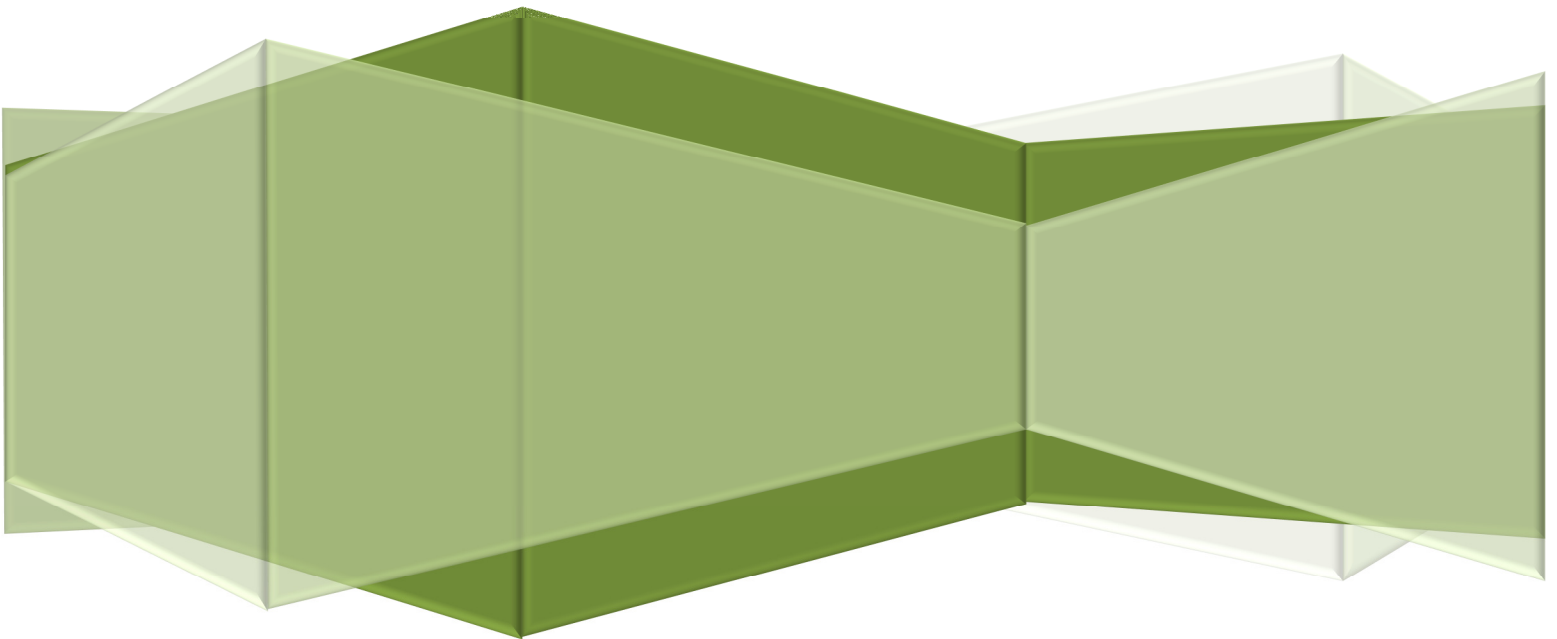




VERMONT DEPARTMENT OF BANKING, INSURANCE,
SECURITIES AND HEALTH CARE ADMINISTRATION

Shopping for Individual and Small Group Insurance

Vermont Consumer Handbook – July 2011



OTHER FORMATS FOR THIS PUBLICATION

This publication is available on the Department's website, www.bishca.state.vt.us, under the Division of Health Care Administration's "Consumer Publications" link.

To speak with a health insurance Consumer Services Specialist, call 1-800-631-7788.

People with hearing impairments may contact the Vermont Relay Service at 1-800-253-0191 (TTY), or 1-800-253-0195 (voice).

People with reading or visual impairments may contact the Vermont Association for the Blind and Visually Impaired (VABVI) at:

1-877-350-8840 Brattleboro

1-877-350-8838 Montpelier

1-877-350-8839 Rutland

1-800-639-5861 South Burlington

TABLE OF CONTENTS

Introduction	1
Consumer Protections	2
Types of Health Insurance	3
Overview of Health Insurance Product Types	6
Vermont Insurers Offering Health Insurance Policies	7

Some of the information contained in this booklet is provided courtesy of the U.S. Department of Health and Human Services (HHS)

Introduction

There are three primary markets for private health insurance:

- Individual (sometimes called non-group): For individuals (including families) purchasing health insurance
- Small Group: For companies purchasing health insurance for their employees, and employing at least one and no more than 50 employees
- Large Group: For companies purchasing health insurance for their employees, and employing 51 or more employees

Each market has distinct characteristics and operates under different rules.

