



May 17, 2024

FACT #2: Health Plans are NOT Health Insurance

Every Friday for 12 weeks I'll be sharing one of the "12 Facts that Expose Dangerous Health Care Myths." Here is Fact #2:

"A health plan is NOT health insurance." That's right. A health plan is NOT health insurance. In law, health plans are defined as prepaid health care. You pay the plan a lot of money with the understanding that when you need care, it will pay for it. But that is not how a health plan works. A health plan is allowed to take your premium dollars and deny you access to the care you need. Real insurance is a private contract to pay for your care. The Affordable Care Act made real health insurance illegal. Catastrophic coverage for insurable events cannot be sold to anyone over the age of 29. I think we should change that. How about you?

"Indemnity plans reimburse the patient or the provider as medical expenses occur or afterward. Prepaid plans pay medical service providers a fixed amount based on the number of people enrolled, regardless of services received."

"Understanding health plan types: What's in a Name?" Bonita Briscoe, Beyond the Numbers, U.S. Bureau of Labor Statistics, January 2015: <https://bit.ly/3y5ctvZ>

Indemnity Plan Coverage

The specific health services and supplies an indemnity health plan covers will vary depending on the plan and insurer. Similarly, the amount of coverage available for each covered service also varies from plan to plan.

Traditional indemnity plans generally offer hospital-surgical coverage, major medical coverage, or a combination. Some fixed indemnity plans offer a limited set of benefits, such as hospital care, while others offer broader coverage.

Traditional plans cover a percentage, usually 80%, of the cost of the "usual, customary, and reasonable" (UCR) fee for a specific service. Insurers determine UCR amounts based on what typical providers in an area charge for similar services. Fixed indemnity plans pay a pre-set amount, regardless of actual local costs.

"What is an Indemnity Insurance Plan?" Jennifer Gorman, Assurance, April 28, 2023: <https://bit.ly/3V3t90d>

Presented daily by Twila Brase, President and Co-founder
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*The Health Freedom Minute is now heard in 48 states:
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