



North Carolina Institute
for Early Childhood Professional Development

HEALTH INSURANCE: INFORMATION AND TIPS FOR CHILD CARE EMPLOYEES AND EMPLOYERS

Often times in the early care and education field we are faced with challenging health concerns as an individual, for our family, and as an employer in the field. Just ask yourself these questions:

- Are you an individual that works in child care?
- Are you a teacher, director or owner overwhelmed with the high cost of health insurance?
- Are you teacher, director or owner interested in purchasing individual or group health insurance, but don't know where to begin?
- Are you unsure of what the best options for health insurance are for you, your family or the employees that work with you daily?
- Are you still wondering why health insurance is important?
- Are you personally confused by the terminology used when discussing health insurance?

If the answer to any of these questions is yes, then this information and the tips provided are for you. We want to help you and the employees in your early care and education program learn more about health insurance. This will allow you the opportunity to make an informed decision about why you should have health insurance, what options are available, where to begin shopping and provide you knowledge of the terminology needed to help you make the best choices for you, your family and your business.



What is Health Insurance and Why is it Important?

Health insurance is a form of risk management that protects against any loss someone may suffer as a result of physical, mental, social, and/or long-term health impairment. Losses can range from the temporary inability to perform certain functions of one's daily routine (having to stay home sick from work), to more extensive impairment that can negatively affect one's ability to work and earn a wage (long term health issues).

Once a policy is secured, health insurance companies usually cover a large share of the cost of healthcare services when their clients (you) become ill.

Research suggests that health insurance has a positive impact on worker productivity in general. The NC Institute of Medicine estimates that an average of \$100 billion is lost nationally as a result of poorer health and premature deaths of the uninsured. It is further estimated that

Insured workers take 10% fewer sick days off from work than uninsured workers.

providing health insurance to the uninsured would “boost productivity and increase their annual earnings by 10% - 30% annually.” One example of this effect is that insured workers take 10% fewer sick days off from work than uninsured workers.

Health insurance coverage for those working in the early care and education workforce can also produce better outcomes for staff and children. From a practical standpoint, health insurance provides greater access to preventive medical care that will help minimize the risk of onset of chronic illness that can temporarily or permanently remove staff from the workforce. This access can lead to more staff attendance days and increase the contact time early childhood teachers have with children, resulting in better developmental outcomes for those children. Health insurance coverage access for staff can also help reduce the rate of turnover within the industry.

Individuals without health insurance:

- tend to be sicker than people with insurance.
- are more likely to delay or not purchase medical services.*
- have more serious health problems because they have not received the proper preventive or primary care.*
- lack regular access to medications for managing their health problems.*
- are *less likely* to receive clinical preventive services needed to identify major health problems in the early stages of disease.

* The NC Institute of Medicine and the NC Department of HHS

Wellness visits (annual check-ups) are often covered in the cost of health insurance. For the price of your office visit co-pay, most people are able to receive an annual physical and the associated tests (Pap tests, etc.), at no extra cost!

Health Insurance Options and Types

Group Insurance

Group Health Insurance is available to businesses – small or large. Insurance providers have their own requirements about how to qualify. Most will require that you have a certain percentage of your staff sign up for the insurance. It’s important to know what benefits are covered by your policy. Some companies also require that you sign up for life insurance along with the medical. There may be additional fees (co-pays) associated with actual doctor’s visits and other services provided.

Individual Insurance

This is a health insurance policy issued to an individual. It’s important to know what benefits are covered by your policy. This type of policy generally charges you a monthly premium. There

may be additional fees associated with actual doctor's visits (co-pays) and other services provided.

Self-Funded Insurance

This is a group policy that is financed differently than the traditional Group Insurance. Policies vary but here is an example of one: Instead of a monthly premium, a regular (generally smaller) monthly fee is paid to the program administrator. Then, an additional amount is set aside into a special account and is used to reimburse staff for their medical costs. Staff may have to pay the entire cost of their doctor's visits upfront, and then submit claims for reimbursement to the insurance administrator. This could be a risky option for child care centers due to the uncertainty of medical expenses, unless proper *stop-loss (excess) insurance* coverage is maintained.

Major Medical vs. Catastrophic Coverage

Most health insurance policies have major medical coverage. This means they will help you pay for annual check-ups, trips to the doctor when you are sick and possibly cover a portion of the cost of prescription medications. Often, for the cost of the office visit co-pay, you are covered for your exam as well as any routine lab work (Pap tests, strep throat cultures, etc.).

