

# Example of literature review on insurance

[Business](#), [Industries](#)



## **Literature review for insurance**

### Introduction

Insurance is a broad industry in the market that enables people in managing risks associated to various uncertain events. The insurance industry helps in providing cushion against financial losses that result from various uncertain future events such as fire, floods, theft, disability or health related expenses. The insurance industry thus covers different sectors of the economy including the health care sector. Matters dealing with the health of individuals are uncertain and hence insurance helps people to be able to cover medical expenses in the event of an illness. Most of the health insurance industries have different plans to ensure that everyone receives an insurance cover depending on an individual's age group or level of income among other factors considered (Thomas, 2000). The structure of the health insurance industry thus ensures that everyone has access to medical services because they have saved enough money to pay for them. The health insurance industry also incorporates measures such as the Health Maintenance Organization (HMO), which comprise of a group of medical experts offering health care at a flat monthly rate. This method thus ensures that every citizen has access to medical services because of the insurance cover. Thus, the insurance industry is broad and it helps majority people who may have otherwise not received the health care. This paper provides a literature review of the insurance industry in the health care sector.

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Uncertainties occur in every day life and these unexpected events may leave someone in a dilemma especially if they affect an individual's health.

Therefore, it is important for a person to have some savings plan that can help cater for such unforeseen events in life. The insurance industry is an excellent example of an industry that provides protection against financial losses caused by an illness among other causes. The health insurance industry specifically provides financial protection against losses caused by medical expenses and unforeseen illnesses. The structure of the health insurance industry ensures that each person has a medical cover depending on his or her degree of exposure to risk. The health insurance program ensures that people are able to pay for their medical expenses either privately through their own insurance program or through a social insurance funded by the government. Health insurance not only covers social programs of insurance such as Medicare, but it also covers disability or long-term care for the elderly (Schoen, et al. 2010). The health insurance industry mostly involves private and non-governmental companies that provide cover for most citizens especially in the United States. Other people also get their health cover from the employers and the government, which runs some health insurance companies.

The health insurance industry is structured in such a manner that it provides cover to all irrespective of their backgrounds. For instance, the industry comprises of public programs that provide cover for majority seniors and families with low incomes. One of the public programs is Medicare, which provides health cover to seniors and certain individuals with disabilities. The

Medicare program not only provides insurance cover to the elderly, it also takes care of the health expenses of dependents of these seniors. The health program also provides cover to patients with terminal renal failure in addition to those patients with permanent disabilities. Due to this program, research indicates that the health of most citizens especially those with chronic illnesses have improved drastically. Another public program under the health insurance industry is the Medicaid, which is funded by both the states and the federal governments but it is exercised at the state level (Carrin, et al. 2008). The aim of this program is to provide health insurance cover to children and families that have low incomes. This program is a form of social welfare because it provides protection to the poor in the society.

The State Children's Health Insurance Program (SCHIP) is another program in the health insurance sector funded by both state and federal government. This program provides health cover to children from families that are earn enough money but cannot afford to have a private insurance program. The public programs also provide cover to people with certain pre-existing conditions but have not had an insurance cover for over the last six months. This kind of program ensures that such people have protection against the medical expenses they incur with their conditions. Besides the public programs, the structure of the health insurance industry comprises of private programs for individuals or groups. The employer on behalf of the employee covers most of the private programs. The employer provides this health cover to employees as a benefit package. These employer-paid insurance programs are very effective for employees because they ensure that the medical expenses of employees are covered any time in the event of an

uncertainty. The health insurance industry also caters for individuals interested in having their own private insurance covers. Approximately 9% of U. S. citizens have purchased their own direct insurance covers to insure them against medical expenses (Thomas, 2000).

The health insurance industry has several structures to cater for different demographic groups. For people aged between 18-25, these are young adults and hence their health risks is not as high as for the elderly. At this age, these individuals are full of health and they have less exposure to illnesses that may demand a great medical cover. Such persons in this age bracket pay less in terms of premiums to cover for medical expenses because they have fewer risks. The claims that such persons would make regarding payment in the event of an illness from the insurance companies are thus less because of the fewer premiums paid. Another demographic group exists between the ages of 25-40 in regards to health insurance programs. Such people have higher risky situations unlike people of a lower age. At this stage in life, such people are involved in several activities that may expose their health to risk. It is at this stage also that most women give birth and hence exposing themselves to medical attention. People at this age will therefore pay higher premiums to cover for medical expenses incurred. Health insurance industries demand greater premiums from such people in order to be able to cater for their medical expenses as and when they arise. Thus, such people will demand more claims from the health insurance companies to cover for their medical expenses once exposed to various illnesses. Above the age of 40 years, most people start growing old and having problems with their health due to their age (Carrin, et al. 2008). Such

people will experience and be vulnerable to complex medical conditions such as heart diseases, failure of internal organs and cancer among other conditions. Thus, such people pay more in terms of premiums to the health insurance industries to enable them cover medical expenses in the event of illnesses. The claims from the insurance companies will also be great in the event of an occurrence of the terminal illness to cover for the medical expenses.

