

Point of Service Product Capability

Out of Area

This product is available to HMO clients that seek to offer an indemnity insurance product to customer groups with a limited number of employees residing outside the HMO's service area. Since the HMO is limited, by license, to providing coverage only to members within the HMO's service area, they cannot offer coverage to individuals living out of the area. By using the indemnity product of Standard Security, the HMO acquires the capability to cover all employees of a given customer and, therefore, has a better chance to acquire the customer account.

KEY ELEMENTS OF PRODUCT:

- The employer group must be located within the HMO's service area.
- Not more than twenty percent (20%) of the employer group's employees can reside out of area.
- Out of Area individuals covered must be employees of the employer group.
- Out of Area individuals must be rated using their own specific age and area adjustment factors.
- HMO must be willing and able to assume most of the risk for these members.
- Up front costs of developing the program are to be borne by the HMO.

RESPONSIBILITIES OF THE PARTIES:

- Product filing is performed by Standard Security.
- Product offered is, generally, the same from state to state.
- Rate development for the product is performed by Standard Security. Standard Security usually engages a national consulting actuary to determine any rating changes.
- Standard Security is responsible for development of the underwriting guidelines.
- Underwriting is the responsibility of Standard Security. All submissions requesting Out of Area coverage are forwarded to Standard Security.
- Standard Security is responsible for issuance of quotes and policies.
- Claims can be paid either by Standard Security or the HMO (subject to review and written approval of the HMO's claims paying capabilities). HMO is responsible for monthly reporting of Out of Area activities to Standard Security.

This product can take between two months and six months to develop. Standard Security has products filed in most states already, so only endorsements particular to the HMO client's desires are necessary.