



JDC-Brookdale Institute of  
Gerontology and Human Development



State of Israel  
Ministry of Health

# HEALTH FIRST

A Guide to Choosing  
Appropriate Health Insurance

Tamara Barnea

Marc Cohen

This guide was prepared in the framework of the  
Cooperative Program in Health Policy Research  
of the Government of Israel and the  
JDC-Brookdale Institute.



31121-001-003

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BR-5-91-76 c.3

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JDC-Brookdale Institute of Gerontology  
and Human Development  
P.O.B. 13087  
Jerusalem 91130 Israel  
Tel: (02) 655 7400  
Fax: (02) 561 2391

ISSN 0334-908X

## **Acknowledgments**

We are grateful to the steering committee which followed the progress of the preparation of this guide: Gabi Bin-Nun, Deputy Director General for Health Economics in the Ministry of Health; Haim Factor, Director of Budgets and Finance at JDC-Israel; Professor Jack Habib, Director of the JDC-Brookdale Institute; Bruce Rosen, Director of the Health Policy Research Unit at the Institute; Sinai Deutsch, Professor of Law at Bar-Ilan University and Senior Legal Consultant for the Consumer Protection Authority; Ovadia Shragai, Ombudsman for Consumer Protection in the Ministry of Industry and Trade; and Arie Weiss, Head of the Health Insurance Unit of the Shiloach Insurance Company.

Thanks to all those of our colleagues at the JDC-Brookdale Institute who offered counsel and guidance during the course of our work. Thanks to Bilha Allon, who edited the guide in Hebrew, and Elana Shizgal, who typeset it. This guide was translated into English by Marsha Weinstein.

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## **1. Foreword**

The enactment of the National Health Insurance Law in January, 1995 guaranteed the residents of Israel the freedom to choose a sick fund, thereby enabling them to act like consumers where their health is concerned. This guide is intended to help them become informed consumers.

The decision of which sick fund to join for the first time, or to which sick fund to transfer if enrolled with a sick fund but dissatisfied, is an important and complex one. The decision to purchase a commercial health insurance policy, supplemental to the insurance provided by sick funds under the law, is also a complex one. These decisions are important, as they concern the health or illness of every member of the family. They are complex, because although the same basic basket of services is to be provided by all sick funds under the law, the funds differ in how they provide services; moreover, commercial health insurance policies differ, and it is difficult to understand and evaluate the content and value of each one. The difficulty is compounded by people's different health care needs and financial capability in the present, and their uncertainty regarding what these may be in the future.

## **2. What is the Aim of this Guide?**

The aim of this guide is to help the consumer choose a health insurance policy wisely, on the basis of sound judgement and in accordance with his needs. To this end, the guide presents information on different types of insurance policy. The guide does not include detailed information on specific insurance policies.

The guide does not presume to do the job of those in the sick funds and commercial insurance companies who are meant to provide information and advice. It can, however, assist the consumer in taking the first steps toward choosing a sick fund, and toward choosing a supplemental health insurance policy, whether offered by a sick fund or a commercial insurance company.

### **3. What Health Insurance Policies are Available in Israel?**

#### **3.1 Basic Health Insurance Provided by Sick Funds**

In January 1995, the National Health Insurance Law (1994) went into effect in Israel. The law mandates basic health services for all residents of Israel. It details the basic basket of services to which residents are entitled, the premium they are required to pay, the method of allocation of health insurance premiums and the parallel tax to the sick funds, the conditions sick funds must fulfill, and so forth. As the law mandates universal health insurance coverage, every resident of Israel must enroll with a sick fund, and may freely choose among the four sick funds currently operating Israel: "Clalit", "Leumit", "Meuhedet" or "Maccabi". Residents are also entitled to transfer to a different sick fund if they so wish, at set times during the year. A resident who does not choose one of the sick funds will be enrolled in one by the State, in accordance with regulations set by the Minister of Health. Health insurance premiums have been set at 3.1% of earnings up to half of the average market wage, and 4.8% of earnings over half of the average wage. A special health tax has been set for people who receive benefits from the National Insurance Institute (social security).

In principle, the law ensures every resident financial access to most health services, with the exception of dental and long-term care. The sick funds are required to provide a basic basket of services -- including clinical diagnosis and treatment, personal preventive care and health education, hospitalization, house calls, medications, medical equipment and assistive



devices, preventive dental care for children, occupational medicine, care of severe illnesses, fertility treatments, paramedical care, emergency and first aid services, operations and transplants in Israel and abroad -- as defined in the National Health Insurance Law (1994) and determined in regulations that will be set over time by the Minister of Health. In the future, the sick funds will also become responsible for the provision of mental health care.

