

Commercial Insurance

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MHA631
Health Insurance

Lecture 10



Objectives

- Understand Commercial Health Insurance.
- Explore Automobile, Disability, and Liability Insurance.
- Discuss Commercial Secondary Coverage.

Commercial Health Insurance

- **Commercial health insurance** covers the medical expenses of individuals (e.g., private health insurance) and groups (e.g., employer group health insurance).
- Premiums and benefits vary according to the **type of plan** offered, but group health insurance usually costs less than individual private health insurance.

Individual Health Insurance

Individual Health Insurance

- Individual health insurance policies are regulated by individual states and include the following:
 - **Fee-for-service insurance** (traditional health insurance that covers a portion of services, such as inpatient hospitalizations or physician office visits, with the patient paying the remaining costs).

Individual Health Insurance

- **High-risk pools** (“last resort” health insurance for individuals who cannot obtain coverage due to a serious medical condition; certain eligibility requirements apply, such as refusal by at least one or two insurance companies).

Individual Health Insurance

- **Managed care** (e.g., health maintenance organization, preferred provider organization).
- **Association health insurance** (offered to members of a professional association and marketed to small business owners as a way to provide coverage to employees; however, these plans are not subject to the same regulations as group health insurance plans).

Group Health Insurance

Group Health Insurance

- **Group health insurance** is available through employers and other organizations (e.g., labor unions), and all or part of premium costs are paid by employers.
- Employer-based group health insurance:
 - **Covers all employees**, regardless of health status, and cannot be cancelled if an employee becomes ill.

Group Health Insurance

- Limits exclusions for pre-existing conditions, which means the payer can exclude an employee from coverage for a pre-existing condition but only for 12–18 months, depending on the circumstances.

Group Health Insurance

- **Is portable**, which means if an employee had insurance before enrolling in employer group health insurance, the payer must reduce the pre-existing condition exclusion period by the amount of time covered on the previous plan.
- **Has employer-limited plan options** (e.g., prescription drug plan that covers a certain list of medications, called a formulary).

Automobile, Disability, and Liability Insurance

Automobile Insurance

Automobile Insurance

- An **automobile insurance policy** is a contract between an individual and an insurance company whereby the individual pays a premium and, in exchange, the insurance company agrees to pay for specific car-related financial losses during the term of the policy.

Automobile Insurance

- Available coverage typically includes the following:
 - **Collision** (pays for damage to a covered vehicle caused by collision with another object or by an automobile accident);
 - **Comprehensive** (pays for loss of or damage to a covered vehicle, such as that caused by fire, flood, impact with an animal, theft, or wind);

Automobile Insurance

- **Emergency road service** (pays expenses incurred for having an automobile towed as a result of a breakdown);
- **Liability** (pays for accidental bodily injury and property damage to others, including medical expenses, pain and suffering, lost wages, and other special damages; property damage includes damaged property and may include loss of use);

Automobile Insurance

- **Medical payments** (reimburses medical and funeral expenses for covered individuals, regardless of fault, when those expenses are related to an automobile accident);
- **Personal injury protection (PIP)** (reimburses medical expenses for covered individuals, regardless of fault, for treatment due to an automobile accident; also pays for funeral expenses, lost earnings, rehabilitation, and replacement of services such as child care if a parent is disabled);

Automobile Insurance

- Medical expenses that may be reimbursed include:
 - ambulance services;
 - emergency department care;
 - laboratory services;
 - medical supplies (e.g., crutches);
 - physical therapy;
 - prescription drugs;
 - x-rays; and so on.

Disability Insurance

Disability Insurance

- **Disability insurance** is defined as reimbursement for income lost as a result of a temporary or permanent illness or injury.
- When patients are treated for disability diagnoses and other medical problems, separate patient records must be maintained.
- It is also a good idea to organize the financial records separately for these patients.

Disability Insurance

- Disability benefits are usually paid if an individual:
 - Has been unable to do regular or customary work for a certain number of days (number of days depends on the policy);
 - Was employed when disabled (e.g., individuals must have lost wages because of a disability);

Disability Insurance

- Has disability insurance coverage;
- Was under the care and treatment of a licensed provider during initial disability; to continue receiving benefits, the individual must remain under care and treatment;

Disability Insurance

- Processes a claim within a certain number of days after the date the individual was disabled (number of days depends on the policy);
- Has the licensed provider complete the disability medical certification document(s).

Disability Insurance

- A final payment notice is sent when records show that an individual has been paid through the doctor's estimated date of recovery.
- If the individual is still disabled, the doctor must submit appropriate documentation so that the case can be reviewed.
- When an individual has recovered or returned to work and becomes disabled again, a new claim should be submitted along with a report of the dates worked.

Liability Insurance

Liability Insurance

- **Liability insurance** is a policy that covers losses to a third party caused by the insured, by an object owned by the insured, or on premises owned by the insured.
- Liability insurance claims are made to cover the cost of medical care for traumatic injuries and lost wages, and, in many cases, remuneration (compensation) for the “pain and suffering” of the injured party.

Liability Insurance

- Most health insurance contracts state that health insurance benefits are secondary to liability insurance.
- In this situation, the patient is not the insured. This means that the insured (e.g., employer) is responsible for payment, and the patient's health insurance plan is billed as secondary (and reimburses only the remaining costs of health care not covered by the insured).

Liability Insurance

- When negligence by another party is suspected in an injury claim, the health insurance company will not reimburse the patient for medical treatment of the injury until one of two factors is established:
- (1) it is determined that there was no third-party negligence, or
- (2) in cases in which third-party negligence did occur, the liability payer determines that the incident is not covered by the negligent party's liability contract.

Commercial Secondary Coverage

Commercial Secondary Coverage

- **Secondary health insurance plans** provide coverage similar to that of primary plans; supplemental plans usually cover only deductible, copayment, and coinsurance expenses.
- When the same payer issues the primary and secondary or supplemental policies, submit just one CMS-1500 claim.

Commercial Secondary Coverage

- If the payers for the primary and secondary or supplemental policies are different, submit a CMS-1500 claim to the primary payer.
- When the primary payer has processed the claim (e.g., provider is reimbursed), generate a second CMS-1500 claim to send to the secondary payer, and include a copy of the primary payer's remittance advice.

Commercial Group Health Plan Coverage

Commercial Group Health Plan Coverage

- Employers include group health plan coverage in fringe benefit programs to retain high-quality employees and ensure productivity by providing preventive medical care to create a healthy workforce.
- There are many group health plan options available to employers, including various payment options from paying 100% of annual premium costs for each employee to sharing a percentage (e.g., 80%) of the annual insurance costs with employees.

Commercial Group Health Plan Coverage

- **Note:** Individual and family health plans cover individuals and their families, and each person covered must qualify individually.
- Group health plans are required to accept employees and their family members, and may be more expensive than individual/family health plans.

Key Takeaways

1. Commercial health insurance covers the medical expenses of individuals (e.g., private health insurance) and groups (e.g., employer group health insurance).
2. An automobile insurance policy coverage includes medical payments and Personal injury protection (PIP).

Key Takeaways

3. Disability insurance provides an individual with reimbursement for lost wages.
4. Liability insurance covers losses to a third party caused by the insured or on premises owned by the insured.

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Key Takeaways

5. When patients are covered by primary and secondary/supplemental health insurance plans, modifications are made to the CMS-1500 claim instructions:

- If the same payer provides both primary and secondary/supplemental coverage, just one claim is submitted.
- If the secondary/supplemental payer is different from the primary payer, a primary claim is submitted to the primary payer, and a new claim is generated and submitted to the secondary payer.



Thank You