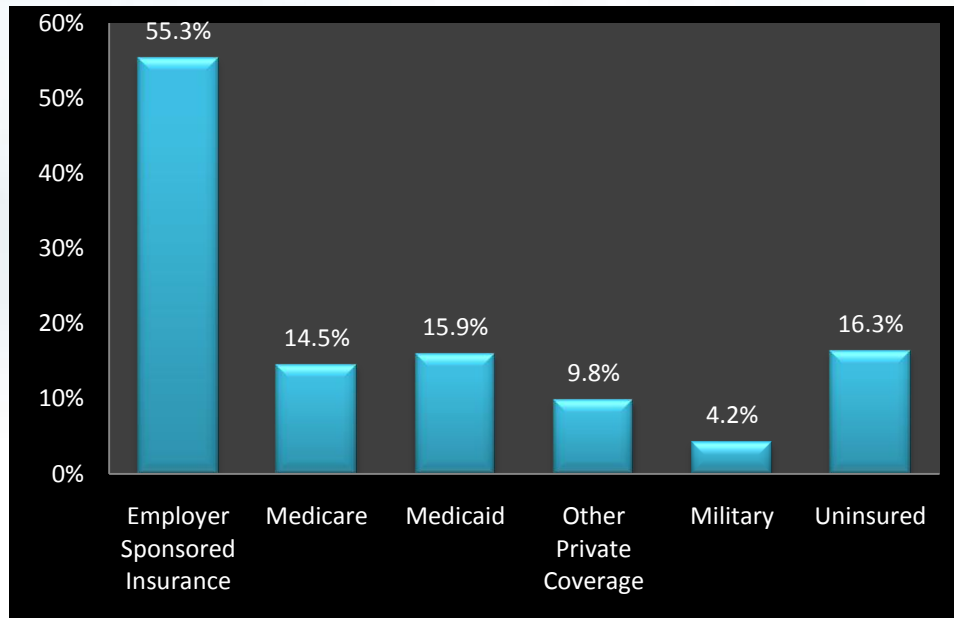




**LIMITED MEDICAL INSURANCE**

Healthcare cost is on the rise in US economy and it requires special effort from Government and concerning authority to curb it down without affecting the well being of citizens. The number of people deprived of health insurance is also increasing with every passing day. Around 50.7 million people are uninsured as of 2010 which are roughly around 16.7 percent of the total U.S. population. People are on the lookout for guaranteed affordable coverage. In fact, the major source of Insurance Coverage for Americans comes from Employer sponsored insurance. Some of the other sources of coverage are as follows:



Source: US Census Bureau, 2011

Recent analysis shows two major reasons for rising uninsured population. They are:

- ✓ Majority of US population works in small companies who cannot afford to provide quality health insurance policies to its employees. Thus, lack of access to employer sponsored health benefits leads to rise in uninsured population.
- ✓ The other factor is high premium rate for insurance policies which majorities cannot afford because of over dependence on employer sponsored insurance program.

We cannot deny the importance health Insurance for development of any country and US is no exception because, at the end of the day, it's the work force which takes a country towards growth and development. Some of the importance of Health insurance in terms of Health and Financial consequences is as follows:

- ✓ Women without proper health insurance are more likely to suffer in times of pregnancy and delivery situation.
- ✓ Poor health and premature deaths is also common among uninsured adults.
- ✓ Children suffer from lack medical care.
- ✓ Majority of uninsured adults face serious problems in paying medical bills which leads to using unfair means.
- ✓ Medical cost is primary reason for most bankruptcy in US.

In the wake of this rising Healthcare cost and huge uninsured population, Government administration and companies are looking at new ways to reduce the burden of people. Limited Medical Insurance (LMI) is perceived as one such way of helping the population. This new market segment has a potential of around 15% annual growth rate.

LMI have been in existence for over 2 decades but it has gained popularity significantly in the last few years. It is considered as the fastest growing sub-sector in insurance market today. Every year, we see new companies and LMI plans entering the market. As of today, more than 30 US LMI carriers offer different Limited Medical plans. With LMI offering companies rated from A+ to C, the market has become quite competitive. The companies offering most distinct products along with other facilities stand a better chance of survival. LMI is mostly accepted by employer who employs part-time and hourly employees.