The health insurance industry offers different types of health insurance covers in its structure to cover for financial losses caused by illnesses and ensure that everyone has access to health care. Among these medical insurance types is the Health Maintenance Organizations (HMO). A HMO is a form of Managed Care Organization (MCO) that offers a form of health care cover fulfilled via hospitals, doctors and other medical practitioners having a contract with HMO (Dorsey, 1975). Unlike the traditional health care cover plan, the HMO outlines procedures under which medical professionals can operate. Using the HMO, the cost of health care is less compared to that of traditional health insurance. An HMO affords to offer cheaper medical care in two ways. The first is that an HMO contracts with specific health care providers and it deals with large numbers of patients. Thus, the HMO is in a position to negotiate for affordable medical care than the patients would negotiate on their own and receive that cheap care. The second way is that the HMO minimizes costs through getting rid of treatments that are unnecessary in the view of the HMO and instead concentrating on preventive medical care for the long-term health benefits of members.

A patient that joins an HMO is often asked to choose a primary care medical provider. This physician will act as an HMO agent in determining the medical treatments that the patient requires or does not require. If the primary care doctor cannot provide the needed medical care to the patient, this doctor refers the patient to an expert that can address the concerns of the patient. However, emergency visits are exempt from these referrals because they can delay treatment.

With respect to insurance, an HMO Medical Insurance is a type of health insurance program managed and provided by a HMO. This form of insurance is commonly used and it is popular with group insurance programs such as the ones for employees in a company. The medical plan is also common with members of particular organizations. The HMO health insurance has pros and cons and thus it is important to weigh these factors before an organization can decide on the form of insurance product to purchase. Usually, members of an HMO can access various health care providers that work directly for an HMO or through contracts with the HMO (Kongstvedt, 2001). In order to manage costs, the HMO determines the treatments to cover and in what setting to cover those treatments. Under the HMO health insurance plan, patients pay a prescribed fee every month in order to access the health care professionals in the HMO network. In return for the monthly fee paid, the HMO pays for a portion of the costs of visiting the network of physicians as well as a portion of the prescription costs. The remaining cost is borne by the patient who should know early in advance the amount expected from him or her through a co pay schedule. Therefore, it is crucial for patients to understand the working of these schedules because sometimes the HMO

may not cover all costs as expected. The HMO medical insurance plan can be restrictive to people living in remote areas because they may need to travel to access certain types of treatment. However, for people living in an area where the number of health care providers approved by HMO is large, accessing health care is often easy (Dorsey, 1975).

The local health insurance industry comprises of several companies that work to provide health cover to people living in the surrounding locality. Compared to other industries, this local health insurance industry is cheaper and it has structured its operations to ensure everyone can save in order to access medical cover in the future. The costs of accessing medical care have increased greatly in the past few years owing to the global financial crisis that has rocked the world. These costs have in turn increased the premiums charged by health insurance companies across the industry. Due to these factors, the local industry has also increased its premiums but not to the extent increased by other health insurance industries. The local health insurance industry ensures access to health care by providing different insurance plans for different people. In providing the health cover, the industry determines the age of the person, the level of income as well as the individual's existing and foreseeable health conditions. Considering these measures, it is possible for the local industry to determine the level of premiums to charge in order to provide cover (Schoen et al. 2010). The local industry offers different programs suitable for everyone to access medical services. Therefore, it is prudent for individuals to examine the different plans before taking an insurance cover to avoid complications related to the industry.



In Israel, the number of Yeshiva/seminary students is high compared to other countries such as the United States. These students thus are the majority covered by the health insurance program in that country. The health insurance industry in Israel comprises of majority Yeshiva students that are going on with their studies in that locality. The health insurance coverage is comprehensive and it includes all students so that it can cater for the medical expenses of these students in the event of an illness. Most students living in Israel are exposed to various medical conditions and thus a health coverage that would be appropriate is the HMO health insurance plan because it will cover the students as a group and hence reduce costs (Kongstverdt, 2001).

## **Conclusion**

Insurance is very vital because it can turn around a worse situation for the better. The health insurance industry ensures that people have access to health care by providing protection in terms of covering for the cost of medical care. The structure of the health insurance industry ensures that everyone has access to cover irrespective the age, level of income or social background. The health insurance industry provides for both public programs, funded by the government as well as private programs funded individually. The rate of premiums charged as well as the claims varies depending on the age bracket of an individual. As a person ages, the amount of premiums increase and the amount of claims also increase. Among the most popular health insurance plans is the HMO medical insurance plan, which provides an affordable manner to have medical insurance covered at reduced costs. However, it is of paramount importance for individuals to

analyze the benefits and costs of all health insurance options before making a choice on the best health insurance policy.

## References

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