

Section 11.1 – 2: Health Insurance Premiums/ Benefits

Learning Targets: We are learning about basic health insurance related vocabulary and their relationship to how health insurance works. We are learning to calculate how much a person pays for premiums to get/ keep their health insurance plan current. We are also learning about how to determine how much a person will pay for health care costs when covered health events occur.

Success Criteria: I can:

- Know and use the health insurance vocab appropriately
- Explain how insurance premiums are used to secure a policy and how the type of policy chosen will determine the remaining out of pocket expenses
- Calculate the premiums to secure a health insurance policy
- Calculate the out of pocket costs for health events for both in-network and out-of-network health care events

_____ Insurance coverage that pays for medical and surgical expenses

_____ Amount paid to the insurance company for insurance policy to remain in effect

_____ Formal request to an insurance company to pay based on the terms of the insurance policy

_____	=	_____	-	_____
_____	=	_____	X	_____

Ex1: Connie has an individual membership in her company’s group health insurance program. The annual premium is \$12,500, of which her employer pays 75%.

a. Find Connie’s annual contribution

b. Find Connie’s monthly cost for insurance

Ex2: Patty has a family membership in her company’s PPO health insurance plan. The annual premium is \$4,950, of which her employer pays 75%. She also opts for dental and vision coverage, for which she pays the total annual costs of \$350 and \$195 respectively. How much is deducted from her weekly paycheck to cover the cost of insurance premiums?

Your health insurance plan may not pay for all procedures. You may have the following costs:

_____ Amount that must be paid out-of-pocket for expenses before the insurance company will cover the remaining costs.

_____ When the insured pays a certain dollar amount of out-of-pocket expenses for health care services such as doctor visits and prescriptions drugs at the time of service, with the insurance company paying the remaining costs. (Ex: Pay \$10 each time you receive medical services, such as a visit to the physician)

_____ When the insured pays a set percentage of the covered costs after the deductible has been paid.

What is an Out of Pocket Limit?

_____	=	_____	+	_____
		+		_____

Ex3: Brooke is single and has a health insurance plan with the benefits shown in the figure below. Her recent network health care costs include surgery for which the hospital bill was \$24,650. Following hospital surgery, she made co-payments for 12 physical therapy visits and she had 75 home visits from a nurse at \$75 each. She also had co-payments for 8 physician visits and 9 specialist visits. What amount did she pay?

Ex4: Connie has the health care plan outlined the Health Care Benefits Schedule listed. She is single and had the following network health care costs during the year: 1 emergency room visit, a hospital charge of \$4,287, 5 doctor visits, 2 visits to a specialist. What amount did she pay?

Health Care Benefits Schedule			
		Network	Non-Network
Annual Deductible	Single	\$300	\$600
	Family	\$900	\$1,800
Hospital Charges	-----	90%**	70%**
Home Health Care	First 50 visits	100%**	80%**
	Over 50 visits	80%**	80%**
Co-insurance/ Co-payments	Physician visit	\$10	\$12
	Specialist visit	\$20	\$25
	Physical Therapy		
	First 15 visits	\$15	70%**
	Over 15 visits	80%**	70%**
	Emergency Room	\$50	\$50
	Ambulance	\$25	\$25

**Percent of total cost that is covered by the health care company

What if Connie had going **out of network** for her medical services?

TYPE OF INSURANCE	DEFINITION	ADVANTAGES	DISADVANTAGES
	<p>An insurance plan allows the participant the choice of any provider without effect on reimbursement. These plans reimburse the patient and/or provider as expenses are incurred.</p>		
	<p>An insurance plan that includes an association of health care professionals and medical facilities that sell a fixed package of health care services for a fixed price where each patient has a primary care physician.</p>		
	<p>An insurance plan that includes a group of selected health care professionals who offer comprehensive services at preset reimbursement levels at a higher level than any other providers who are not in the network of providers.</p>		
	<p>An insurance plan that requires the insurance holder to pay a higher amount the first portion of a medical expenses before the insurance coverage begins.</p>		

Section 11.3 – 4 : Life Insurance

Learning Targets: We are learning about different types of life insurance and how life insurance works, along with basic life insurance related vocabulary. We are learning to calculate how much a person pays for premiums to get/keep their life insurance plan current. We are also learning about what happens after a person dies with a life insurance policy OR decides (while they are living) that they no longer want the life insurance policy.

