The Insurance Institute of Zambia (IIZA)

FUNDAMENTALS OF HEALTH INSURANCE



Online Course

Introduction

Health care spending represents a substantial portion of our nation's economy …and growing. With so much at stake, it's essential to understand the role health insurance providers play in making health care better and more affordable. **Fundamentals of Health Insurance**, takes a comprehensive look at our industry's business environment. Whether you're new to health care or want to widen your scope, this online course can help you do your job even better.

Suitability

This course is suitable for:

- Health insurance provider staff
- Medical directors
- Agents and brokers
- Case managers
- Technical business solutions advisors

Learning Objectives

On completion of this course, you'll be able to:

- Get the big picture: understand the importance of the life and health insurance industries
- Develop a practical understanding of how health insurance works
- Pinpoint the differences between types of coverage, including medical expense, supplemental, long-term care, and disability
- Compare different types of health insurance provider organizations
- Define the needs met by health insurance providers
- Assess the advantages and disadvantages of flexible benefit plans
- Explore contract provisions and how individual and group plans are underwritten
- Learn how health insurance products are developed, marketed and sold
- Understand the role of reinsurance in promoting market stability and lower premiums
- Define relevant terms and key concepts
- Learn how to detect and prevent various health insurance fraud schemes



Module One: Course Overview and Introduction

Learning Objectives

- **Introduction**

Module Two: An Introduction to Insurance

Learning Objectives

After completing this module, you should be able to:

- describe what insurance is and how it works
- define basic insurance terms
- explain the principles of insurance
- list the major types of insurance
- indicate the needs met by health insurance

What is covered

- Insurance: What it is and How it Works
- Basic Insurance Terms
- The Principles of Insurance
  - Uncertainty of Loss
  - Measurability of Loss
  - Large Number of Insureds
  - Significant Size of Potential Loss
  - Equitable Sharing
- Clarification of “Risk”
  - Life and Health Insurance
  - Life Insurance
  - Health Insurance
  - Property and Casualty Insurance
- Needs Met by Health Insurance

Module Three: The Insurance Industry

Learning Objectives

After completing this module, you should be able to:

- describe the importance of the health insurance industry
- distinguish between different types of health insurance plans
- explain the difference between stock and mutual insurance companies
- identify other entities providing coverage
- understand the role of the ACA and health insurance marketplaces

What is covered

- Introduction
- The Importance of the Health Insurance Industry
- Health Insurance Plans
- Stock and Mutual Insurance Companies
  - Stock Companies
  - Mutual Companies
- Changing Ownership Type
- Other Entities Providing Coverage
  - Blue Cross/Blue Shield Plans
  - Self-Insured Groups
  - Fraternal Societies
  - Government Programs
- Health Insurance Marketplaces
  - Main Functions of a Marketplace

Module Four: Medical Expense Coverage

Learning Objectives

After completing this module, you should be able to:

- explain how medical expense coverage is provided by health insurance plans
- identify the types of benefits included in medical expense coverage
- distinguish between different types of exclusions, limitations, and limits in medical expense policies
- understand how cost-sharing works
- describe what mini-medical plans are

What is covered

- Health Insurance Plans
- Benefits
  - Mandated Benefits
  - Preventive Care
- Exclusions, Limitations, and Limits
  - Preexisting Condition Exclusions
  - Explanation of Preexisting Conditions
- Behavioral Health Care and Parity
- Annual and Lifetime Limits
- Cost-Sharing
- Deductibles
- Coinsurance and Copayments
- Out-of-Pocket Limits
- Cost-Sharing and Networks

Module Five: Supplemental Coverages

Learning Objectives

After completing this module, you should be able to:

- understand what dental benefits are and how they work
- explain how prescription drug benefits are covered
- know the benefits and limitations of vision care
- describe what CAM benefits are and how they are covered
- determine what qualifies as hospital indemnity insurance and the benefits associated with such coverage
- distinguish between hospital indemnity insurance, critical illness insurance, and specified disease insurance
- identify different types of accident coverages
- differentiate between the types of Medicare-related products
- understand what TRICARE is

What is covered

- Dental Benefits
  - Types of Dental Benefit Plans
  - Covered Services and Cost-Sharing Under Dental Plans
  - Limitations and Exclusions
- Prescription Drug Benefits

  - Types of Plans
  - Benefits and Cost-Sharing
  - Drugs Covered
- Vision Care Benefits
  - Benefits and Limitations
- Complementary and Alternative Medicine (CAM) Benefits
  - Benefits
- Hospital Indemnity Insurance
  - Benefits
- Critical Illness Insurance and Specified Disease Insurance
- Initial Diagnosis Benefit
- Accident Coverages
  - Accident Medical Expense Insurance
- Accident Hospital Indemnity Insurance
- Travel Accident Insurance

