

## Health Insurance

Health insurance, like other forms of insurance, is a form of collectivism by means of which people collectively pool their risk. In this case the risk of incurring medical expenses. The collective is usually publicly owned or else is organized on a non-profit basis for the members of the pool, though in some countries health insurance pools may also be managed by for-profit companies. It is sometimes used more broadly to include insurance covering disability or long-term nursing or custodial care needs. It may be provided universally through government as a feature of social solidarity, as is typical in many industrial countries, or as a form of government charity such as the United States Medicaid program. It may be purchased privately on a group basis (e.g., by a firm to cover its employees) or purchased by an individual for himself or his family. In each case, the covered groups or individuals pay a fee, premium, or tax, to help protect themselves from health care expenses.

By estimating the overall risk of health care expenses, a routine finance structure (such as a monthly premium or payroll tax) can be developed, ensuring that money is available to pay for the health care benefits specified in the insurance agreement. The benefits are administered by a central organization such as a government agency, private business, or not-for-profit entity.

### History of Health Insurance

The concept of health insurance was proposed in 1694 by Hugh the Elder Chamberlen from the Peter Chamberlen family. In the late 19th century, "accident insurance" began to be available, which operated much like modern disability insurance. This payment model continued until the start of the 20th century in some jurisdictions (like California), where all laws regulating health insurance actually referred to disability insurance.

Accident insurance was first offered in the United States by the Franklin Health Assurance Company of Massachusetts. This firm, founded in 1850, offered insurance against injuries arising from railroad and steamboat accidents. Sixty organizations were offering accident insurance in the U.S. by 1866, but the industry consolidated rapidly soon thereafter. While there were earlier experiments, the origins of sickness coverage in the U.S. effectively date from 1890. The first employer-sponsored group disability policy was issued in 1911.

Before the development of medical expense insurance, patients were expected to pay health care costs out of their own pockets, under what is known as the fee-for-service business model. During the middle to late 20th century, traditional disability insurance evolved into modern health insurance programs. Today, most comprehensive private health insurance programs cover the cost of routine, preventive, and emergency health care procedures, and most prescription drugs, but this is not always the case.

Hospital and medical expense policies were introduced during the first half of the 20th century. During the 1920s, individual hospitals began offering services to individuals on a pre-paid basis, eventually leading to the development of Blue Cross organizations. The predecessors of today's Health Maintenance Organizations (HMOs) originated beginning in 1929, through the 1930s and on during World War II.

Source: Wikipedia : "[Health Insurance](#)"