

## **The World of Healthcare**

Health Insurance is insurance against the risk of incurring medical expenses. By estimating the overall risk of health care expenses, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to ensure that money is available to pay for the health care benefits specified in the insurance agreement. The benefit is administered by a central organization such as a government agency, private business, or not-for-profit entity.

A health insurance policy is a contract between an insurance company and an individual or his sponsor (e.g. an employer). The contract can be renewable annually, monthly or be lifelong. The type and amount of health care costs that will be covered by the health insurance company are specified in advance, in a member contract or "Evidence of Coverage" booklet.