Module Six: Disability Income Insurance and Long-Term Care Insurance

Learning Objectives

After completing this module, you should be able to:

- explain how disability income insurance works and identify the types of disability coverage
- describe what long-term care insurance is and how to qualify for such benefits

What is covered

- Disability Income Insurance
- How Disability Income Insurance Works
- Types of Coverage
- The Elimination Period, the Benefit Period, and Exclusions
- Benefits
- Issue Limits
- Income Tax
- Partially Disabled
- Business-Oriented Disability Products
- Long-Term Care Insurance
  - Qualifying for LTCI Benefits
  - Elimination Period
  - Benefits
  - Benefit Period
- Inflation Protection
- Long-Term Care Partnerships

Module Seven: The Insurance Contract

Learning Objectives

After completing this module, you should be able to:

- identify the basic elements of a contract
- distinguish between the contract, policy, and application
- understand the legal principles behind health insurance contracts
- appreciate the need for clear definitions in the insurance contract
- recognize the steps taken to execute a contract
- describe the contract renewal and revision process

What is covered

- The Basic Elements of a Contract
- The Contract, the Policy, and the Application
- Legal Characteristics of Health Insurance Contracts
- Court Interpretation of Insurance Policy Language
- Legal Requirements for Policy Language
- Definitions in the Insurance Contract
- Contract Execution
- Contract Term and Renewal
- Contract Revision
- Recent Developments

Module Eight: Provisions of Medical Expense Insurance Contracts

Learning Objectives

After completing this module, you should be able to:

- define what a dependent is for purposes of insurance contracts
- identify the types of general provisions found in insurance contracts
- describe the various contract provisions related to premiums
- explain the types of benefits-related provisions found in insurance contracts

What is covered

- The Definition of a Dependent
- General Provisions
- Provisions Related to Premiums

  - Frequency of Premium Payments
  - Premium Rates
  - Renewal Premium Rates
  - The Premium Grace Period
- Provisions Related to Benefits
  - Insuring Clause
  - Benefit Provisions
  - Coordination of Benefits (COB)

Module Nine: Provisions of Group Medical Expense Insurance Contracts

Learning Objectives

After completing this module, you should be able to:

- identify the major lines of coverage typically offered in group insurance
- understand the application and enrollment process for group insurance
- determine when group coverage typically begins
- describe the types of administrative responsibilities contained in group insurance contracts
- explain when termination and/or continuation of coverage occurs
- identify ACA requirements that apply to group coverage

What is covered

- One Policy or Multiple Policies?
- The Group Application
- Enrollment of Insureds
- Minimum Enrollment Requirements
- Beginning of Coverage
- Eligibility Date
- Administrative Responsibilities
- Record Keeping
- Errors and Benefits
- Termination of a Group Member's Coverage
- Conversion Privilege



Module Ten: Provisions of Individual Medical Expense Insurance Contracts

Learning Objectives

After completing this module, you should be able to:

- identify the sections that make up an individual application
- describe what a schedule of benefits is
- distinguish between the types of policy renewal provisions
- be knowledgeable of the model laws that relate to individual health insurance policies
- understand the types of optional provisions that may be included in individual policies

What is covered

- The Individual Application
- Schedule of Benefits
- Notice of the Right of Examination
- Model Laws
- Provisions Required by UPPL
- Optional Provisions of Individual Policies

Module Eleven: Group Health Insurance Sales

Learning Objectives

After completing this module, you should be able to:

- identify the participants in group insurance sales
- explain how the components of the group health insurance sales process work
- understand the roles of agents, brokers, and group representatives in group sales

What is covered

- Participants in Group Insurance Sales
  - Agents
  - Brokers
  - Employee Benefit Consultants
  - Group Representatives
  - Home Office and Field Offices
- Prospecting
- Plan Design and Proposal Preparation
- Creating a Sales Proposal

- Proposal Presentation
- Employee Enrollment
- Execution of the Contract and Installation
- Servicing the Policyholder
- Roles of Agents and Brokers
- Market Share of Agents and Brokers
- The Attraction of Group Sales for Agents
- The Role of the Group Representative
- The Group Representative's Relationship with Agents

Module Twelve: Individual Health Insurance Sales

Learning Objectives

After completing this module, you should be able to:

- understand the role the ACA has had on the individual market
- distinguish between agents and brokers
- describe the roles that sales offices and agencies have in selling individual health

What is covered

- ACA and the Individual Market
- The Individual Mandate
- Subsidies
- Agents and Brokers
- Sales Offices and Agencies
- The Insurer's Branch Office
- The General Agency
- Personal Producing General Agents (PPGAs)
- The Sales Process
  - Prospecting
  - The Approach
  - The Interview
  - Categories of Prospect's Needs
  - Field Underwriting
  - Presenting the Recommended Coverage
  - Closing the Sale
- Servicing the Policyholder
- Direct Sales