**What is LMI?**

LMI are type of health insurance policies which targets uninsured workers working in small/mid level organization on an hourly or part-time basis. It gives an employer the opportunity to choose the benefits they want to offer at a price they can afford to its employees. It is an alternative to those people who cannot afford the cost of a general health insurance and can provide specific preventative health care coverage to individuals and groups. Some of the benefits which LMI can cover are as follows:



We now try to look at some of the common benefits associated with LMI:

## Employee Benefits

- Routine Medical Care
- Cost effective
- Designed coverage for diseases
- No elimination periods, deductibles or co-payments
- No preexisting condition limitations
- Guarantee Issue

## Employer Benefits

- Full-time, part-time, or seasonal employees covered
- Useful in recruiting and retaining employees
- Access to adequate medical care
- Decreases Absenteeism
- HIPAA Compliant

We can use LMI under the following circumstances:

- ✓ LMI can be useful in case of uninsured or under insured population.
- ✓ LMI if used in addition to a major general medical plan can help in subsidize expenditure.
- ✓ LMI can be used as an interim solution for new employees of a company till they are eligible for major medical coverage.
- ✓ LMI is particularly helpful for temporary workers, part-time workers, or employees that have been “classed out” of the employer’s major medical benefit plan.
- ✓ LMI can help in lowering cost for employees who may want to offset some portion of their employee’s claims for day-to-day expenses.

LMI have gained momentum recently and are used by employer in almost all sectors. Some of the most targeted industry for LMI carriers is as follows:

Retail	Trucking	Union Groups	Staffing Companies
Fast Food & Restaurant	Nursing	Realtors	Universities
Hotel & Lodging	Manufacturing	Franchise Groups	Nursing Homes
Security	Agriculture	Schools	Factories

### **Top LMI carriers in US:**

A number of insurers offer LMI but assembling them is a big challenge. In fact, many employers, insurance agents and consultants have expressed their difficulty in knowing major LMI carriers in the marketplace, what plan designs they have,

what their rates and premiums are and how they are different. Each plan has its own set terms and conditions. In general, daily or annual limits on how much will be paid for each service such as hospital care, surgery, drugs and doctor office visits, etc are set before.

A few are highlighted below:

ACE Insurance	Cigna Star HRG	Pan-America
Aetna	Cinergy Health	Rocky Mointain Health Plan
AmWINS	Colonial Life	Symetra
Assurant Health	EssentialCare	The American Worker
Benefit Source Inc	HCC	The IHC Group
Blue Cross Blue Shield of Florida	Health Essential	United HealthONE
Century Healthcare	HM Insurance Group	USNow

### **Government's take on LMI:**

USA is in serious Healthcare crisis that is been continuing for quite some time now. The challenge of providing proper medical assistance to its citizen is a top priority for Obama's administration. With ever increasing Healthcare cost, it will not be surprising if a point is reached where people cannot afford medical expenses. These factors lead to the emergence of LMI. It appeared to be a good way to offer previously uninsured people with some financial protection for a portion of their health care cost.

In recent times, it has been observed that there has been some kind of protest from various angles for allowing the operation of LMI without strict regulatory framework. Obama's Administration is highly criticized as some think LMI is good for nothing. It is misleading people with false promises and end up not covering medical expenses. But the reality lies in understanding the terms of plan. Proper caution is the ultimate requirement in generating the benefits out of LMI. Furthermore, workers compensation loss ratio shows significant improvement after implementation of LMI because uninsured employers have started using workers compensation as an alternative medical plan.

Recently, the Obama Government promised that more comprehensive plans would be available through state exchanges by 2014, when all plans will have to comply with the law and regulatory framework.

### **LMI Enrollments:**

Enrolling and enrollment is the most important aspect of any insurance policy and LMI is no different. The significance of enrollment is immense and it either makes or breaks the group case i.e. it determines successful LMI program or not. Enrollment helps in knowing the exact details about LMI program. It guides the enrollee with the plan benefits, positives, negatives, plan exclusions, limitations, insurance limits, medical networks and how to maximize the benefits of the LMI.

