

Point of Service Product Capability

Preferred Provider Organization

This product is available to HMO clients that seek to offer options to their customer groups for an insured product using providers beyond the HMO's primary network. Because HMOs are prohibited, by license, from offering this coverage, Standard Security works with the HMO to develop this product for the HMO's use. Contracts are entered into between Standard Security and selected provider groups, and HMO customers that purchase this product have access to this network. This product stands alone from the traditional HMO product offering and is a Standard Security policy. It is very complicated to set up and administer and, as a result, is only offered to HMOs with enough anticipated premium volume to make it cost effective.

KEY ELEMENTS OF THE PRODUCT:

- The HMO must demonstrate a need for the product. They can do this through submission of a complete, reasonable and acceptable business plan.
- The HMO must be able and willing to act as third party administrator (TPA) for the group.
- Group size must be large enough to generate a minimum premium of \$75,000 to \$100,000 in this product line.
- 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.
- Network development is the responsibility of Standard Security. Standard is also responsible for filing of all network contracts and information.
- Rates, rating manual and policy are all filed by Standard Security.
- Standard Security is responsible for development of the underwriting guidelines.
- HMO is responsible for underwriting, policy issuance, claims payment and administration of these groups (all subject to Standard Security's review and written approval of the HMO's capabilities in these areas).

This product can take six months or longer to develop. Development of the provider network, contracting with existing networks, determining rate structure and manual, development of policy language, etc. is critical to the success of the product and, by necessity, takes a great deal of time.