

CH 15

Health Care and Individual Health Insurance

QUESTION one (Multiple choice)

1- Hospital expense coverage is written

- a) Only on an indemnity basis
- b) Only on a valued basis
- c) Only on a service basis
- d) On a service basis ,reimbursement basis ,or indemnity(cash payment) basis
- e) None of the above

Answer

2- Hospitalization policies do not usually provide coverage for

- a) Hospital room and board
- b) Operating room charges
- c) Maternity benefits
- d) Physician's charges
- e) X-ray and laboratory charges

Answer

3- Preferred provider organization (PPO)

- a) Is a health insurer selected by a group of physicians
- b) Is a health care provider designated by an employer or insurer
- c) Is an insurer approved by the state commissioner of insurance
- d) Usually charges higher fees than other providers in the area
- e) None of the above

Answer

4- The coordination of benefits provision

- a) Relates the coverage of a major medical policy to base coverage
- b) Relates the coverage of hospitalization policies to surgical expense policies
- c) Is commonly used in individual contracts ,but not in group contracts
- d) Prioritizes the payment order when two spouses are covered under each other's employer provided health coverage.
- e) None of the above

Answer

5- The basic benefits provided by a hospital expense insurance policy include which of the following?

I- Daily hospital benefits

II- Benefits for physicians' charges while hospitalized

a) I only b) II only c) both I and II d) neither I nor II

Answer

6- Which of the following statements about individual hospital expense insurance policies is true?

- a) Under an indemnity approach, daily room and board charges are paid on the basis of a fixed amount for each day of hospitalization regardless of actual costs.
- b) Under a service approach, daily room and board charges are paid for private rather than semiprivate accommodations.
- c) Benefits are paid for miscellaneous expenses incurred in the hospital, such as X-ray and drugs.
- d) Most policies cover the normal costs of pregnancy on the same basis as any other medical condition.

Answer

7- Which of the following statements about a schedule of surgical operations found in a surgical expense insurance policy is true?

- a) Covered surgical procedures are listed, and the surgeon can charge the usual, reasonable and customary fee for performing the covered procedures.
- b) It specifies the times that surgical procedures must be performed in order to be covered in full.
- c) It lists the maximum dollar that will be paid for each surgical procedure.
- d) It is a list of the surgical procedures that are excluded.

Answer

8- Which of the following would be covered by physicians' in-hospital benefit portion of a hospital-surgical insurance plan?

- a) Cost of a minor surgical procedure performed in a doctor's office
- b) Cost of a surgical procedure performed at a hospital
- c) Outpatient lab tests and X-rays.
- d) Nonsurgical treatment provided by a doctor at a hospital

Answer

9- Major medical insurance is characterized by which of the following?

- a) Internal limits for all categories of expenses
- b) High maximum limits
- c) No exclusions
- d) No coinsurance

Answer

10- Purposes of coinsurance provisions in major medical insurance policies include which of the following?

- I- To reduce premiums
- II- To prevent overutilization of policy benefits

a) I only b) II only c) both I and II d) neither I nor II

Answer

11- The effect of a stop limit in a major medical insurance policy is to

- a) Limit the lifetime benefits payable under the policy.
- b) Put a cap on annual benefits that will be paid.
- c) Prevent the insured from the receiving duplicate benefits if medical expenses are also covered under worker compensation insurance.
- d) Pay 100 percent of eligible medical expenses after an insured has incurred a specified amount of out-of pocket expenses

Answer

12-all the following are common exclusions in a major medical insurance policy except

- a) Routine dental care
- b) Surgeons 'fees
- c) Expenses covered by worker compensation laws.
- d) Eye examinations

Answer

12- Which of the following statements about provisions in individual health insurance policies is true?

- a) Insurers are required to use a standard renewal provision in each health insurance policy sold.
- b) After a policy is in force for three month ,the time limit on a certain defences provision prohibits the insurance company from denying a claim based on a fraudulent misstatement in the application.

- c) The usual length of the grace period is 90 days
- d) A pre-existing medical condition is either excluded or not covered until a policy has been in force for a specified period of time.

Answer

13- Osama purchased a major medical insurance policy. All of the following characteristics of major medical insurance Except

- a) First dollar coverage
- b) Broad coverage
- c) High maximum limits
- d) Coinsurance

Answer

QUESTION Two

TRUE FALSE QUESTIONS

- 1- In individual medical expense insurance , The major medical policy coincides with the risk management philosophy, in that it protect against catastrophic losses, while at the same time providing for retention of small losses by insured
- 2- Surgical expense policies usually provide coverage on a blanket basis, with the limit of the policy payable for any covered operation.
- 3- Cosmetic Surgery of an elective nature is usually excluded from hospitalization surgical, and major medical policies.
- 4- Comprehensive major medical plans are usually characterized by higher deductibles than regular major medical plans.
- 5- Most group health policies provide the same benefits for pregnancies as for other covered expenses

- 6- Preferred provider organizations (PPO) are doctors or hospitals with whom insurers or employers contract to provide services.

QUESTION THREE (DEFINITIONS)

DEFINE THE FOLLOWING:-

- 1- Health insurance and its coverages.
- 2- Individual Medical Expense Insurance, and who purchase it
- 3- Coinsurance provision in individual medical expense policies
- 4- A calendar-year deductible in Individual medical expense policies
- 5- Care Plans in the individual medical expense insurance
- 6- PPO in the individual medical expense insurance

QUESTION FOUR

Fill in

- 1- The individual medical expense insurance is important in providing economic security to -----
- 2- The individual medical expense insurance is purchased ----- , as well, ----- and are no longer eligible for coverage under their parents plans
- 3- Characteristics of the individual medical expense insurance include -----,-----,-----,-----,-----,-----and-----
- 4- The primary purpose of major medical insurance is -----
- 5- Most individual medical expense policies provide a broad range of benefits, including -----,-----,-----,-----,-----and-----
- 6- Inpatient hospital benefits using the individual medical expense insurance comprise-----,-----,-----,-----and-----
- 7- Physician benefits , using the individual medical expense insurance include -----,-----,-----and-----
- 8- The purpose of the deductible in the individual medical expense insurance is-----

9- Individual medical expense policies contain a coinsurance provision which means -----

10- All individual medical expense policies contain exclusions ,they are -----,--
-----,-----,-----,---,and-----

11- Individual medical expense insurance plans is managed by -----

QUESTION Five

Applied Case

Ayman, age 28 is insured under an individual medical expense policy that is part of a preferred provider organization (PPO) network. The policy has calendar year deductible of \$1000, 75/25 percent coinsurance, and an annual out- of- pocket limit of \$2000. Ayman recently had outpatient arthroscopic surgery on his knee, which he injured in a skiing accident. The surgery was performed in outpatient surgical center. Ayman incurred the following medical expenses. (Assume that the charges shown are the charges approved by Ayman's insurer and that all providers are in the PPO network)

| | |
|--|---------|
| Outpatient X-ray and diagnostic tests | \$8000 |
| Covered charges in the surgical center | \$12000 |
| Surgeon's fee | \$3000 |
| Outpatient prescription drugs | \$400 |
| Physical therapy expenses | \$1200 |

In addition, ayman could not work for two weeks and lost \$2000 in earnings

- Based on the above information, how much of the expenses will be paid by the insurance company?
- How much of the expenses will Ayman have to pay? Explain your answer
- Assume that a surgeon who is not in the PPO network actually performed the surgery. Will Ayman's policy cover this fee? Explain your answer