The enrollment process can help in the following ways:

- ✓ It guides the enrollee about the technicalities involved with LMI such as pre-existing conditions, guarantee issue, etc.
- ✓ It helps the enrollee in understanding how to utilize LMI to their maximum advantage
- ✓ It assist the enrollee in understanding about additional coverage involved with LMI

- ✓ It benefits the enrollee in understanding the difference between a major medical plan and a LMI

Enrollment for a LMI can happen in person, telephonic and via internet.

**LMI Vendors:**

The following list presents an extensive list of LMI vendors in USA:

A&D Medical	Ceridian	INTTRA Inc.	PEM Filings
A.D.A.M.	Cerner Corporation	Intuitive Captive Solutions	Perella Weinberg Partners
Academy Health	CIGNA	Iowa Health – Des Moines	Perspectives, Ltd.
Actuant Corporation	Claremont Insurance Services	iProjects	Pfizer
AdvanceMed Hanford	Comp/Med Consulting Inc.	Irvine Company	Pinnacle Claims Management, Inc.
Aetna	Computerized Screening, Inc.	iServe Advisors	Plus One Health Management
Affordable Benefit Administrators, Inc.	Consolidated Credit Counseling Services, Inc.	ITA Partners	Preferred Medical Claim Solutions
Allied World Assurance Company Limited (AWAC)	Continental Underwriters	John Hancock Long-Term Care Insurance	Premerus
Alta Med	CoreLogic	KeyClaims, Inc.	Prescription Solutions
American Association of Retired Persons (AARP)	Crystal Clear Rx	Kroger Prescription Plan	Prime Health Services, Inc.
American Healthcare	Defining Cost Containment Inc. (DCC)	Lockton Insurance Brokers	Prime Therapeutics LLC
American Specialty Health	Dell	Lovelace Health Plan	Progressive Medical, Inc.
AmeriHealth Insurance Company of New Jersey	Deloitte Consulting	LTC Solutions, Inc.	Qliance Medical Management
Amramp	Dero Bike Racks	MagnaCare	Quality First Medical Billing, Inc
Andreini & Company	Digital Insurance	Mainstreet Ventures, Inc.	Robert Feld Brokerage Service
Anthem	Dominium Benefits, LLC	Maxim Health Systems	Roundstone Insurance
APS Healthcare	e-MedSol	Maxor National Pharmacy Services Corp.	Roundstone Management
Archer Daniels Midland (ADM)	Envision Rx Options	Mayo Clinic Health Solutions	Ruby Tuesday, Inc.
Arroyo Insurance Services	Evolution Benefits	Medco	Script Care
atHome Living Solutions, Inc.	ExHealth	MEDEX Healthcare	SeeChange Health
Automatic Data Processing, Inc.	Finchers Consulting Ltd	Medical Consultants Network, Inc.	SelectHealth
AvMed Health Plans	FindMedicarePlans.com	MedicalvLink	Seneca Consulting Group, Inc
BancorpSouth Insurance Services	First American Financial	Medico Professional Linen Service	Seyfarth Shaw LLP
Bankers Fidelity Life Insurance Company	First Health/Coventry Health Care	Medivo, Inc	Sharp Health Plan

