Healthcare Coverage Glossary

adverse event. Any harm a patient suffers that is caused by factors other than the patient's underlying condition.

annual and lifetime maximum benefit amounts. Maximum dollar amounts set by MCOs that limit the total amount the plan must pay for all healthcare services provided to a subscriber per year or in his/her lifetime.

capitation. A method of paying for healthcare services on the basis of the number of patients who are covered for specific services over a specified period of time rather than the cost or number of services that are actually provided.

catastrophic health insurance. Coverage with a high deductible that is intended to protect against unforeseen illness or injury. While this insurance can protect against medical bankruptcy, it does not typically cover routine, preventive medical care.

coinsurance. A method of cost-sharing in a health insurance policy that requires a group member to pay a stated percentage of all remaining eligible medical expenses after the deductible amount has been paid.

Consolidated Omnibus Budget Reconciliation Act (COBRA). A federal act which requires each group health plan to allow employees and certain dependents to continue their group coverage for a stated period of time following a qualifying event that causes the loss of group health coverage. Qualifying events include reduced work hours, death or divorce of a covered employee, and termination of employment.

copayment. A specified dollar amount that a member must pay out-of-pocket for a specified service at the time the service is rendered.

cost shifting. The practice of charging more for services provided to paying patients or third-party payers to compensate for lost revenue resulting from services provided free or at a significantly reduced cost to other patients.

deductible. A flat amount a group member must pay before the insurer will make any benefit payments.

defensive medicine. Providers performing unnecessary tests and procedures to ward off potential malpractice lawsuits.

electronic medical record (EMR). A computerized record of a patient's clinical, demographic, and administrative data. Also known as a computer-based patient record.

fee-for-service (FFS) payment system. A benefit payment system in which an insurer reimburses the group member or pays the provider directly for each covered medical expense after the expense has been incurred.

guaranteed issue. Insurance coverage that is available to anyone who applies for it, regardless of health status.

Health Insurance Portability and Accountability Act (HIPAA). A federal law that outlines the requirements that employer-sponsored group insurance plans, insurance companies, and managed care organizations must satisfy in order to provide health insurance coverage in the individual and group healthcare markets.

individual mandate. A requirement that every American have health insurance, which would be enforced through financial penalties.

Medicaid. A joint federal and state program that provides hospital expense and medical expense coverage to the low-income population and certain aged and disabled individuals.

medical underwriting. The evaluation of health questionnaires submitted by all proposed plan members to determine the insurability of the group.

Medicare. A federal government program established under Title XVIII of the Social Security Act of 1965 to provide hospital expense and medical expense insurance to elderly and disabled persons.

Medicare supplement. A private medical expense insurance policy that provides reimbursement for out-of-pocket expenses, such as deductibles and coinsurance payments, or benefits for some medical expenses specifically excluded from Medicare coverage.

network. The group of physicians, hospitals, and other medical care professionals that a managed care plan has contracted with to deliver medical services to its members.

out-of-pocket maximums. Dollar amounts that limit the amount a member has to pay out of his/her own pocket for particular healthcare services during a particular time period.

outpatient care. Treatment that is provided to a patient who is able to return home after care without an overnight stay in a hospital or other inpatient facility.

pooling. Grouping large numbers of people together to spread out their health insurance risks.

pre-existing condition. In group health insurance, generally a condition for which an individual received medical care during the three months immediately prior to the effective date of coverage.

preferred provider organization (PPO). A healthcare benefit arrangement designed to supply services at a discounted cost by providing incentives for members to use designated healthcare providers (who contract with the PPO at a discount), but which also provides coverage for services rendered by healthcare providers who are not part of the PPO network.

premium. A prepaid payment or series of payments made to a health plan by purchasers, and often plan members, for medical benefits.

primary care. General medical care that is provided directly to a patient without referral from another physician. It is focused on preventive care and the treatment of routine injuries and illnesses.21

third party administrator (TPA). A company that provides administrative services to MCOs or self-funded health plans but that does not have the financial responsibility for paying benefits.

underwriting requirements. Requirements, sometimes relating to group characteristics or financing measures imposed in order to provide healthcare coverage to a given group and which are designed to balance a health plan's knowledge of a proposed group with the ability of the group to voluntarily select against the plan (antiselection).

workers' compensation. A state-mandated insurance program that provides benefits for healthcare costs and lost wages to qualified employees and their dependents if an employee suffers a work-related injury or disease.

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BCBSF envisions a medical delivery system that evolves from an illness model to a wellness model.

