

## Insurance 101

by: Lisa Laws, Western Mutual Insurance

They say knowledge is power, and this couldn't be truer for both employers and employees regarding health care and health insurance. Employers that work with employees to educate them about their group insurance plan will have employees that are healthier, happier and more loyal, because they will appreciate the benefit of having insurance. Unfortunately, there is an incredible amount of information and terminology to sort through in order to completely understand group health insurance. Below I have provided some basic terminology; Insurance 101 if you will, for both employers and employees.

Case Management- A generic term referring to a system of overseeing health care for the purpose of making sure appropriate treatment is received and containing health care costs. Such a system includes second surgical opinions, precertification or prior authorization for services.

COBRA- A provision that offers terminating employees of companies, which employ 20 or more employees, extended group health insurance coverage. COBRA offers a continuation of coverage at group rates or slightly higher to departing employees for up to 36 months.

Coinsurance- An arrangement whereby the insurance company and the insured share payment for covered losses in agreed proportions, often 80% for the insurance company and 20% for the insured.

Coordination of Benefits- The method of determining which company pays as primary insurer and which company pays as secondary insurer when a working couple or their dependents have a claim covered by more than one group insurance policy.

Deductible- A provision in an insurance policy that requires the insured to pay the first specified dollars of expense, which will not be reimbursed by the insurer. Expenses above the deductible will then be paid by the insurance company as indicated by the plan

Eligibility Period- The period following the probationary period during which the employee is eligible to enroll in a group insurance plan. Also referred to as Waiting Period.

Exclusions- Stated exceptions to provisions in a policy. Common exclusions include preexisting conditions, cosmetic surgery, procedures that are not medically necessary and others.

Explanations of Benefits (EOB)- When the insurance company processes a medical claim, an EOB is sent to the insured and medical provider explaining how the claim was processed. The form includes, but is not limited to, information about the insured, the

provider, the charges for medical care, preferred provider discounts, and the amount allowed and/or paid under the benefits of the plan.

**Group Insurance**- A contract of insurance made with an employer that covers a group of people identified as individuals by reference to their relationship to the group.

**Insurance**- A device to transfer the risk of loss from individuals to an insurance company that agrees, for a premium, to pay a specified amount for losses suffered by the insured.

**Precertification**- A cost management provision under which a medically-trained person evaluates and makes recommendations for an individual's health care prior to authorizing inpatient medical services.

**Preexisting Condition**- A condition of health or physical condition that existed and was medically treated before the policy was issued. Preexisting language is generally defined in the insurance policy to ensure compliance with federal and state mandates.

**Preferred Provider Organization (PPO)**- A network of hospitals and medical providers in a given area who have a contract with an insurance company to provide services at a prearranged cost. The patient is not responsible to pay the difference between the contracted rates the actual charge.

**Preventative Care**- A method of holding down rising health care costs through annual physical exams, well child care, mammograms, etc.

**Usual and Customary**- Refers to charges made by medical practitioners that are within the normal range of charges that are billed by providers in a particular geographical area.

I trust that the above list will be helpful to both employers and employees as you continue in your efforts to understand group health insurance. If you have any questions regarding group health insurance, or to obtain a group health insurance quote, please contact me at (800) 748-5340 (ext. 117) or via e-mail at [Lisal@wpma.com](mailto:Lisal@wpma.com). In fact, for the first 20 people that contact me regarding this article, I will send a WMI golf ball.