Success Criteria: I can:

- Know and use the life insurance vocab to explain the different types of life insurance
- Calculate the premiums to secure a life insurance policy
- Explain what happens when the policy is terminated or the insured person dies

_____ Insurance that protects a family financially by paying death benefit in the event of the policy holders death

- If salary is important in supporting your family or paying the mortgage, life insurance can ensure these financial obligations are covered in the event of a death.
- Cost is based on your life expectancy

_____ Amount paid to the insurance company for insurance policy to remain in effect

_____ Formal request to an insurance company to pay based on the terms of the insurance policy

_____ The person named to receive the insurance payouts. The beneficiary receives the face value of the policy, which is the amount of coverage that you buy.

_____ or _____ the amount of money you receive if you cancel the policy.

TYPES OF LIFE INSURANCE

_____ Insurance that pays a benefit in the event of the policy holders death during a specified period of time or up to a specified age

- You must renew this type of insurance at end of each term or it expires.

_____ Insurance that pays a benefit in the event of the policy holders death and never expires.

- Part Insurance/ Part Investment
- Premiums go toward insurance coverage, administrative fees, and the cash value of the investment
- Investment portion grow tax deferred and you may borrow against it as well as pay your premiums (once you have built up enough in the investment)
- More expensive than term life insurance

_____ a type of permanent life insurance policy. With this type of insurance the policy holder will pay a level (or fixed) premium for a guaranteed death benefit for the policy holder’s family. Initially most of the money goes to pay the premium and a smaller amount toward the investment portion. The longer you have the policy the more your investment allocation grows.

_____ a type of permanent life insurance policy (a more flexible version of whole life). With this type of insurance the policy holder will pay a premium and death benefit that is more flexible and the policy holder has more control over how his/her investment portion is invested.

_____ a type of life insurance policy where you pay premiums only for a specified number of years or until you reach a certain age. This type of policy is often use for _____ or _____

_____ = _____ X _____

Ex1: Carrie is 45 years old. She wants to purchase a \$100,000, 5-year term life insurance policy. Find the annual premium and the premiums paid for the life of the policy.

Annual Premium per \$1,000 of Life Insurance: 5-year term		
Age	Male	Female
18-30	\$2.47	\$2.13
35	2.70	2.29
40	3.27	2.67
45	4.17	3.54
50	5.84	4.82
55	8.81	6.60
60	13.22	9.71

*Minimum amount is \$50,000

Ex2: Maria took out an \$80,000, 5-year term policy at age 30. She will be 35 years old this year.

- a. What will the annual premium be at age 35?

- b. What was the annual premium at age 30?

- c. How much is the increase? What is the percent increase?

Ex3: Connie is 25 years old. She wants to purchase a \$150,000 universal life insurance policy.

- a. What is her monthly premium?

- b. What is her annual premium?

Ex4: Connie is 25 years old. She wants to purchase a \$125,000 whole life insurance policy.

- a. What is her annual premium?

- b. What are her monthly payments?

- c. How much can she save in one year paying the premium annually?

Ex5: Ann is 40 years old. She wants to purchase a \$50,000, whole life insurance policy.

- a. What is her annual premium?

- b. What is her semi-annual premium?

- c. What are her monthly payments?

- d. How much can she save in one year paying the premium annually vs monthly? vs semi-annually?

Annual Premiums per \$1000 of Life Insurance				
Age	Paid at Age 65		Whole Life	
	Male	Female	Male	Female
20	11.75	9.75	8.00	6.25
25	13.75	11.50	9.50	7.50
30	17.00	14.50	11.75	9.25
35	21.50	18.00	15.00	11.50
40	29.75	25.00	19.50	14.50
45	39.50	32.50	25.50	18.75
50	56.25	45.75	34.00	24.25
55			46.50	32.25

Monthly Premium	
\$50,000 Universal Life	
Male or Female	
	19.00
	24.00
	29.00
	37.50
	52.00
	69.50
	93.50
	126.00

Optional Payment Plans	
Percent of Annual Premium	
Semi-Annual Premiums	50.50%
Quarterly Premiums	25.50%
Monthly Premiums	8.50%

[What is an HMO?](#)

[What is a PPO?](#)

[What is a Deductible?](#)

[What is a Copay?](#)

[What is Coinsurance?](#)

[What is an Out of Pocket Limit?](#)

[NextGeneration Health](#)

[Student Health Guide](#)

[HealthCare Glossary](#)