

UNDERSTANDING HEALTH INSURANCE TERMINOLOGY



Health insurance terminology can be confusing. As a result, understanding your benefits and what you may owe out of pocket can be difficult. In order to make sure you are using your coverage effectively, it is important to understand some key health insurance terms.

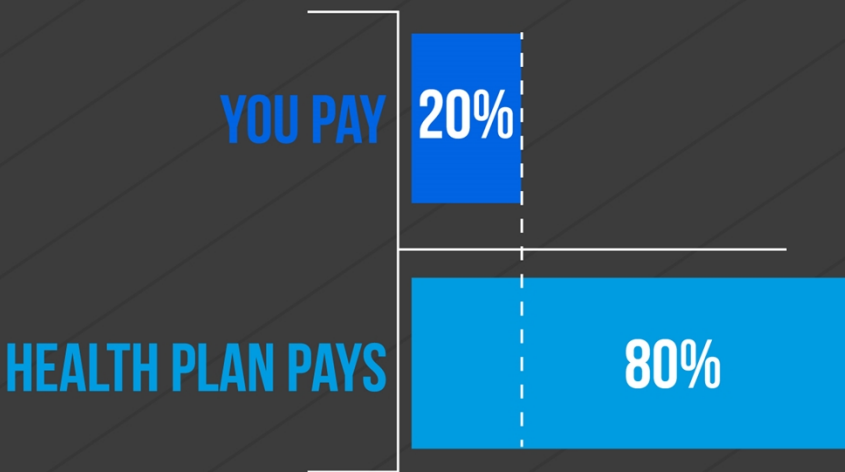
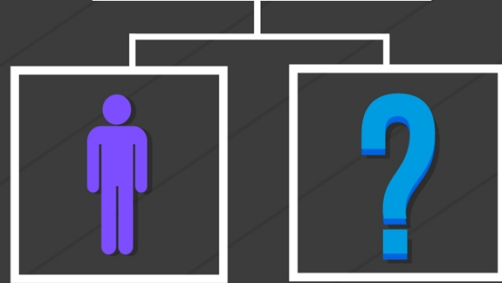
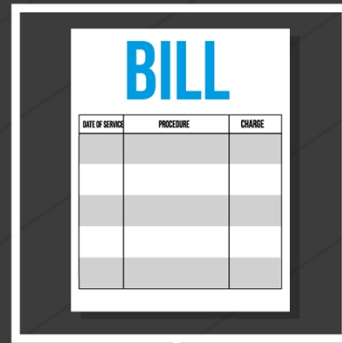
You can purchase either group or individual health insurance. **Group health insurance** is typically acquired through your employer and covers many people. **Individual insurance**, on the other hand, is usually purchased by an individual or a family and is not tied to a job.

To better understand your health insurance, be aware of the following terms:

Participant—There are a few different “participants” involved in health insurance. One is the “provider,” or a clinic, hospital, doctor, lab, health care practitioner or pharmacy. The “insurer” or the “carrier” is the insurance company providing coverage. The “policyholder” is the individual or entity who purchased the coverage, and the “insured” is the person with the coverage.

Premium—The amount of money charged by an insurance company for coverage. Rates are typically paid annually or in a smaller payments over the course of the year (for example, monthly).

Deductible—The amount you owe for health care services each year before your insurance company begins to pay. Your deductible may not apply to all services, such as preventive care.



The following are other important health insurance terms:

Copayment—The fixed amount that you pay for a covered health care service. That amount can vary by the type of covered health care service (for example, a doctor’s office visit or a specialist, urgent care or emergency room visit).

Coinsurance—The percentage of a medical bill that you pay (for example, 20 percent) and the percentage that the health plan pays (for example, 80 percent). You pay coinsurance plus any deductible you owe for a covered health service.

Out-of-pocket maximum (OOPM)—The most you should have to pay for health care during a year, excluding the monthly premium. After you reach the annual OOPM, your plan begins to pay 100 percent of the allowed amount for covered health services.

These are just a few of the common terms associated with health insurance. For more information about health insurance terminology and your coverage, contact HR.



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