In addition to the basic basket of services described above, the resident of Israel enjoys access to a variety of services that the government and local authorities provide, such as mother and child care, long-term (nursing) care, and emergency services (in case of terrorist attack or war). Some of these are provided free of charge, and some are provided with the financial participation of the resident, based on an income test. Under the National Health Insurance Law, responsibility for some of these services will gradually be transferred from the government (and local authorities) to the sick funds. The participation of residents in financing these services will continue even after they have become the responsibility of the sick funds, with the government regulating their price and quality.

### **3.2 Voluntary Supplemental Insurance Provided by Sick Funds**

The National Health Insurance Law enables the sick funds to offer their members additional insurance, called "supplementary insurance",<sup>1</sup> for an additional fee. And indeed, each of the sick funds offers supplemental insurance:

Clalit	Clalit Mashlim; Mashlim L'Gimlai
Leumit	Leumit Mashlima
Meuhedet	Meuhedet Adif and Meuhedet Zahav
Maccabi	Keren Maccabi and Maccabi Magen

While sick fund enrollment is open to all and unconditional, enrolling in a sick fund's supplemental insurance program may be conditional upon membership in that fund and, in some cases, upon health status and age.

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1 At present, the government is in the process of changing the name of this insurance from "supplemental insurance" to "additional insurance".

For an additional fee, sick fund supplemental insurance policies offer services beyond those provided in the basic basket, and/or more convenient terms of provision than those offered through universal insurance.

The supplemental insurance policies of all of the sick funds cover a variety of services, sometimes up to a certain ceiling, and sometimes with a member's co-payment. These services include operations in private facilities, the choice of a surgeon (in a private facility), special treatments and transplants performed abroad, long-term care hospitalization or nursing care in the home, in-vitro fertilization treatments, and partial dental care (prevention/treatment/maintenance).

The supplemental insurance policies of some sick funds also cover some of the services in the following list: rehabilitation services, child development, transplants, medical equipment and assistive devices, consultation with a private specialist prior to surgery, a private nurse in the hospital, respite care following hospitalization, alternative medicine, preventive medicine, medications, inoculations, and the like. However, the terms of provision and conditions for eligibility are not always clearly defined; to prevent misunderstanding, it is necessary to read the policy carefully, and comprehend fully the type and scope of the coverage provided.

Supplemental insurance premiums are usually set according to the insuree's age. Below are the premiums for 1995:

Clalit Mashlim	Payment increases incrementally, from NIS 5 per month for those up to age 18, to NIS 55 per month for those aged 70 and over
Mashlim L'Gimlai	Payment increases incrementally, from NIS 27 per month for those up to age 64, to NIS 55 per month for those aged 85 and over
Leumit Mashlima	Payment increases incrementally, from NIS 14 per month for those aged 21, to NIS 34 per month for those aged 66 and over

Meuhedet Adif	Payment is NIS 18 per month per person, with an additional NIS 5 per month for those aged 55 and over
Meuhedet Zahav	Policy is free for those up to age 35; thereafter, payment increases incrementally, to NIS 20 per month for those aged 66 and over
Keren Maccabi	Payment is NIS 10 per month for those aged 18-29, and NIS 20 per month for those over age 29
Maccabi Magen	Payment rises gradually from NIS 5 up to age 24 to NIS 17 for age 71 and over

According to a draft of a recent amendment to the National Health Insurance Law (which had not been ratified as of this writing), the supplemental insurance policies of the sick funds must be insured by a commercial insurer, as mandated by the Insurance Contracts Law (1991), and must therefore be subject to the monitoring of the Insurance Regulator of the Ministry of Finance, and of the Ministry of Health. As of the end of 1995, only Clalit met these conditions.

### **3.3 Commercial Health Insurance Provided by Insurance Companies**

In addition to the basic basket of services and the supplemental insurance policies offered by the sick funds, there are a variety of commercial health insurance policies offered by insurance companies in Israel. These policies cover general health services, dental care, long-term hospital and home care, travel abroad, sports medicine, emergency services, alternative medicine and more. These policies are meant to supplement or complement the basic insurance.

It is possible to purchase a private insurance policy regardless of membership in a given sick fund. Premiums for such policies are set according to the type of insurance purchased, and sometimes according to

age and gender, but not according to income level. These policies may be purchased by individuals or groups (e.g., through an employer).

