Center (ECAC) and is affiliated with Family Voices of North Carolina. This fact sheet was developed with funding from the U.S. Department of Health and Human Services, Health Resources and Services Administration, Maternal and Child Health Bureau, Division of Services for Children with Special Health Needs. The NC Family to Family Health Information Center operates under the auspices of grant # H84MC08000.

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HMO

Health Maintenance Organizations (HMOs) have exclusive provider networks. The **primary care physician (PCP)** is the “**gatekeeper**” of services. Visits to a specialist require authorization from the PCP.

POS

Point of Service (POS) plans allow members to see providers outside their network but there may be a reduced rate of reimbursement. More benefits are paid if you use a provider that is in the network. The primary care physician (PCP) still approves in-network services acting as a gatekeeper. There is, however, no **referral** necessary for out of network services.

PPO

Preferred Provider Organizations (PPOs) manage cost by contracting with a network of providers willing to accept a lower reimbursement rate. Often, these providers must also meet utilization review requirements. The members can choose to see an out of network physician but it will cost them more.

Individual/Group Plans

Health care coverage is available as an individual insurance policy or **group insurance** policy. The policy holder of an individual plan is the insured individual. One example of an individual policy would be for someone that is self-employed. Group policyholders are employers, associations, trustees, etc. However, the self-employed can obtain coverage through professional organizations which may then be a group policy.

There are also small and large employer groups under group health plans. Small groups are employers with one to fifty employees, including the self-employed. Large groups, in North Carolina, are for those employers with more than fifty eligible employees.

Large groups can be fully **underwritten**, which means that the insurers can ask for health information on employees and, based on the insurer's underwriting guidelines, they can choose whether to offer or decline coverage. Individual participants cannot be singled out so the whole group must be covered or declined. Once coverage is issued, large groups have guaranteed renewal rights and their group premium rates are based on past claims experience.

Supplemental Insurance Plans

There are **supplemental health insurance** plans available that are not meant to be a substitute for comprehensive medical insurance. These supplemental plans would cover very specific conditions such as dental care, cancer, hospitalization, specific accidents, and there are also Medicare supplements available. Long Term Care policies usually provide benefits for nursing home care and personal care. These policies may cover other types of care such as home health or adult day care.



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IMPORTANT!!!

It is important to note that in the state of North Carolina you may continue to maintain health insurance coverage for your child with special health care needs even after they reach the attainable age at which dependent child coverage usually terminates, in most cases, age nineteen. Your child's student status is not a consideration. In order to qualify for this continual insurance coverage the child must be incapable of sustaining employment by reason of mental retardation or physical handicap and be chiefly dependent on the policyholder (or subscriber) for support and maintenance. Proof of incapacity and dependency is to be furnished to the insurer, hospital service plan corporation, or medical service plan corporation by the policyholder or subscriber within 31 days of the child's attainment of the limiting age and you may be required to furnish proof of this incapacity or dependency as required by the insured but not more frequently than annually after the child's attainment of the limiting age. Should you need to reference this information, it can be found under NC General Statute 58:51:25.



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For More Information

NC Department of Insurance: www.ncdoi.com

Managed Care Patient Assistance Program– Office of the Attorney General, NC Department of Justice: www.nchealthconsumer.org

Consumer Guide for Getting and Keeping Health Insurance by Georgetown University (state specific site): www.healthinsuranceinfo.net

Agency for Healthcare Research and Quality: www.ahrq.gov

Families USA The Voice for Health Care Consumers: www.familiesusa.org

NC Institute of Medicine– Citizens Dedicated to Improving the Health of North Carolinians: www.ncoim.org

Non-profit group of health law specialists sponsored “self help” site to provide facts and tips on everything from health insurance to patient care: www.healthcarecoach.com.