Catastrophic coverage, on the other hand, covers major catastrophic occurrences such as cancer, heart attack, stroke or other unexpected hospital stays. Some health insurance plans include catastrophic coverage with major medical. Other companies may offer catastrophic coverage separate from major medical. It is important to read the details of your policy carefully to know what is included. If you only have catastrophic coverage, you may not be covered to go to the doctor for routine physicals and sick visits.

Optional and Supplemental Coverage (sometimes within Major Medical coverage)

Policies will vary by insurance provider.

Vision: Most cover the cost of annual or bi-annual exams. Some also provide discounts on glasses, lenses or contact lenses.

Maternity: Sometimes this is required for women of childbearing age. Generally, this is just as expensive as or more expensive than the basic medical coverage. Some companies roll this into their price quotes. Be sure to ask if it's optional.

Prescription drug benefits: Most cover the cost of approved drugs, contraceptive devices and diabetic supplies.

How to Shop for Health Insurance

The daily routine for early care and education professionals can be stressful. Shopping for the best health insurance options can be both time consuming and overwhelming for many. To simplify your shopping needs, we want to help you focus your search and provide some tips on "How to Shop for Health Insurance".

First, North Carolina is very fortunate to have the T.E.A.C.H. Early Childhood® Health Insurance Program that helps fund the cost of health insurance for individuals working in child care programs who have made a commitment to support the education and compensation of their staff (http://childcareservices.org/ps/health_ins.html). Secondly, North Carolina has two

programs that provide coverage to children and teens in the state of North Carolina--the Health Check (Medicaid) is North Carolina's Medicaid program and the North Carolina Health Choice Program is for those who are under the age of 21 and whose family income is below 200% of the federal poverty level. These programs provide support to the early care and education community; and offer opportunities for affordability of health insurance for children and/or families, especially when they cannot afford to carry coverage for a child under their group plan or under a separate family plan due to the cost. Details on both programs can be found on the following website: <http://www.nchealthystart.org/public/childhealth/index.htm>.

Shopping: Where do I begin?

1. Contact the T.E.A.C.H. Early Childhood® Health Insurance Program to begin your Shopping at (919) 967-3272 by requesting the T.E.A.C.H Health Insurance Informational Resource list that contains those companies most used by participants of the Child Care Services Association managed health insurance program in North Carolina. This non-endorsed list offers contact information on employer-sponsored and individual health plans to meet your insurance needs.
2. Contact other local child care directors, owners or teachers to see what health plan is used individually or in their child care program. Ask questions, to see if this plan could fit your individual or program needs.
3. Contact your local health insurance companies in your area, not listed on the resource list from T.E.A.C.H. The local telephone yellow pages can provide those companies under the "insurance" or "health plans" listings.
3. Search the web. When you feel that you need more options than are available through informational resource lists provided by T.E.A.C.H, the yellow pages or others, the web offers other online options for health insurance carriers/quotes through websites including: www.insurance.com/North_Carolina; www.ehealthinsurance.com; or www.healthinsurancefinders.com.

Helpful Tips to Keep in Mind as you Shop

1. Keep in mind that the goal is to have good health coverage at an affordable price. Premiums will vary greatly, and having low deductibles and co-pays are beneficial to choosing your health plan.
2. Get quotes from several companies to save money.
3. Evaluate each plan's coverage and features
 - Review account exclusions, limitations, and health-care provider choices, etc.
 - Determine the out of pocket cost including co-payments, co-insurance, and deductibles, etc.
4. Weigh your options:
 - Review potential savings on joining a spouse's group plan if married.
 - Negotiate discounts on medical expenses with your health care provider
5. Consider the number of staff working full time
 - Determine if insurance companies require that you enroll all staff working at least 30 hours per week
 - Consider options for staff working a varying number of hours under 30 per week.

Frequently Asked Questions (FAQ)

What is the difference between a co-pay and a deductible?

A *co-pay* is the amount you pay to the doctor's office on the date of your appointment. This usually covers the cost of the appointment and any routine tests associated with the visit. For most regular doctor's visits, the co-pay is all you will have to contribute. A *deductible* is the amount you must pay towards your medical bills before your insurance policy will begin contributing towards your bills. Amounts paid as co-pays do not count towards your deductible. It is important to note that once you have 'met your deductible' most insurance companies contribute a certain percentage towards your medical bills – you may still be responsible for a portion of your total bills.

How are rates determined?

Rates vary between policies and depend largely on the population being served. An insurance company will look at the age, gender and any pre-existing conditions of your staff. They may determine to offer different rates based on your staff's age and gender. On the other hand, some companies offer one flat rate for each person on the policy, regardless of age. It should be noted that both types of rates will have different amounts for individual coverage versus including children, a spouse or whole family on the policy.

