

Module 6
Understanding Insurance

- Objectives**
- Define the role of health insurance and managed care plans in the delivery of health care services
 - Identify and define the types of health insurance plans

- Objectives**
- Identify the type of insurance plan responsible for payment of patient charges
 - Describe the methods of payment to a health care facility
 - Determine the type and amount of patient financial responsibility

Introduction

- Insurance Premiums
- Managed Care
- Medical Care
- Preventative Care
- Health Care

Introduction

Medical Care
+
Preventative Care

Health Care

The Participants

1. The Patient
2. The Physician or other health care provider.
3. The Health Insurance Carrier

Eligibility

- Check each visit
 - Call Ins. Company
 - Internet
 - Batch Electronic
 - Card Swipe (MediCal POS)

Eligibility cont.

- Date Eligible
- Co-Pay Required
- Co-Insurance
- Deductible
- Authorizations Required
- Special limitations or reduced coverages

Types of Insurance Plans

- Health Maintenance Organization (HMO)
 - PCP = Primary Care Physician
 - Gatekeeper = PCP
 - Capitated Payments
 - Outliers

HMO's Require

- Authorizations
 - Specialists
 - Elective Surgery
- Medical Peer Review
 - To determine medical necessity
 - Appeal denial of benefits

Insurance Plans

- Preferred Provider Organization (PPO)
 - Permit the Patient to Opt
 - Discounts within the networkProviders are paid on a negotiated fee schedule.
(Discounted Fee for Service)

Insurance Plans

- Point-Of-Service (POS) Plan
Combination of an HMO and a PPO
Fees, Co-Pay, and patient responsibility determined by the Par or Non-Par Status of the provider.

Insurance Plans

Centers for Medicare & Medicaid Services (CMS)

- Medicare
 - 65 years of age +
 - Disabled
 - ESRD (end stage renal Disease)

• Medicare HMO (Secure Horizons) is not Medicare.

Insurance Plans

Centers for Medicare & Medicaid Services (CMS)

- Medicaid (MediCal)
 - Indigent (low income)
 - MediCal HMO (Blue Cross)

Insurance Plans

- MedicaRE = RETired
- MedicalD = InDigent

Insurance Plans

- **TriCare/CHAMPUS**
- **CHAMPVA**

The most common health care policies when caring for individuals in the military and their families.

Insurance Plans

- **TriCare/CHAMPUS**
 - **Dependents of those on active duty in the military**
 - **CHAMPUS-eligible retirees and their dependents**
 - **Dependents of deceased active military**

Insurance Plans

- **CHAMPVA**
 - **Dependents of veterans with total or permanent disabilities**
 - **Dependents of those who died in the line of duty or those who died from service-related conditions**

Other Insurance Plans

• **Workers' Compensation**

Illness or injuries caused at the patient's place of work or as a result of performing a job-related task.

Other Insurance Plans

• **Disability Compensation**

A plan that will reimburse an ill or injured individual for a portion of their lost income while unable to work.

Other Insurance Plans

• **Liability Insurance**

A plan that covers loss or injury to a third-party caused by the insured or something belonging to the insured.

Other Insurance Plans

- **Automobile Insurance**

A plan that covers loss or injury as the result of the patient's involvement in a car accident.

Other Insurance Plans

When a patient has an injury, the coder/biller must know the **CAUSE** of the injury so that you will be able to determine the correct insurance carrier that will be responsible for the claim.

Must choose the correct case or episode.

UCR

- **Usual, Customary, Reasonable**

- **Usual** fee charged by the provider
- **Customary** fee by most physicians in the area
- **Reasonable** as determined by the medical industry

Methods of Payments

- **Fee-For-Service (FFS) Plans**

Provider gets paid a specific amount of money for each individual service or treatment provided.

Allowed Amount

Sometimes based on RBRVS

Methods of Payments

- **Capitation Plans**

Provider gets paid a specific amount of money each month for each patient. (PMPM)

May be outliers

Retroactive disenrollment

Must be listed on their card

Methods of Payments

- **Episodic Care**

Provider gets paid a flat amount of money based on a predetermined course of treatment for a specific diagnosis.

Prospective payment system linked to ICD-10 codes.

Patient Contributions

• **Co-Payment (co-pay)**

Patient pays a fixed amount at each visit.

e.g., \$10, \$15, or \$20

No co-pay for inpatient and sometimes global OB visits.

Very important to collect!

Patient Contributions

• **Co-Insurance**

Patient pays a percentage of the allowed amount for each service rendered.

Based on the negotiated fee schedule.

May be calculated and collected up front.

Patient Contributions

• **Non-participating (Non-Par)**

Provider does not accept assignment.

Patient must be notified in advance of treatment.

Patient pays full fee out of pocket. Allowed amount and co-pays do not apply.

Medicare limiting charge.

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Summary

An important part of the AMA's role is to:

1. Identify correct type of insurance plan
2. Identify correct type of payment from third-party payer
3. Identify correct type of payment from the patient

Summary

If you do not send the correct claim,

Or if you send your claim to the wrong third-party payer,

Or bill for the wrong services, payments will be

- Delayed or
- DENIED!!
