

Government Financing

- Health facilities built, and managed by the government.
- The consumer is treated for free or minimal expenses as possible



Dr. Omnia Elmahdy



• Government spending on health is essential for the accessibility and sustainability of health care services and programs.

• For those people who would otherwise go **without care due to lack of financial means**, any quality care is an improvement.

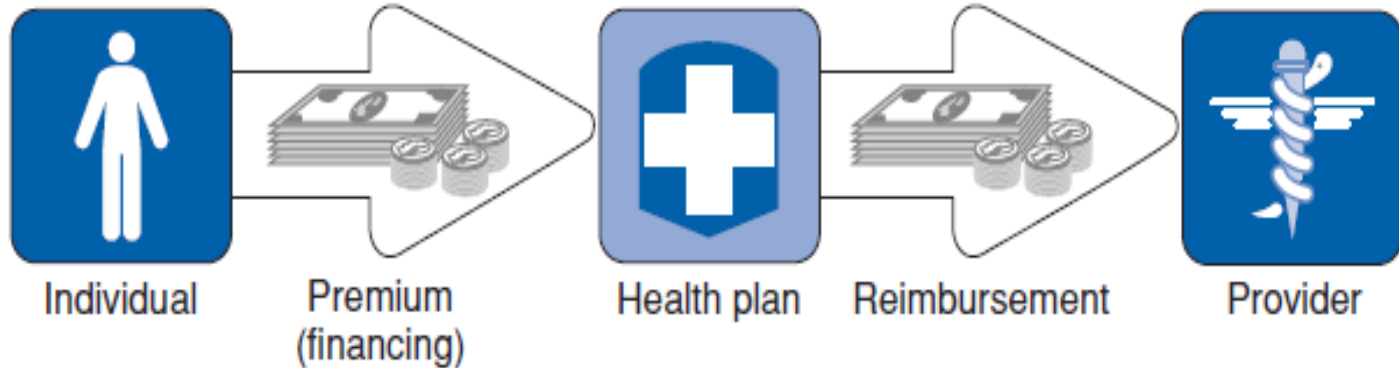
• Since people perceive **universal health care** as *free*, they are more likely to seek preventive care.

• Public funds can be better rationalized to provide emergency care services **regardless of insured status** or ability to pay.

Privately funded health care:

- Privately funded medicine leads to **greater quality and efficiencies** through **increased access** to and **reduced waiting times** for specialized health care services and technologies.
- Privately funded and operated health care **reduces the requirement** for governments to **increase taxes** to cover health care costs.

Insurance is a **FINANCIAL GUARANTEE**. Health insurance plans pay for a portion of the bill when patients are hospitalized, visit a doctor, have an X-ray,



WHAT IS HEALTH INSURANCE

Health insurance is a type of insurance coverage that covers the cost of an insured individual's medical and surgical expenses.

- Not long ago, individuals paid for medical expenses out of their pocket directly to the provider.
- As the costs of healthcare continued to rise, it was apparent that the public needed a way to help pay for the services

Health Insurance: The Basics

- At some point in our life, we may probably need expensive medical care
- Health Insurance, like other kinds of insurance, protects us against significant financial loss.
- It ensures us can afford medical help when we need it.
- Health Insurance can help keep us healthy by detecting and treating dangerous medical conditions before they become serious.

WHY YOU NEED HEALTH INSURANCE?????

1. HI **protects** you from **high unexpected costs**.
2. Makes quality treatment **affordable**.
3. **Cashless** services.
4. Insurance status, type of coverage, and out-of-pocket costs **affect adherence to recommended treatment plans**. (× non-compliance)
5. Given large differences in coverage/affordability, we must all seek to modify patient care to **improve quality** and safety and **decrease unnecessary costs**.

