

# BENEFIT SOLUTIONS®

By Gary V. Cupo, CLU ChFC

The only constant thing in life is change. However, for many of us, change is hard to accept. The inevitable change in our health care delivery system is certain to meet resistance.

As people become informed about innovative alternatives in health care delivery, they will see these new processes as benefit enhancements. In time, they will support the advantages of change.

Managed care, preventive medicine and primary care physician are terms that represent change in our health care delivery system. In a managed care system, the subscriber, the insurer and the provider work together to assure that the most appropriate care is provided. Often a primary care physician monitors the patient's care and emphasizes the value of preventive medicine.

Some would argue that managed care deprives the subscriber of quality and choice when, in reality, it can produce greater efficiency and early detection of medical problems helping to ensure prompt treatment and successful outcomes.

As a child, there was only one doctor that I recall visiting frequently. He was called our "family doctor." Today, he would be called a primary care physician. When we had a problem, we saw him first. If he thought it was necessary, we might be referred to a specialist. But, our treatment was always coordinated by the family physician.

In recent years, more physicians have become

# Managed Health Care! Try it, you might like it.

specialists, in part, because of the financial incentives. The same financial incentives will now bring physicians back to the role of "family physician," now called "primary care physician."

Traditionally, doctors have been paid a fee for each service they provided. The more services they provided, the more fees they collected. Insurance companies generally paid with few questions asked. When the claims and expenses paid out exceeded the premiums collected in a given year, the cost was passed on to the consumer in the form of higher premiums.

There were no checks and balances, only "blank checks." Those who took advantage of the system—both providers and insured—forced premiums up for the rest. Public outcry convinced insurance companies that they had to bring down the cost of health care.

Insurance companies began to reduce risk by becoming more selective about whom they would insure. This process is called "underwriting." Healthy young employees paid lower premiums while people with less than perfect health or "pre-existing conditions" were charged higher premiums or went without coverage. Government subsidized insurers and companies that did not underwrite became the dumping grounds for those who were left out of the system.

Insurance pools of healthy people charged their group plans lower premiums and paid fewer claims. Other plans raised premiums higher and higher to

keep up with increasing claims. This leads a plan to what is known as a "death spiral" where, eventually, the plan ceases to exist.

Another way to reduce the cost of health care coverage is to reduce the amount of health care you cover. Always, read the fine print!

Many states require that insurance companies provide certain benefits. To avoid these state-mandated benefits, Multiple Employer Trusts, located out-of-state, would market benefit plans exempt from the rules of another state. Sometimes these plans would contain severe restrictions and policy limitations.

For instance, an out-of-state trust might offer a small group plan that pays limited or no benefits for organ transplants, maternity care, convalescent care, and treatment of mental/nervous disorders, alcoholism, drug addiction or AIDS. The premiums would be considerably lower than the amount charged by an in-state insurer who is mandated or an out-of-state insurer who voluntarily provides coverage for all of those items.

Low-cost premiums can also be found in hospital-only plans that cover only in-patient care and with hospital indemnity plans that pay a fixed dollar amount for every day the insured spends in the hospital. Policies such as these can give the consumer a false sense of security.

I attended a meeting hosted by an insurance

(continued on page 15)

## The Prudential Health Care System

When It's Time For You To Select Health  
Coverage Where You Work --

Choose PruCare® or PruCare Plus®!

It's Rock Solid® Coverage --  
From a Name You Know And Trust

BENEFIT  
SOLUTIONS®

6 High Point Drive  
P.O. Box 5000  
Wayne, NJ 07474-5000  
(201) 305-0050 • Fax (201) 305-0076

The Prudential 

Call Today!  
1-800-57-BENEFIT

*PruCare is an HMO and PruCare Plus is a point of service plan offered by The Prudential Insurance Company of America and Prudential Health Care Plan, Inc., a subsidiary of The Prudential Insurance Company of America.*