Where do I go for small group health insurance coverage?

As a child care employer of a small group of less than 50 employees, your best option is to start your search by 1) contacting the T.E.A.C.H. Health Insurance Program to learn what health insurance providers are available in our area that are most widely used by other child care programs; 2) contact each of the agencies on their informational resource list for a health quote; 3) review each quote; and 4) make the best choice with employee input about your best option. If you do not find a good fit, then look at other options available to you by contacting other child care directors, reviewing possible companies in the telephone directories, contacting a local insurance broker or searching online.

What about insurance for children?

Including children on a policy through your employer is not always an affordable option. But health insurance is just as important for children as it is for you! In North Carolina, we have the Health Check (Medicaid) and Health Choice programs (Website: <http://www.nchealthystart.org/public/childhealth/index.htm>) that provide free or low-cost health insurance to children who meet their eligibility requirements. Another option for children is to obtain an individual policy in their name. This is often more affordable than adding that child to your own policy.

When the high cost of health insurance becomes a choice between buying food, paying utilities or paying the insurance premium each month, what can I do?

The rising cost of health insurance premiums can cause a major strain on your monthly budget or finances. It is important to see what options are available through your employer. Speak with your employer and share your concerns to see what options may be available. An employer may consider 1) increasing the benefit amount to reduce the cost to the employee or 2) researching

other options for lower health insurance premiums and the best options. Another option may be to sign up for health insurance coverage under your spouse's health plan. Determine the benefits of remaining under your current health plan versus your spouses, if applicable.

Who do I complain to if I have a problem with my insurance company?

If you are having problems or concerns with your health insurance provider, you can contact:

- Your health insurance provider's Complaint Department, first, then contact the
- Better Business Bureau or the
- NC Department of Insurance at 1-800-546-5664 or www.ncdoi.com or the
- US Department of Labor (if you have a self-funded policy) at 1-866-444-3272 or www.dol.gov/ebsa/

Where else can I look for help in finding affordable health insurance?

Local Chamber of Commerce

Farm Bureau

Local Smart Start Partnership for Children

Health Insurance Glossary

agent- a person who is authorized by an insurance company to sell and service health insurance plans.

broker- a company authorized to shop for insurance on your behalf. They often provide you with multiple choices based on criteria you give them before the search.

claim- a statement of healthcare services and their costs provided by a hospital or physician's office. Claims are submitted to the insurer or managed care plan by either the plan member or the medical provider for payment.

co-insurance- a method of cost-sharing in a health insurance policy that requires a group member to pay a stated percentage of remaining medical expenses after the deductible amount has been paid

co-payment (co-pay)- a specified dollar amount that a member must pay out-of-pocket for a specified service at the time the service is provided

deductible- a flat amount a group member must pay before the insurer will make any payments

dependent- a person for whom the insured has some legal obligation to (spouse and child) and is eligible to be covered under the insured's plan

employee contribution- the amount of premium the employee pays for health insurance (generally through payroll deduction)

enrollment period- the time during which a new group member may first receive health insurance benefits

Health Choice- a program designed to provide health assistance to uninsured, low-income children under the age of 21 in North Carolina at little or no cost to their parents

major medical insurance plan- a type of traditional medical expense coverage that provides benefits for hospital and physician fees

Medicaid- a joint federal and state program that provides hospital and medical expense coverage to low-income, disabled, and certain aged individuals

member- the person whose health is insured under an insurance policy

network- the group of physicians and hospitals that a managed care plan has contracted with to deliver medical services to its members

outpatient care- treatment that is provided to a patient who is able to return home after care without an overnight stay in a hospital

policy- a written document that contains the terms of the contractual agreement between the insurance company and the owner of the policy

pre-existing condition- a condition for which an individual received medical care prior to the effective date of coverage

premium- a prepaid payment or series of payments for benefits made to a health plan by purchasers and plan members

prescription drug coverage- a type of coverage that provides benefits for the purchase of medicines prescribed by a physician

primary care- general medical care that is focused on preventive care and treatment of routine injuries and illnesses

primary care physician- a physician or other medical professional who serves as a group member's first contact for healthcare

quote- the preliminary amount of premium the insured and/or group will pay per month for health insurance

small group plan- a health insurance policy that is designed for employers with a number of employees under a certain amount

specialist- a healthcare professional whose practice is limited to a certain type of care

stop-loss (excess) insurance – a liability insurance designed to help protect self-insured employers from absorbing all of the cost of high medical expense claims that exceed a certain amount.

References for the glossary include:

www.bcbs.com

www.healthinsurance.com