

Employers, advisers must learn to discern between mini- and limited-medical plans

Plans may share the same external characteristics but internal limits could result in significant premium differences, which must be explained.

By Robert L Whiddon
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As part of the market gravitates toward higher out of pocket costs for health plan members, there is also a movement afoot to give workers the appearance of more traditional medical coverage — manageable deductibles, co-pays and co-insurance. Mini-medical and limited-medical products continue to attract the attention of employers looking to manage the twin objectives of lowering costs while providing attractive benefits.

AmWINS recently introduced a limited medical product, which mimics major medical coverage up to a point — \$25,000 for the company's stock HealthWINS product. As the benefit has wound its way through the ranks of advisers and employers over the last six months, the company's group benefits chief has discovered there is ample room for confusion as both groups struggle to compare mini- and limited medical products.

"Be very, very careful," Sam Fleet, president of AmWINS' group benefits division, says.

A recent client meeting illustrates one emerging point of confusion, according to Fleet. Whereas two limited medical products may appear externally indistinguishable — offering 80/20 coinsurance up to a \$25,000 maximum — internal limits could not only alter the benefit participants derive from the offering, but also introduce a significant premium disparity.

"What the broker needs to be very cognizant of is that a lot of plans have internal limits in addition to the external limits," Fleet says.

There are a variety of ways to do it. Cap outpatient surgery at \$1,000. Add disease-specific caps. Only pay \$5,000 for cardiac or \$5,000 for HIV. All of them are likely to produce a confused consumer, according to Fleet.

AmWINS says there is a market for a product that mimics major medical and is intuitive, even if it maxes out at just \$25,000. The company says that 50% of Americans spend less than \$12,000 per year on medical expenses and 85% spend less than \$5,000. For Fleet that highlights why eroding first dollar coverage while preserving highend catastrophic limits may not resonate with much of the market. The HealthWINS program does not abandon members at the \$25,000 ceiling. Higher caps are available and the company launched an advocacy service to help negotiate costs that exceed the limit.

Just because the limited-med variety may look and feel more like traditional coverage when compared to a mini-med — which might pay \$50 for a doctor's visit and \$500 a day for hospitalization — Fleet warns advisers against soft pedaling the issue for employers and would-be participants.

"This is what it is, and it is definitely not major medical," he says. "It's the second best option, or the third best option, or the fourth best option, whatever the employers can afford. But clearly you must say time and time again that it is not major medical insurance."

Claims admin is another area where mini-med murkiness could confound consumers. A \$500 daily hospitalization benefit is paid out sequentially. First provider to prove eligibility and bill gets paid. The

patient gets the balance when the benefit is exhausted.

While the HealthWINS product comes out of the box absent any internal limits, Fleet says he'll bake them in if asked. He too could shock a member with the balance if an outpatient surgery limit is breached. That leads him back to his belief that the most important issue with these products remains communication and education.

"I don't think ... some of the plans are doing a very good job at compliance issues relating to marketing materials and what's out there," he says. Carriers are not alone, though.

"You know the business, [brokers] get something from an insurance carrier and they are going to mark it up and put it on their own letterhead, put their own logo on it and they are going to leave out certain things they shouldn't necessarily leave out," according to Fleet.

AmWINS offers a two-day training course where advisers are certified to discuss the company's limited medical product with clients.