

Chapter 4

Checkpoint 4.1

1. What is the basic purpose of health insurance?

Answer: To protect you from financial risk.

2. What is adverse selection?

Answer: When somebody buying insurance represents a greater risk than the population as a whole.

3. Approximately how much of what the nation pays for health care is for chronic diseases?

Answer: 75%

4. What is the basic intent of the Patient Protection and Affordable Care Act?

Answer: To reduce costs, make delivery of health care more efficient, and provide health insurance to those who are not otherwise insured.

5. By what year are all of the provisions of the Patient Protection and Affordable Care Act scheduled to go into effect?

Answer: 2014

Checkpoint 4.2

1. What is the main example of group health plans?

Answer: Employer-offered plans.

2. What is an out-of-pocket maximum?

Answer: The most a participant will have to pay for care in a given year.

3. What is a managed-care plan?

Answer: The insurance company enters into contracts with hospitals, doctors, and other providers of care.

4. What was the first type of managed-care plan in the United States?

Answer: Health maintenance organization.

5. Describe the features of a consumer-driven health plan?

Answer: It is a health plan with a high deductible.

Checkpoint 4.3

1. What is the basic purpose of COBRA, as related to health insurance?

Answer: To extend an individual's health plan coverage in certain circumstances.

2. COBRA applies to health care insurance provided by employers with at least _____ employees.

Answer: 20

3. What is the basic purpose of HIPAA?

Answer: To prevent an insurer from denying health plan coverage due to a preexisting condition that was covered by previous insurance.

4. Medical care provided to people who have no insurance and are unable to pay for the care on their own is called _____.

Answer: uncompensated care

5. About what percentage of the cost of uncompensated care is paid for by the patient?

Answer: 33%