Module Thirteen: Sales Compensation

Learning Objectives

After completing this module, you should be able to:

- understand how commissions work
- describe other types of compensation available to agents
- explain how bonuses are awarded to insurer employees
- understand the ACA's impact on sales compensation

What is covered

- Commissions
- Individual Health Insurance Sales
- Group Health Insurance Sales
- Commission Schedule
  - Types of Commission Schedules
- Insurers and State Regulators
- Medical Loss Ratio (MLR)
- Summary of Agent's Commission
- Override Commissions
- Vesting
- Other Compensation for Agents
- Bonuses for Insurer Employees

Module Fourteen: Marketing

Learning Objectives

After completing this module, you should be able to:

- define what marketing is
- distinguish between the markets for the group and individual health insurance products
- understand how individual products are mass-marketed
- describe the process for product research and development

What is covered

- What is Marketing
- Marketing Functions
- Marketing Today

- Markets for Group Health Insurance Products
- Types of Group Policyholders
- Markets for Individual Health Insurance Products
- Mass Marketing of Individual Products
- Advertising
- Online Applications and Social Media
- Direct Mail
- Third-Party Sponsorship
- Worksite Marketing
- Product Research and Development
  - Stage One: Idea Generation
  - Stage Two: Market Research
  - Stage Three: Product Outline
  - Stage Four: Market Analysis
  - Stage Five: Product Design and Development
  - Stage Six: Product Introduction
  - Stage Seven: Sales Monitoring and Review

Module Fifteen: Underwriting of Group Health Insurance

Learning Objectives

After completing this module, you should be able to:

- understand the principles of group underwriting
- describe the group underwriting process
- differentiate between underwriting for large groups and small groups
- identify reasons for declining to offer coverage
- explain how claims are projected
- explain the process for examining the provisions of an existing plan
- identify information sources for group underwriting

What is covered

- Introduction
- Principles of Group Underwriting
  - Prediction of Claims
  - Statistical Averages
  - Actual Claims Experience
  - Adverse Selection
  - Profitability vs. Competitiveness
- The Group Underwriting Process

  - Deciding Whether to Offer Coverage
  - Making Assumptions about Benefits
  - Projecting Claims and Other Insurer Expenses
  - Making Final Decisions on Terms
- Underwriting the Insurer's Existing Groups
- Large Groups and Small Groups
  - Actual Claims Experience or Statistical Averages
  - Small Group Underwriting
  - Experience Pools
  - Inaccurate Claim Projections
  - Premium Rates
  - Adverse Selection
- Addressing Problems in the Past
- Today's Restrictions
- Declining to Offer Coverage
- Projecting Claims: Adjusting Averages for Group Characteristics
- Projecting Claims: Examining a Group's Claims Experience
- Examining the Provisions of an Existing Plan
- Information Sources for Group Underwriting

Module Sixteen: Underwriting of Individual Health Insurance

Learning Objectives

After completing this module, you should be able to:

- understand the principles of individual underwriting
- understand how individual underwriting adjusts for general characteristics
- describe the type of information used to analyze the individual
- explain the individual underwriting process
- identify sources of additional information
- understand the role of individual underwriters and sales personnel

What is covered

- Principles of Individual Underwriting
  - Projecting Claims for an Individual
  - Adverse Selection
  - Prevention of Adverse Selection
  - Adjusting for General Characteristics
  - The Applicant's Medical Condition and Medical History
- Concern of Underwriters

- The Applicant's Financial Status
- Reviewing the Application
- Reviewing the Agent's Statements
- Obtaining Additional Information
- Telephone Interview
- Medical Examination
- Paramedical Examination
- Medical Records
- Laboratory Tests
- Prescription Profile
- Motor Vehicle Report
- Inspection Report
- MIB, Inc.
- MIB Records
- Income Documentation
- Individual Underwriters and Sales Personnel

Module Seventeen: Reinsurance and Stop-Loss Insurance

Learning Objectives

After completing this module, you should be able to:

- understand what reinsurance is and how it works
- explain why employers purchase stop-loss insurance

What is covered

- Reinsurance
- Types of Insurers
- The Advantages of Reinsurance
- Types of Reinsurance
- The Health Reinsurance Field
- Stop-Loss Insurance



Module Eighteen: Overview of Health Insurance Fraud

Learning Objectives

After completing this module, you should be able to:

- Have a general understanding of the various health insurance schemes
- Understand how to detect them
- Understand the various red flags associated with health insurance fraud

What is covered

- Introduction
- Fraud Schemes
  - Billing for services not rendered
  - Unnecessary medical testing / overtreatment
  - Fictitious providers – Bogus doctors
  - Double billing
  - Coding fragmentation/fictitious coding/unbundling
  - Kickbacks
  - Claim submission fraud
- Detecting and preventing them
- Red flags of health insurance fraud



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