

VIEWS YOU CAN USE



Insurance & Benefits

By Paul Breslau

Claims, Claims, Claims – Part 1

HEALTH INSURANCE HELPS PEOPLE TO fund their healthcare. It can seem, however, that before you buy a health insurance policy, everything is covered and after you sign up, little is.

What Is Covered?

For years, I have commented that certain treatments are *clearly* covered under health insurance. For example, an appendicitis attack is clearly covered. Certain expenditures on health-related items clearly are not covered. For example, what if your physician says you are stressed. At your frenetic lifestyle pace, the same physician states are “not going to make it” and wants you to rest by going to the Caribbean for two weeks. Although the physician instructed you to do so, the health insurance company will not pay for your trip.

While most medical treatments are clearly covered or clearly not covered, there are many that are not obvious. For example, a pediatrician says a newborn baby needs special formula that costs hundreds of dollars per month to survive. Food and food supplements are non-covered items. Will these charges for a newborn baby be covered? For the ordinary person, there are hundreds of treatments, prescriptions, and coverage situations that are not obviously covered or not covered. These require special attention.

Certificate of Coverage

Health insurance is a promise to pay for specific treatments in return for premium payments. Details of what is covered are in an insurance policy contract. For group insurance participants, your contract is called a Certificate of Coverage. These documents range up to 80 pages and include the “who, what, where, when, and why” coverage details. Like a dictionary or a mortgage contract, most people do not read their insurance policies or certificates, but rather refer to them to look up specific issues.

All health insurance companies have differences in their certificates, provider networks, and administration. Even if you are told that you are changing to the exact same plan at a new health insurance company there will be differences. Some differences will be to your advantage and some will not. On otherwise similar plans I just had a client pick up Mayo Clinic coverage as

in-network but lose first dollar x-ray and lab coverage which was now subject to deductible and coinsurance. This can be good or bad depending on your circumstance.

Finally, there is frequently a two to four page Benefit Summary that highlights what is covered and what is excluded in the policy or certificate. These Benefit Summaries are what you see on the health insurance company websites or at the employee enrollment meetings. These Summaries refer back to the full policy or certificate for additional explanation and detail.

Errors and Omissions

“The first item that can go wrong is an error or omission in paying a claim” according to Rita Walter of The Advocate Company. “A majority of claims today are processed automatically by the insurance company. A claim that is coded incorrectly by the physician’s billing service will be processed incorrectly by the insurance company without being seen by a person. Even a percentage of claims that are coded correctly and paid by live claim representatives will be in error. Both the physician billing and the claim paying positions have high turnover, long training periods, and the work is repetitious.”

Rita continues, “Health insurance companies will correct any claims paying errors promptly once they are aware of them”.

Claim Errors Increasing

The Advocate Company works with health insurance agents to help resolve claim issues for their clients. Rita advises that the number of claim errors The Advocate Company processes has increased sharply in the last year. To control costs employers, consumers, and health insurance companies are reducing what is covered. Higher deductibles, co-pays, and co-insurance are part of it. Also, prescription formularies are becoming more conservative, high cost providers are moved out-of-network, x-ray and lab charges are moved to deductible, etc. Several of these claim related issues will be discussed in a future article. ■

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