The more unpredictable and costly the events become, the more it makes sense to POOL our savings with others to cover these expenses (in other words, to purchase insurance)

Premise: *فرضية* (Insurers rely on the fact that not all enrollees will actually use their insurance)



Health Insurance Sector

**Unified
(Public)**

Fragmented



USA

**As: Medicare
Medicaid**



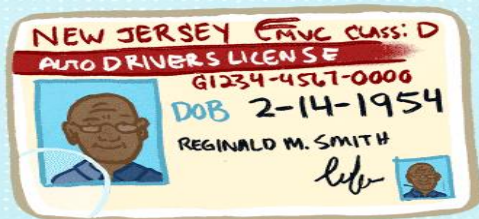
**Australia
Universal Health Insurance**

MEDICARE

(Health Insurance for those 65 and older)

Who Is Eligible for Medicare ?

Eligibility is determined based on these factors:



Age (65 or older)



Disability



U.S. Citizenship
or legal residence



MEDICAID

(Health Insurance for the poor)

State-run program offering low-cost or free custodial and medical services to those with low incomes who qualify



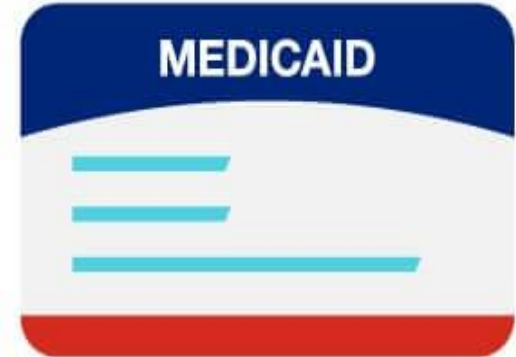
Medicare

VS

Medicaid



**Generally for people
who are 65 & older, or
who have a
qualifying disability**



**For individuals,
families, and
children with limited
income & resources**

Pre-existing Conditions

The more likely that people need health insurance, the more likely they are to seek it.

An insurer may refuse to cover treatment if the condition existed prior to enrolling in a health insurance plan

Two Basic Plans:

- **Group Plans and**
- **Individual Plans**

Insurance Glossary

Contract or Policy or Plan

The **agreement** which is issued by the insurer (**insurance agency**) to the insured (**subscriber**) and states the commitments of each side.



Premium or Prepayment

What the insured pays to the insurance agency in

regular installments أقساط منتظمة

- Weekly.
 - Monthly.
 - Semiannually.
 - Annually.
- The premium paid by the subscriber is calculated by an **Actuarial** خبير حساب أقساط التأمين

PREMIUM قسط التأمين الصحي

Premiums are a small but certain (fixed) financial loss that risk-averse people الأشخاص الذين يتجنبوا المخاطرة would prefer to pay rather than to gamble مغامرة on a potentially catastrophic hospitalization.

(The more risk-averse enrollees are, the higher a premium they are willing to pay)

Factors That Influence Health Insurance Premiums



State and federal laws



Type of insurance



Income level



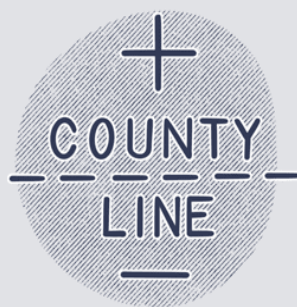
Employer size



State of residence



Type of community



County of residence



Plan type



Age



Tobacco use

- **Subscriber** المشترك

The person to whom the **contract is issued**

- **Dependent** تابع

The person who **lives with** and is sponsored by the subscriber

- **Member** عضو

A participant whether a **subscriber or a dependent**

- **Benefits** المزايا

What the insured receives in terms of **service as stated** in the contract.

- **Enrollment** تسجيل

An individual is enrolled when he **fulfils the plan's requirements.**

- SELECTION

Sorting into plans based on **health status**

It is expected that sicker people join insurance plans with more generous benefits and higher premiums, and healthier people join plans with less benefits and lower premiums.

- Moral Hazard

Insurance protects enrollees against risk, having insurance may encourage enrollees to use more care or behave more recklessly متهور, a phenomenon called **Moral Hazard**

Moral hazard is a situation in which one party gets involved in a risky event knowing that it is protected against the risk and the other party will incur the cost.

