

Old age - Medical care

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Health insurance institute.

# HEALTH INSURANCE AFTER 65



[New York, 1960?]

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Significant advances have been made in extending the protection of health insurance to people 65 years of age and over. In 1952, 26 per cent of the older age group had some form of health insurance coverage. Today, more than 43 per cent of this expanding segment of the population – well over six million persons – are protected against the cost of health care, with the number insured rising more rapidly than for any other age group.

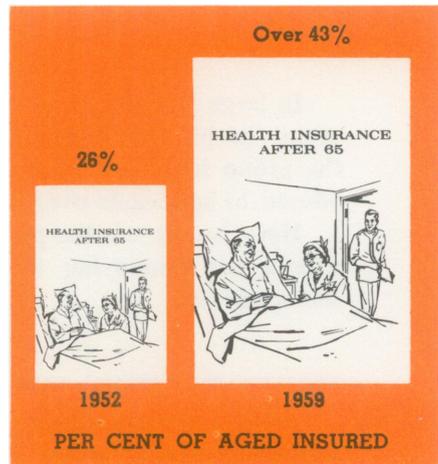
This growth reflects the steady expansion of the voluntary health insurance mechanism which today provides a cushion against the financial impact of ill health for nearly three out of four persons. It reflects, too, intensive experimentation by insurance companies, Blue Cross-Blue Shield plans and other types of health insurance organizations toward broadening the availability and improving the quality of coverage for senior citizens.

#### VARIETY OF PLANS OFFERED

Progress to date demonstrates that health insurance is generally available to older people. Moreover, there is considerable flexibility in what policies cover, the benefits they provide and, hence, how much they cost. These variations permit selection of plans adapted to individual needs and resources, and allow for differences in local hospital, surgical and medical costs.

For example, benefits for hospital room and board charges range from \$5 a day to \$20 or \$25 a day for periods extending up to 30, 60, 120 or more days for each confinement. Benefits covering routine hospital services generally range from \$50 to \$250 or more. Plans pay surgical benefits anywhere from \$150 to \$400 or more, and may cover physicians' visits in the hospital for non-surgical services.

Increasingly, these various policies are being written on a life-time basis. Usually dependents, if any, are included in the coverage.



In large measure, protection for older people is provided under group health insurance programs, or under plans which utilize the group insurance approach. Individual policies are also being offered to applicants over 65 on a broadening scale.

Here, briefly, are the principal methods health insurance organizations are employing to open new doors to security for the senior citizen.

#### **INSURING THE ACTIVE WORKER**

Some 4 million persons over age 65 are still on the job. This represents nearly 30 per cent of the total older age population. Many of these active workers are employed in companies with group health insurance plans, and enjoy the same coverage and level of benefits afforded employees under 65. There is a growing trend for the employer to pay all or a substantial part of the cost of the group plan.

#### **PROTECTING THE RETIRED WORKER**

What happens when a wage earner retires? Several methods have been devised to assure no lapse of protection under the group health insurance plan. These involve either extension of group coverage to retired workers, or conversion of group plan membership to individual health insurance.

Virtually all organizations writing group health insurance plans offer contracts which extend group protection to retirees. Increasingly, the trend is for the employer to continue to assume all or a substantial portion of the cost.

As an alternative, many group plans give retiring workers the option of converting to individual policies. Under this arrangement, premiums commonly are paid by the retiree.

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Many people, of course, are not eligible for health insurance protection through the mechanism of an employee group plan. Insur-

ance organizations have taken giant strides toward meeting their needs on an individual basis. Several of the methods developed for individual and family coverage employ the group insurance approach, resulting in lower premiums.

#### **THE "MASS ENROLLMENT" APPROACH**

Now offered nationally by several insurance companies, "mass enrollment" or group-type plans represent an exceptionally liberal form of health insurance. Lifetime protection is provided any person 65 or over, regardless of medical history and without physical examination. Conditions existing before the contract is issued are covered after a short waiting period.

Under these arrangements, a large number of older people are insured under a basic plan. Enrollment periods in designated states are announced periodically.

Coverage generally includes hospital care up to 31 or even 60 days for each confinement, the surgeon's fee, and additional hospital services up to a maximum amount. Some plans cover convalescent or nursing home care.

#### **SPECIAL GROUPS OF RETIRED PERSONS**

Health insurance policies covering community, professional or fraternal groups are being developed rapidly by insurance organizations. Among those protected are groups of retired school teachers, civil service employees, members of Golden Age Clubs, various fraternal groups and retired employee associations.

#### **NEW POLICIES FOR THE INDIVIDUAL**

A growing number of insurance companies and Blue Cross-Blue Shield plans impose no upper age limits on the purchase of individual and family hospital and surgical insurance. The coverage provides for hospital room and board, general hospital services, and the surgeon's fee.

More and more of these plans for the aged give the policyholder the right to renew for lifetime.

In addition, several insurance companies accept new applicants up to 65 for individual and family major medical expense policies with a guaranteed lifetime renewal feature. Major medical provides benefits to help pay for practically every kind of treatment in and out of the hospital, up to \$5,000, \$10,000 or more.

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There are two developments in health insurance of special significance to young and middle age persons. One is the increasing opportunity for obtaining lifetime protection. In addition, "paid-up at 65" plans are now available on a nationwide basis.

#### **GETTING LIFETIME PROTECTION EARLY**

A younger person may obtain an individual health insurance policy guaranteed renewable for lifetime. Such a policy provides protection against all forms of disability, frequently covering treatment in a general hospital for nervous or mental illness.

Individually purchased plans may be used to supplement coverage under a group health insurance program, or take its place if group protection is not possible.

#### **FULLY PAID UP PLANS**

Today, a health insurance policy may be obtained which is financed on the same basis as limited payment life insurance. Premium payments are limited to a specified number of years. Thereafter, protection continues for lifetime without further premiums. Thus, under a typical arrangement a policyholder upon reaching age 65 would have fully paid up health insurance coverage.

Several insurance companies offer these policies. They cost more than other types of plans, but have the advantage of letting a person pay for lifetime protection during the peak earning years.

## Meeting the challenge

You have seen a number of ways in which health insurance is being shaped to the health care requirements of the aged of today – and of tomorrow. The diversity of these methods illustrates the continuing search for new and effective approaches to financing health care.

The cost to the individual of health insurance protection varies widely. For those under a group insurance program, whether still employed or retired, premiums may be paid fully or in part by the employer. Policies covering groups of retired persons – either on a “mass enrollment” basis, or through professional, community and fraternal organizations – offer another economical approach to financing health care. And, of course, younger people may obtain health insurance that becomes paid up at the time of retirement.

In general, older persons have an increasing opportunity to select a health insurance policy best suited to individual needs and ability to pay from among plans spanning a broad range of coverage and benefit levels.

In the years ahead, voluntary health insurance organizations look forward to an accelerated growth of coverage to keep pace with the expanding older age population . . . and to better meet the social and economic needs of our senior citizens.

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