This publication provides basic information about purchasing private individual and small group health insurance.

There are differences between various individual and small group health insurance plans. When you are selecting a small group individual health insurance plan, you should carefully compare costs and coverage.

Be sure to compare:

- Premiums
- Coverage and benefits
- Access to doctors, hospitals, and other providers
- Out-of-pocket costs (co-insurance, co-pays, and deductibles)
- Exclusions and limitations



Reforms for unified and universal health care delivery system in Vermont will unfold over several years. Most reforms will not take effect until 2014.

Consumer Protections

VERMONT CONSUMER PROTECTIONS

Individual and small group health insurance policyholders in Vermont are guaranteed certain rights and protections. Understanding these protections can help you make a more informed choice.

Individuals and small groups in Vermont have guaranteed issue rights. Guaranteed issue means that insurance companies are not allowed to refuse to sell you an insurance policy because of your health status. Health insurers must accept every eligible group member, individual, and their eligible dependents. In Vermont, you cannot be denied individual or small group comprehensive health insurance because of your health.

Individual and small group health insurance is also community rated. This means that insurance companies are required to charge the same premium to their customers for the same policies, regardless of their health status. Sometimes premiums can vary to a limited degree by age, but they can't vary based on health status.



NEW FEDERAL CONSUMER PROTECTIONS

Many of the new consumer protections outlined in the health care law reform have now begun to take effect.

For example, your adult child can stay on your family plan until age 26 if they do not have access to their own job-based coverage, children can no longer be denied coverage for pre-existing medical conditions, and there are no deductibles or co-pays for certain preventive services (such as immunizations) in the new health insurance policies.

Additional rights and protections, such as the elimination of lifetime limits on health insurance policies and the elimination of coverage denials for pre-existing medical conditions for adults, will be phased in over the next three years. If you have questions, please call us at us at 1-800-631-7788 or 802-828-2900.

IMPORTANT ALERT

Please note that there have been reports of scams associated with confusion over federal health care reform. There is no need for you to change your insurance policy or buy a special kind of insurance policy to obtain many of the protections from federal health care reform. All insurance companies that sell insurance in Vermont must be licensed by the Department of Banking, Insurance, Securities and Health Care Administration and must be registered to sell insurance in the small group and individual markets. If you have any questions about a product that is described as being associated with federal health care reform, please call us at 1-800-631-7788 or 802-828-2900. You can also contact the U.S. Department of Health and Human Services at 1-301-492-4230.

Types of Health Insurance

COMPREHENSIVE HEALTH INSURANCE POLICIES

When this publication refers to “health insurance” it is referring to comprehensive health insurance policies which cover most health care services. In Vermont, the health insurers listed in the publication entitled *Individual and Small Group Health Insurance: Companies and Rates* are the only health insurers that can sell comprehensive small group or individual health insurance. This publication can be found on our website at www.bishca.state.vt.us. If you have any questions about whether a policy is authorized for sale in Vermont, you should call us at 1-800-631-7788 or 802-828-2900. If you are looking at insurance from a health insurer that is not on that list, you may be looking at a *limited benefit health insurance policy*.

LIMITED BENEFIT HEALTH INSURANCE POLICIES

Limited benefit health insurance policies cover more limited health care costs. For example, some limited benefit policies only cover the costs associated with certain conditions (for example, a specific kind of cancer). Other limited benefit policies

may pay a set amount for treatment (for example, \$1,500 a month for hospitalization). The actual cost of the treatment may much be higher and you will have to pay the difference. Some limited benefit health insurance policies may cover several medical conditions or types of services, giving the impression that they are comprehensive health insurance policies. It is very important that you understand the limitations of these policies.

INDIVIDUAL HEALTH INSURANCE

People without access to employer-sponsored group insurance may purchase health insurance directly from a health insurer. Individual health insurance may cover one person or all eligible members of a family. In Vermont, two health insurers are authorized to sell comprehensive individual health insurance: Blue Cross Blue Shield of Vermont and MVP Health Plan.

Catamount Health

In addition to traditional individual insurance, some Vermonters are also eligible for Catamount Health. Catamount Health is individual health insurance created for uninsured Vermonters who do not have access to employer insurance or are not eligible for other “Green Mountain Care” plans such as the Vermont Health Access Program (VHAP) or Dr. Dynasaur. It is offered, in cooperation with the State of Vermont, by Blue Cross Blue Shield of Vermont and MVP Health Care. You may qualify for Catamount Health if you have been living without insurance for 12 months or more, or if you are losing your group health insurance because of job loss. For further information contact: Health Access Member Services for Green Mountain Care at 1-800-250-8427; TDD: 1-888-834-7898 or visit their website at www.GreenMountainCare.org.