Another feature distinguishing commercial insurance from sick fund basic and supplemental insurance is the type of reimbursement offered. Basic sick fund insurance usually provides the service needed, although in some instances, such as surgery or transplantation performed abroad, it provides reimbursement for expenses incurred (basic insurance covers some of the expenses, and supplemental insurance covers the rest). In contrast, commercial health insurance policies usually pay a sum of money -- either reimbursing the service provider directly, or the insuree, if he has paid the service provider (indemnity); or paying the insuree a pre-determined lump sum of money when severe illness has been diagnosed (compensation). About 4% of the population has purchased such policies.

Commercial dental insurance usually covers direct payment to the provider, or reimbursement of payments for preventive care, treatment and maintenance care. About 10% of the population has purchased such insurance.

Commercial long-term care insurance usually involves regular payments to people needing nursing care, and sometimes involves reimbursement for nursing care in the home or an institution. According to experts in the insurance field, 3% of those aged 65 and over have purchased such insurance.

Commercial insurance for travel usually includes reimbursement for unanticipated expenditures on health care while abroad.

## **4. Where to Find Full Information on Health Insurance Policies**

The Ministry of Health, the National Insurance Institute, the sick funds and commercial insurance companies are willing to explain matters under their purview; it is recommended to turn to them for information and clarification.

The following indicates where one can find information on each of the types of insurance:

National Health Insurance Law (1994)	A transcript of the law is published by the government (see the Knesset's <i>Reshumot</i> , or records). The main principles of the law are discussed in a booklet published by the Ministry of Health, available from Ministry of Health Spokesperson's Office
Basic health insurance from the sick funds	Information is available in the transcript of the National Health Insurance Law and in the bylaws of each sick fund. The latter may be obtained from the head office of each sick fund.
Voluntary supplemental insurance from the sick funds	Information is listed in the supplemental insurance policy, which may be obtained from the sick fund or from the insurance company that handles supplemental insurance for the sick fund.
Commercial health insurance	Information is listed in the insurance policy. Explanations can be provided by the insurance agent.

It is important to know that, in the event of dissatisfaction or problems with a type of health coverage, it is possible to turn to the official (ombudsman) or office in the Ministry of Health, the National Insurance Institute, and

every sick fund and commercial insurance company responsible for redressing complaints. It is also possible to seek redress in the judicial system, beginning with small claims court.

The following agencies deal with consumer protection:

- The Office of Consumer Protection of the Ministry of Industry and Trade
- The Insurance Regulator of the Ministry of Finance
- The Ministry of Justice
- The Israel Association for Consumerism
- The Consumer Protection Authority of the General Federation of Labor (the *Histadrut*)
- The State Comptroller's Office

In addition to the National Health Insurance Law, Israel has a number of laws dealing with consumerism and insurance, which can be of some assistance to the consumer of health insurance. The following is a list of the relevant laws at present:

The Consumer Protection Law (1981)

The Insurance Contracts Law (1981)

The Regulation of Insurance Transactions Law (1981)

## **5. How to Assess and Compare Health Insurance Policies**

Before joining a sick fund or purchasing a policy, you should ask yourself a number of basic questions about the type of policy and conditions for eligibility, which will help you in examining the policy and assessing its advantages and disadvantages.

In order to make a balanced and informed assessment, pay attention to the overall value of the policy. The overall value of a policy, from your

perspective, should include the policy's objective financial value, and also the degree to which the policy suits your needs, preferences and priorities, and financial ability.

We know this is easier said than done. Therefore, on the following pages we present sample questions, which you may want to ask sick fund representatives and insurance agents, in order to make a balanced and informed assessment.

## **6. Questions to Ask Sick Fund Representatives**

### **6.1 How do I Enroll with a Sick Fund? How do I Sign Up for Supplemental Insurance?**

Since implementation of the National health Insurance Law, there are no longer any differences among the sick funds in the terms for enrollment. Therefore, when enrolling in a sick fund, your questions about enrollment will focus on the supplemental insurance offered by the fund:

- Can I or any member of my family sign up for supplemental insurance?
- What must I do in order to sign up for supplemental insurance?
- Does my having transferred from one sick fund to another limit me in any way (for a certain period of time, or regarding a certain service) or, conversely, grant me any advantage?

### **6.2 What is the Cost of Basic Insurance? Supplemental Insurance?**

There is no difference among the sick funds in the cost of the basic basket of services, since a "health tax" is unilaterally collected by the National Insurance Institute. However, in addition to the health tax, a sick fund may collect a small fee (called a "co-payment") for certain services. Your questions:

- What is the monthly cost for me and my family?
- How much must I pay for a visit to the physician?