BB&T John Burnham Insurance Services	First Horizon Msaver	Mercer	SLG Benefits & Insurance, a QBE company
Becton Dickinson & Company	Genomic Health	Mercy Regional Medical Center	Sound Health Solutions
Benefit Harbor	Gujral Health	Merge Financial Companies	STAT Technologies
Benefit Informatics	HCW Benefit Services	Midwest Business Group on Health	State of Montana
Benefit Recovery, Inc.	Headley Financial Group	Miller United Insurance Brokerage, Inc.	Suffolk School Employees Health Plan
Benefits Resource	Health Net	Milliman, Inc.	Summit Administration Services
BeneScript	Health One Self.com	Montana Association of Health Care Purchasers	Sunknowledge
BioRx, LLC	Healthcare Management Advisors	Murad	Switch2Health Inc.
Blue Cross Blue Shield of Louisiana	HealthCheck360	MyMatrixx	Technosoft Corporation
BMI Audit Services	HealthNow Administrative Services	National Medical Reviews, Inc.	The Active Network
Body Insight Inc.	Hewitt Associates LLC	National Retail Federation	The Unity Group Insurance
Bravo Wellness, LLC	Home Access Health Corporation	Nationwide Better Health	U.S. HealthWorks Medical Group
Bright Horizons Family Solutions	Hostway	NCN	U.S. Wellness, Inc.
Brown & Brown Benefit Consultants	ICANATWORK	New Leaf Ventures	UNYHEALTH
bswift	Idaho Power Company	Nixon Benefits	URAC
Buck Consultants	Ideal Life	North American Risk Services	US Imaging
Burnham Benefits	ImmuneTech	Northeast Utilities	US Script, Inc.
C.J. Meyers Co. LLC – Reinsurance Services	informedRx, an SXC Company	Norton Healthcare, Inc.	vielife
Cambium Wellness, LLC	Infosys Technologies Ltd	Novant Health	Waterford Center for Integrative Medicine
Cambridge Healthcare Services, LLC	Ingenix	NuView Health Partners, Inc.	WebMD Health Services
Capitol Administrators, Inc.	Innovante	OptumHealth	Wellpoint – Anthem Blue Cross
Careplus consultants	Intercare Solutions	Partners Rx Management, LLC	WellPoint, Inc.
Carevolution	International Medical Group	Passages	HealthTechnology.com
Catalyst360	International Specialty Underwriters, Inc.	Pathway Genomics	ZEBRA TECHNOLOGIES

### **Outsourcing of LMI:**

Outsourcing of LMI has not gained so much popularity as compared to other sub sectors of Insurance industry. The market still appears untapped and there seems to be enough opportunity for outsourcing services in LMI business. A number of big players have already started with LMI in their portfolio of services but opportunity prevails for smaller players as well. A

number of Fortune 1000 companies face a typical problem of providing health insurance for its employees which is solved by outsourcing thus providing some medical benefits without adding a big expense to the company. Outsourcing LMI helps the company to focus on its core competency and all outsourced work like customer service, enrollment, etc is taken care by the vendor company.

Thus, outsourcing LMI can be a tremendous asset for companies by giving the HR team, an extra competitive advantage especially in recruiting. Some of the big names like McDonalds, Marathon Oil and Brunswick have followed this path, thus giving an indication that LMI is here to stay for long.

### **LMI Compliance:**

We now, know that LMI has limited scope and acceptance in the market. The current and prospective market players should make themselves aware of the hurdles involved in this market segment. Proper communication and documentation is utmost important for the success of LMI. Companies planning to enter must do their homework with regards to the following of particular state/country:

- ✓ Filing requirements
- ✓ Rating restrictions like community ratings, minimum loss ratios, etc
- ✓ Mandated benefits
- ✓ Local players, programs, etc

Some of the general benefits associated with different states in US are mental health or substance abuse, maternity, etc. Companies should focus on loss ratio requirements for pricing, administrative expenses. Companies should have enough room for profit objective after expenses and must not solely restricted by regulatory requirements for minimum loss ratio if they want to achieve greater heights and following the guidelines of Patient Protection and Affordable Care Act (PPACA), or Affordable Care Act (ACA) is the most important for survival of LMI carriers.

### **Future of LMI:**

LMI is expected to grow in the near future specially for companies which have hourly or part time workers. A lot of companies have already taken this route of LMI in order to cut down on expenses. In changing environment with competition becoming tougher, LMI carriers are modifying their offerings in an attempt to model major medical products and coverages.

Current Employers who are offering an HDHP to its employees might well be interested in a LMI because it gives members the ability to defray those out-of-pocket costs covered while they grow the available fund balance inside their health savings account toward payment of the deductible of their HDHP. There are also some employers who have given up on insurance because of cost, complication may also start thinking of implementing LMI as they are flexible and affordable.

But, at the end of the day, it all depends on individual preferences as there are majorities who still vouch for general health insurance plans which covers for a wide range of conditions.

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