Vision of Reform

Introduction

The number of uninsured is growing at epidemic proportions. Nearly 50 million Americans — one in six individuals — lack appropriate health coverage and access to care. In Florida, nearly four million people are without health insurance. Unfortunately, these numbers continue to increase, a fact that should come as no surprise since health care costs have risen more than 70 percent over the past seven years. The increase in the cost of health care and, consequently, the cost of coverage, has far outpaced wage increases for the average American. Absent an employer or government subsidy, health care coverage is simply unaffordable for many Americans.

Vision of Reform

Blue Cross and Blue Shield of Florida's Vision of Reform

Blue Cross and Blue Shield of Florida (BCBSF) believes that the severity of the affordability and uninsured issues require a case for transformational change in today's health care environment. Our vision for reform includes five critical elements: wellness and prevention; evolution in health care delivery; universal coverage; consistent and equitable funding for safety net programs; and personal responsibility. BCBSF's Mission is to advance the health and well-being of Florida's citizens and to work toward a system where appropriate health care is available to all. But we certainly can't do it alone.

Any change for which we advocate can only be accomplished when all of those involved in health care delivery, financing, utilization and supply coalesce to agree on a realistic platform for reform. Until all parties recognize that the current model is unsustainable, it is unlikely change will occur proactively. And if the health care industry doesn't come together quickly, a declining economy will drive a political agenda that diminishes the positive impact brought by the private sector in terms of innovation and meaningful competition.

Wellness and Prevention

BCBSF envisions a medical delivery system that evolves from an illness model to a wellness model. Today, doctors and other providers are paid to treat the sick with very little financial reward for keeping people healthy. This paradigm must be changed. Incentives for preventive medicine and wellness should be offered to both patients and providers. Steady doses of wellness education should be offered beginning at a very young age and continued through one's entire educational career. Overall, our health care financing needs to be realigned to reward both the practitioners and consumers who achieve the best health outcomes.

Evolution in Health Care Delivery

BCBSF and other payers need to work with our provider partners to implement critical changes in medical delivery. A system that embraces objective, proven clinical standards as the foundation for reimbursement is the goal. Physicians should be rewarded for adherence to these standards and for the enhanced value that efficient, integrated and clinically appropriate care brings to patients. Protections from legal liability can be legislated to shield clinicians and eliminate the costs caused by defensive medicine and other consequences of malpractice lawsuits. With the total impact on medical expenditures costing $124 billion each year, removing this cost would pay for virtually any version of comprehensive health care reform.

Universal Coverage

For the insurance industry and medical community to successfully implement system changes that would bring coverage to all Americans, BCBSF envisions the federal government playing a significant role. For those individuals and businesses that do not obtain coverage voluntarily, an enforceable mandate must be created. Policy studies consistently find that a voluntary system cannot produce universal participation. Our country's compassion has created a safe haven of emergency room treatment for all. The cost of this care is being borne by a diminishing number of insured. The fundamental principle of spreading risk can only be achieved when all of those capable of paying for their own or their employees' coverage are mandated to do so with appropriate incentives. Those who do not have the financial ability should receive a meaningful public subsidy.

Consistent and Equitable Funding for Safety Net Programs

We believe the best approach for funding these programs will spread the risk nationwide. Additionally, public subsidies and safety net programs should be equitably funded across the states. Inconsistency in federal and state funding adds to the problem of a disjointed health care system and does not encourage integrated care. Florida has a disproportionate responsibility of caring for seniors in long-term care settings. While an increase in taxes would be necessary, long-term care costs should be part of the Medicare program.

Personal Responsibility

Finally, BCBSF believes private and public entities, along with the federal government, can create an environment that encourages personal responsibility for each individual. It took only one generation to reduce the number of smokers by half. We can work together to address and improve conditions that deplete most of our health care dollars; like asthma, diabetes, heart disease and depression. Obesity and diabetes can be significantly addressed through good nutrition and exercise. Can we expect people to take personal responsibility when their neighborhood is unsafe, where there are no sidewalks on which to walk or playgrounds on which to play, and only fast food is available? When a large percentage of Florida's adult population is functionally illiterate, how realistic is the expectation that food labels will be read and understood? Clearly, education and resources are the keys to promoting personal responsibility and good health. Let's work together to put exercise back into our schools, to build and create neighborhoods where children can play in a protected environment and spaces can exist for community markets. How can we eliminate economic and environmental chemical burdens that foster depression and physical illnesses? We need the commitment to create incentives that promote and pay for early disease intervention and preventive care.

BCBSF is not promoting a vision of utopia but rather asking everyone to take a role in building and supporting a long-term view of a healthy Florida and the United States for future generations. As we move forward, BCBSF pledges to continue the dialogue, develop solutions that align with this vision and work with various stakeholders to develop integrated approaches to health care affordability and access.