- Copayments

A fixed cost per episode of care, such as a doctor's visit or hospitalization

North Carolina State Health Plan
FOR TEACHERS AND STATE EMPLOYEES
A Division of the Department of State Treasurer
Treasurer Dale R. Folwell, CPA

In-Network Member Copay

Selected PCP	\$10
Designated Specialist	\$45
Specialist	\$85
Physical/Occupational/ Speech Therapy, Chiropractic	\$52
Urgent Care	\$70*
ER	\$300 + Ded + 20%*

* same for out-of-network

PPO

Paid by **YOU** and other **NC Taxpayers**

DALE FOLWELL **01**
Subscriber: **SYNTHIA FOLWELL**

Subscriber ID:
YPYW12345678

Department of State Treasurer
Date Issued: **01/01/2019** Group No: **SR1009**

RXBIN/RXPCN: **004336** ADV/RXGRP: **RX077A**

Primary Care Provider (PCP)
Walter Fowler
Novant Health Durham
919-477-6900

BlueOptions **80/20 Plan**

- Coinsurance

A fixed percentage of the cost of care, such as 10 or 20 percent of the cost of a doctor's visit.

The advantage of co-insurance is that it reduces the price of the service and still provides the patient with an incentive to seek out less costly providers



I am liable for 20% while my insurer is liable for 80%

Coinsurance

vs.

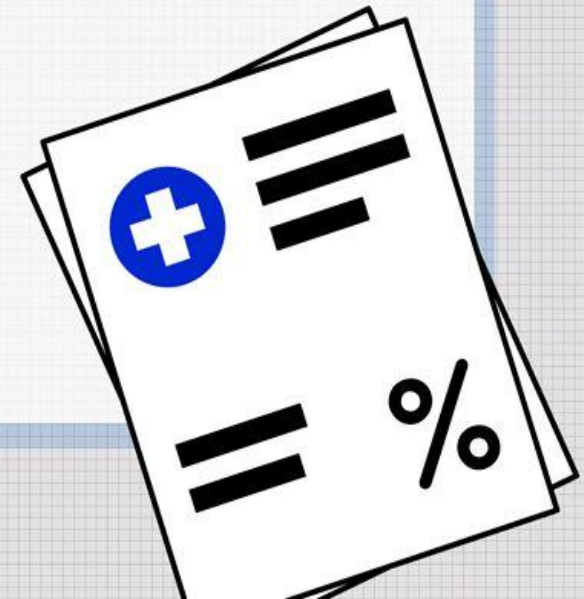
Copay

Percentage of costs you pay after you've met your deductible

- **Encourage Cost-Sharing and Consumer Responsibility**
- **Lower Premiums for Policyholders**
- **Reduce Overutilization of Insurance Services**

Set rate you pay for prescriptions, doctor visits, and other types of care

Doesn't count toward your deductible



- **Deductibles** الخصومات

A **fixed** amount that the **enrollee has to pay** **before** **insurance** covers expenses

An important reason for using a deductible is that it **lowers the administrative costs of claims processing** when there are many small claims and the cost of handling these claims is high

- Stop Loss Levels, Limits, and Maximums

- Deductibles and co-insurance can add up to a large financial loss to a person who has a serious illness.

Insurance therefore includes a “stop loss”.

Once the patient’s out-of-pocket medical expenses (deductible and co-insurance) reach a certain dollar amount, typically \$2,500, then the **patient is no longer responsible** for additional out-of-pocket payments.

While stop loss levels are meant to protect the patient from a large financial loss, “**limits**” and “**maximums**” are similarly used to protect the insurance company from large losses

- Insurance companies often include a lifetime limit on how much they are willing to reimburse for a patient’s medical expenses.
- **Expenditures** above that limit become the responsibility of the patient

Most health insurance plans have:

1

BENEFITS:

What the plan pays for.



2

NETWORKS:

Healthcare professionals that provide discounted services within health plan.



3

COSTS:

These can be premiums, deductibles, co-pays and coinsurance.