- How much must I pay for medications?
- For what additional services must I pay, and how much?

Moreover, premiums for supplemental insurance do differ among sick funds. The level of supplemental insurance premium is usually determined according to the type of coverage provided, and according to the age and health status of the purchaser. Here, too, you should ask the questions listed above.

### **6.3 How are Services Provided?**

In all of the sick funds the consumer may choose, to some extent, physicians and treatment settings. How services are provided is one of the principle factors distinguishing among different sick funds today, and it is likely to become even more significant in the future. Your questions:

- Can I choose my family physician? A specialist? A surgeon?
- Will I be able to choose the hospital, if I must be hospitalized?
- Must I receive a referral to a specialist, or may I make an appointment with a specialist myself?
- Is it possible for me to make an appointment with my physician when it is convenient for me -- including during the evening?
- Where may I receive emergency treatment after clinic and physician hours?

### **6.4 What is the Quality of Services?**

It is very difficult to evaluate in advance the quality of care and services. However, it is possible to rely on the experience of others, and to gradually formulate an opinion based on personal experience. The following are factors to which you should pay attention when attempting to evaluate the quality of services:

- How much time must I wait to get an appointment with a family physician? A specialist?
- How much time must I wait for an appointment for tests? For treatment?
- How long must I wait to be scheduled for surgery that is not urgent (elective surgery)?



- Once I have an appointment, how long must I wait to actually see the physician?
- With which hospitals does this sick fund have reimbursement arrangements?

### **6.5 What Other Services do Sick Funds Provide?**

Please remember! Every sick fund must provide the basic basket of services detailed in the National Health Insurance Law; however, each sick fund may add other services to the basic basket, according to its financial ability, or improve the way it provides services -- for example, through private physicians as well as in public clinics. Under the National Health Insurance Law, which has imposed a uniform health tax, we can expect sick funds to compete over the quality of the basket of services and the terms of service provision. Your questions will therefore focus on the quality of services and the way they are provided. The sick funds are also allowed to offer their members supplemental insurance for an additional fee. Your questions:

- What will I receive from this supplemental insurance policy, which I would not receive from another supplemental insurance policy?
- What are the terms of service provision?
- What is the cost of supplemental insurance?
- Are there co-payments for services covered under supplemental insurance?

## **7. Questions to Ask Commercial Health Insurance Company Representatives**

### **7.1 What does Commercial Insurance Provide, beyond Sick Fund Coverage?**

As noted, commercial health insurance is not meant to replace the basic insurance provided by sick funds, but rather to add to it. Usually it covers expenses for services that are not included in the sick funds' basic basket

of services (e.g., long-term rehabilitation following open-heart surgery, alternative medicine, long-term care or dental care), as well as expenses for improved terms of provision of services that are included in the basic basket (e.g., reduced waiting times for surgery through the private system, choice of the surgeon and the hospital where surgery will be performed).

When debating whether or not to purchase a commercial health insurance policy and which policy is preferable, you should ask yourself the questions you asked regarding joining a sick fund, as well as the questions listed below.

## **7.2 What are the Policy's Purchasing Conditions?**

- Are there pre-conditions limiting my eligibility? For example, will the policy cover future expenses that are a result of an illness I had before I purchased the policy?
- Are there conditions that give me an incentive to purchase this policy?
- Will coverage go into effect the day I purchase the policy, or is there an elimination or waiting period?<sup>2</sup>

## **7.3 What is the Cost of the Policy?**

- How much must I or my family pay per month for this insurance plan (what is the premium)?
- Is the premium set, or can it rise as I get older?
- Are there discounts or additional payments for certain population groups, such as women, or individuals, such as smokers?
- If this is an indemnity policy (i.e. reimbursement of expenses), do I have a one-time deductible payment? If so, how much is it?
- Are monies I receive as reimbursement under the policy considered taxable income? Is the premium I pay considered tax deductible?
- Is reimbursement linked to any index, and if so, which one?

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2 During the *elimination period*, the insuree is not yet eligible to place a claim. The *waiting period* is the period between the making of a claim and the date of reimbursement.

- Are there any co-payments? How much do I or my family have to pay "out of pocket", over and above the monthly premium, for a given service (e.g., physician visits, medications)?