Premium Assistance

If your family income is at or below 300% of the federal poverty level, you may qualify for premium assistance when you purchase a Catamount Health Insurance plan. Premium assistance reduces your monthly premium cost. For questions about premium assistance eligibility, call Green Mountain Care at the above numbers. You can also call us at 1-800-631-7788 or 802-828-2900 to request the *Shopping for Vermont’s Catamount Health Insurance* consumer handbook, or visit our website at www.bishca.state.vt.us.

SMALL GROUP HEALTH INSURANCE

Small group health insurance coverage is insurance that is purchased by a small employer (50 or fewer employees) and offered to eligible employees of the company (and often to the employees' family members) as a benefit of working for that employer. In Vermont, small group insurance is available to self-employed individuals.

Association Plans

Association plans are a type of small group health insurance. An association's premium rates are based on the health care experience of its members, rather than on the statewide rates for small group health insurance. As a result, association members' rates may be less expensive than the statewide rates. However, they could also be higher. Small businesses may be eligible for membership in one or more associations in Vermont. Only associations which have been approved by the Department of Banking, Insurance, Securities and Health Care Administration are permitted to offer small group insurance to employer members.

HIGH DEDUCTIBLE HEALTH PLAN AND HEALTH SAVINGS ACCOUNTS

Small group and individual health insurance policies may include the opportunity to combine a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA). HSAs are designed to help individuals save for future qualified medical expenses on a tax-deductible basis.

In order to save money in a tax-deductible HSA, you must be covered by a federally qualified HDHP. Not all health insurance policies with a high deductible are federally qualified HDHPs. If you want to use an HSA, verify with the insurer that the high deductible health plan is a federally qualified product and allows you to establish a tax-deductible HSA.

For more information, call us at 1-800-631-7788 or 802-828-2900 or review the consumer handbook *Health Savings Accounts* on our website at www.bishca.state.vt.us. You can also visit the U.S. Treasury Department's website at: <http://www.treas.gov/offices/public-affairs/hsa/>.

Overview of Health Insurance Product Types

Health insurance policies are available in a variety of product types. For example, you may be able to choose an Indemnity plan, a Health Maintenance Organization (HMO), a Preferred Provider Organization (PPO), or a Point of Service (POS) plan. The descriptions might not completely apply to every health insurer's products, but they can serve as a general guide to the differences between product types. Be sure to check with the health insurer or your employer to verify how your coverage works.

HEALTH MAINTENANCE ORGANIZATIONS (HMOS)

An HMO directly contracts with a network of doctors, hospitals and other types of providers. Care is generally provided by (or coordinated through) your Primary Care Physician (PCP). A PCP referral or prior authorization from the health insurer is often needed to receive coverage for specialists or certain services. HMOs usually require you to receive care from providers in the network, except for emergencies, or if your particular health care needs can't be met by providers in the network.

POINT OF SERVICE (POS) PLANS

A POS plan combines an HMO with the flexibility of being able to see out-of-network providers. You may use providers in the health insurer's network or go outside of the network. When you use an out-of-network provider, you will usually pay more. You often need a referral from your PCP or prior authorization from the health insurer to receive coverage for a specialist, certain services, or out-of-network care.

PREFERRED PROVIDER ORGANIZATIONS (PPOs)

A PPO offers you a network of providers, but you can also use out-of-network providers. When you use an in-network provider, your cost is usually lower than when you use an out-of-network provider. You usually don't need to select a primary care provider or get referrals to see specialists in a PPO.

INDEMNITY PLANS

An indemnity plan generally has no specific network of providers, so you can choose any doctor, hospital or other health care provider to deliver covered services. After meeting a deductible, you and the health insurer generally pay set percentages of the cost for health care services you receive.

HEALTHY LIFESTYLE PLANS

Insurers are beginning to incorporate features into their health insurance policies that reward healthy choices and promote disease prevention. These "healthy lifestyle" policies will provide rewards or incentives such as lower premiums, deductibles or cost sharing if policyholders take specific steps to promote wellness. Typically, these products do not penalize a person for health status (i.e., high blood pressure), but provide rewards and incentives for taking appropriate steps to manage a health condition (such as taking blood pressure medication).

Vermont Insurers Offering Health Insurance Policies

For information on individual and small group health insurance companies and rates, please visit our website at www.bishca.state.vt.us for the *Individual and Small Group Health Insurance: Companies and Rates* publication, or call us at 1-800-631-7788 to request a copy of the publication.

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