UpGrad

# Summary
# Health Insurance

In this session, you learnt about **health insurance**. Health insurance covers a person's medical and surgical expenses in case of injuries and illnesses. This can be individual insurance, where a single person is covered, or it can be a group insurance, where a small group such as a family or the employees of an organisation are covered.

People tend to avail multiple health insurance policies to make up for different diseases and medical conditions. These multiple policies can be a combination of group and individual policies.

## Coinsurance

Next, you learnt about a few terminologies of the modern health insurance sector. In a health insurance contract, the benefits covered by the policy are enumerated. However, there are a few benefits which are excluded. Such excluded benefits are known as **deductibles**. Deductibles can also be in the form of cash , where a particular amount needs to be borne by the insured.

When this amount is in the form of a percentage of the total amount to be paid for the medical expenses, it is known as a **copayment**. Deductibles and copayments are different types of **out-of-pocket-expenses** that are present to ensure prevention of false claims or a reduction in moral hazards. This amount has a ceiling limit known as **out-of-pocket-maxima** and includes policies which involve expenses that are known as **coinsurance**.

## Forms of Health Insurance

Next, you learnt about the various forms of health insurance. In principle, there are two forms of health insurance. First, is **traditional health insurance**. In this type of health insurance, the insured is free to choose the specialist or the hospital as per his/her preference. As a result of this freedom, the premium amount, deductibles or copayments could be high for such insurance policies.

On the other hand, there are **managed care** plans that try to provide the best plans as per the requirement and lifestyle of the insured. These plans reduce the freedom to choose the preferred healthcare provider, and subsequently have lesser premiums, deductibles and copayments.

managed care includes the following plans —
1. Preferred Provider Organisations or **PPOs:** These are health plans that have developed a network of hospitals and doctors that provide health care services.

2. Health Maintenance Organisation or **HMO** plans: Here, a primary physician makes referrals to specialists within the network.
3. Point of Service or **POS** plans: This plan includes a hybrid of PPO and HMO plans, where there are lower medical costs in exchange for limited choice.
4. Exclusive Provider Organisations or **EPO** plans: These plans are more flexible when compared to an HMO plan and are less pricey than a PPO plan.

## Health Insurance Products

Furthermore, you also learnt about the different kinds of products that are prevalent in the health insurance sector. These products combine the best features of the different forms of health insurance. There are **hospital reimbursement plans** for daily miscellaneous medical expenses, **Mediclaim** plans for treatment expenses in a hospital, **family floater plans** for inclusion of family members in the insurance policy and **critical illness cover** for critical diseases such as cancer and heart ailments.

And finally, you learnt about the different government plans used in the United States, the United Kingdom and Australia. In the US, the Affordable Care Act provides discounts on government-sponsored health insurance plans such as **Medicaid**.

In the UK, the **National Health Service** covers every citizen against illnesses and injuries. And in Australia, **Medicare** provides subsidised medical treatment.