#### **7.4 What Benefits Will I Receive?**

- What will I receive if I need surgery? If I am diagnosed with a serious illness? If I need nursing care? In other situations?
- Does this policy pay me a set sum of money (compensation) with which I can do as I please? Or does it reimburse me for expenses incurred for health care (indemnity)?

Remember that the type of insurance marketed by sick funds is different from that marketed by commercial insurance companies: The sick funds ensure the provision of services to their members, while commercial companies pay a monetary benefit (compensation) or offer reimbursement (indemnity).

#### **7.5 What is the Ceiling on Benefits?**

- Is there a ceiling on benefits, and if so, what is it?
- What happens if I receive service from a sick fund and am also eligible for a commercial insurance benefit for the same service? Will I receive full, or only partial compensation from the insurance company?
- What happens if I have both supplemental insurance and a commercial policy?

#### **7.6 What are the Eligibility Conditions, and On What Basis are Benefits Provided?**

- When am I eligible to receive benefits?
- In what cases will I not receive benefits, despite my being diagnosed with an illness or having expenditures for services covered by the policy? After how much time will I receive what is due me?
- Will I be covered by the policy even if my health status worsens?
- What procedures must I go through and what forms must I fill out to receive benefits? To whom do I make a claim? What claims forms must I fill out?

- Do I pay for services and then get reimbursed by the insurance company? Or does the insurance company pay directly for services? After how much time will I be reimbursed?
- Is there an established appeals process that I can use if I disagree with the insurer's decision?

## **8. Questions the Consumer Should Ask Himself**

Once we know what types of policy are being offered, and the eligibility conditions to which we must conform, we must make a subjective assessment and clarify for ourselves what we need, what is important to us and what we can afford.

### **8.1 What Kind of Health Insurance Do I Need?**

Insurance policies provide different solutions for different situations; therefore, you must be able to discern your present situation vis à vis the insurance policy and assess your future needs, determining what will you need if and when you are single or married, a parent, young, middle-aged or old, in good or poor health, in a stable or uncertain financial position, salaried or self-employed, and so forth.

### **8.2 What is Important to Me, Personally?**

Every individual has his or her priorities regarding different components of an insurance policy. For example, while one person may ascribe great importance to how he receives services on an ongoing basis, another may ascribe great importance to the ability to choose a surgeon. It is prudent to clarify what is important to you, and to rank your priorities regarding the ability to choose a physician and treatment setting (private versus public clinic, private versus public hospital); the waiting times for receipt of services; the geographic distance between your home or office and the place of service provision; the need to receive referrals or permits, fill out forms, present invoices; the cost of service; and the quality of service.

### **8.3 Which Insurance Policy Can I Afford to Purchase?**

There is no unequivocal response to this question. Every individual must decide whether he or she can pay a foreknown, pre-set sum every month for insurance, how much he is willing to pay, and whether he prefers to pay monthly for insurance, or risk having to pay an unknown sum if the need arises.

When making these calculations you must remember that the expenses for your health and that of your family include not only the health tax, but also co-payments for some services, as well as additional expenses for services and products purchased privately (medications, etc.).

## **9. Making Wise Choices<sup>3</sup>**

Once you have compared the principle components of various insurance policies and thought about your needs, preferences and priorities and financial capability, you must choose the most appropriate insurance policy. No sick fund or insurance company offers the perfect policy for every individual. To be an informed consumer, make sure to do the following:

- Carefully assess and compare the various insurance policies and plans;
- Try to identify the advantages and disadvantages of each policy, paying particular attention to its cost, including co-payments, and to the services or cash benefits offered (especially the components that are

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3 For the purpose of comparison among the supplemental insurance policies offered by the different sick funds, and among a number of commercial health insurance policies, see Gross, R.; and Brammli, S. (forthcoming). *Changes in the Health Insurance Market in Israel 1991, 1995*. Research Report. JDC-Brookdale Institute, Jerusalem (Hebrew). Bear in mind that the health insurance market is dynamic and in constant flux. For more in-depth information on this topic, see also Cohen, M.; Barnea, T.; and Rodwin, M. 1996. *Consumer Protection in the Health and Long-Term Care Insurance Market in Israel*. JDC-Brookdale Institute, Jerusalem.

most important to you, and the way in which services or benefits are provided);

- Constantly monitor the policy, checking to see that conditions promised you are being upheld, that you are satisfied with the method of service provision, and that the insurance policy continues to meet your needs.

Choosing a health insurance policy is an act that usually takes place only a few times in one's life; but being an informed consumer of health insurance is an ongoing activity. A wise choice is a continual choice.

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**Barnea, Tamara**



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