

Third-party Health Insurance

Introduction

Third party health insurance refers to the health insurance coverage that entitles a third party like insurance company to pay to the healthcare provider for services offered to the patient. Here the insurance company is the 'payer' and doctor, hospital or any healthcare organization is considered 'provider'. Third-party health insurance is, in current times, the most adaptable and flexible choice for health insurance (White, 2006).

Effect on patient's decision

Third-party healthcare insurance is indeed a beneficial option for the patients as this insurance coverage puts all financial burdens over the 'payer'. The patient has to only pay the insurance premiums on time just to entitle the benefit of the insurance coverage. However, for certain small services like medication and doctor visits, the patient is supposed to pay from his own pocket, but for everything else, the insurance company reimburse the amount up to the amount limit of the insurance policy (White, 2006).

Third-party health insurance quite a few times affects the decisions of the patients in the following ways:

- The patients make 'adverse selection', which means that those having high risk of health issues are more interested in buying health insurance.
- Quite often, insured person tend to overuse health services instead of adopting prevention methods because they are not bothered about the cost of healthcare service
- Cross subsidy also exist where the insured younger group pays the insurance premium, which in turn is utilized to cover the part payment of older patients (Grabowski et al., 2006).

Conclusion

With the above discussion, it is clear that third party health insurance is an advantageous option for the people, but it should be used efficiently and a sound health should be maintained with proper preventive measures.

References:

White, B. (2006). Health Care Costs And The Third-Party Payer Problem. [online] Outsidethebeltway.com. Available at: <http://www.outsidethebeltway.com/health-care-costs-and-the-third-party-payer-problem/> [Accessed 25 Jan. 2016].

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