Health Benefit Utilization

BY The Sagicor Advisor Posted August 01, 2019 In health insurance

Imagine having a health crisis that requires surgery that costs in excess of JM$1 million, but you don't have that kind of money laying around as disposable dollars or even saved up in an account somewhere. For the average person, immediate panic is what sets in. The timely superhero for the average individual is health insurance. This type of insurance ensures that you are covered in the case that such a medical emergency may emerge.

Risk sharing is what insurance does. It provides an arrangement that, for a premium, offers the insured person an opportunity to share the costs of possible claims, through an insurance scheme. The essence of insurance is sharing the risk by spreading the cost of an illness or accident across a group of people. For group plans, it is the expectation that not all persons will have the same level of claims in any contract year. This principle makes the premiums more reasonably priced and within the reach of the member.

In any risk sharing scheme, premiums are collected from each participant and this must then cover the claims and expenses for all persons on the plan. If the majority of persons on a group plan decide to use all the available benefits before the anniversary date, then this excessive utilization will most certainly deplete the money available to pay the claims and lead to an increase in the premiums for the following period. Remember, the expectation is that not all persons will have the same level of claims in any year.

It is often felt that not using the benefits means the insurance company gets to keep "your" money. This is not so. What it means is that your benefit and lifetime limits remain available for you when you really need them for major health issues, which often occur as you get older, or in the event of accidents. Also, using up your benefits elevates your premium, which may not be an agreeable circumstance for your pocket. It is advised that you closely monitor your benefits for the best result.

It must be remembered that the insurance company is just one arm of a partnership which includes the health care provider and the insured. It works best when all parties are aware of their role and the need for cooperation and careful management is an important aspect of the utilization of the health benefits.