

New Way To Pay For Health Care: Bill-sharing Plans Offer Alternative To Insurance

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<?xml version="1.0"?> New way to pay for health care: Bill-sharing plans offer alternative to insurance Czerne M. Reid The State, Columbia, S.C. McClatchy-Tribune Regional News

Dec. 14--When missionaries James and Stacy Hill came home from Turkey in 2001, one of the first things they looked for was health insurance.

They couldn't afford commercial insurance plans they saw, so they signed up with Medi-Share, a Christians-only bill-sharing program operated by the Florida-based nonprofit Christian Care Ministry.

The Hills pay about \$400 a month, and after a \$250-per-person deductible, their eligible medical bills are paid in full.

"It has saved us so much money, especially since we do have ongoing medical needs," said Hill, who has chronic neck pains and whose daughter has ulcerative colitis, which requires visits to specialists.

With an estimated 700,000 South Carolinians and 47 million Americans without health insurance, it is no wonder people have been looking for alternative ways to pay for their health care.

Medi-Share is one of three large Christian-based bill-sharing organizations in the country that let people pay into a pool, and get their medical bills paid in return. Illinois-based Samaritan and Ohio-based Christian Healthcare Ministries have similar programs.

The programs are not without controversy, and have been the subject of several lawsuits.

In 2007, for example, Medi-Share lost a suit brought by a member in Montana who charged that the organization did not pay for his heart surgery.

Christian Healthcare was forced to pay \$24 million in unpaid claims, and its founder was ousted after a lawsuit by the Ohio attorney general and an investigation by the IRS.

Insurance commissions in states including Illinois, Montana and Oklahoma have banned Medi-Share because it operates somewhat like insurance, but is not subject to the same rules and laws. The program has won legal challenges in other states, however.

Efforts last week to get information from the South Carolina Department of Insurance about whether there are any pending investigations of the bill-sharing organizations were unsuccessful.

Medi-Share has about 12,000 member households making up about 40,000 individuals. Members hail from around the country -- mostly from the South -- and some are missionaries stationed overseas. South Carolina has 349 members.

Christian Care Ministry president Robert Baldwin likens the bill-sharing program to an Amish barn-raising.

"By yourself, you can build a barn in a year, but if you get 10 or 12 families, you can build one in a weekend," he said. "It would take you quite a while to pay off a half-million-dollar cancer treatment, but with 40,000 other people helping you, it's not quite as difficult."

The organization referees the sharing of about \$3.5 million worth of medical bills a month, and about \$340 million since its inception 15 years ago.

Members pay monthly premiums called "shares," that range from \$53 to \$570, depending on how large a deductible they opt to pay before getting help with their medical bills.

The programs aren't called insurance, and so are not regulated as such. And they are careful to avoid insurance terminology. So, the monthly payment is called a share, not a premium, for example.

Still, the bill-sharing programs are not unlike insurance: There is that monthly "share" payment; pre-existing conditions are not covered; deductibles must be met before coverage kicks in; there is a preferred provider

network; and there are dollar limits to the bills paid on a member's behalf in a year and over a lifetime.

People who can't meet their monthly payments eventually lose their coverage.

"Ultimately, it comes down to economics," said Medi-Share's Baldwin. "We need members who can share in order for this to continue to be viable."

Twenty-four percent of the money Medi-Share members pay goes toward administrative expenses, with about half of that for salaries.

Despite the many similarities, there are differences between insurance and the Christian programs. Prospective members have to say they are Christians and agree not to smoke, not to use illegal drugs and not have sex outside of marriage in order to be accepted.

Most important, though, is a fact Baldwin points out repeatedly: The organizations make no promise to pay the medical bills of the people who make monthly payments.

"It's not a contractual guarantee," he said. "But it is probably better than that, because we believe that God called us together to share one another's burdens."

Helen Doerpinghaus, a professor of finance and insurance at the University of South Carolina's Moore School of Business, said the desire to take care of one another is something to which most people can relate.

"You understand why that's appealing -- but it just has to be set up in a financial way to protect the people who are sending their money and expecting to be protected."

It wasn't the kumbaya quality of Medi-Share that attracted the Hills. It came down to cold hard cash.

The \$400 monthly share and \$250-a-person deductible for Hill, her husband, who owns a window-washing company, and their home-schooled children, Bethany, Samuel and Nathan, was far less than premiums for commercial plans they had seen.

"It sounds like a generous plan -- the deductible seems low, and the cost-sharing seems low," Doerpinghaus said. She noted that insurance plans generally require that patients pay at least 20 percent of their medical bills until they have reached a pre-set out-of-pocket maximum.

Well checkups and annual visits are not covered by Medi-Share, and medicines for chronic conditions are covered for only a few months. People can opt for plans in which they pay the first \$250, \$1,000 or \$10,000 of their bills, respectively, before getting help from Medi-Share. Within each plan, a member's share payment is based on age -- older people pay more.

Through a new sharing arrangement at Medi-Share, each member sends his or her share to a personal account at California-based America's Christian Credit Union, and gives Medi-Share power of attorney to move funds between accounts as medical bills come in.

Members have some say on what expenses are paid. They voted in November to allow coverage of pre-existing conditions as long as there were no related symptoms or treatment in the three years before a person joined Medi-Share.

When a member appeals a denied payment, seven other members are randomly picked to adjudicate.

"We let the members be the ultimate authority on a need," Baldwin said.

A special feature of Medi-Share is its "Extra Blessing" arm, which lets members pitch in to help cover denied or ineligible claims of other members. People contribute up to \$700,000 a year for that. Penalties for late payment also go into that fund.

Tim Graham, a Columbia personal trainer, guesses that he has donated about \$200 or \$300 to Extra Blessing in the six years he has been a Medi-Share member.

Graham, 61, had a \$23,000 surgery bill covered a year ago, but now he's trying to go claim-free so he can feel his shares are paying back the money spent on him.

Christian Care ministry, Medi-Share's parent organization, also focuses on helping members improve their health and well-being through lifestyle changes. Phone-based coaching is provided to help with weight loss, cholesterol and blood sugar level reduction and improvement of other health markers.

Since Medi-Share is not classified as insurance, it is not monitored by the S.C. Department of Insurance, which regulates all insurers that do business in the state.

Regulation serves to protect consumers by making sure insurers fairly represent what they offer and have the financial strength to pay claims by policyholders.

But in the Medi-Share model, there is never a promise to pay anything in the first place.

Insurance companies also insure themselves -- a process called reinsurance -- so that in catastrophic situations when there is an overwhelming number of claims, they won't run out of money.

Medi-Share doesn't have reinsurance, and it does not keep reserve funds to cover excessive claims in the event of a catastrophe.

"It's not something that's our obligation to pay," Baldwin said.

But likely, he said, other members would step in to help, as they did during the 2005 hurricane season, contributing more than \$100,000 to help people along the gulf coast.

So in the end, it comes down to relying on the kindness of strangers.

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