

# WORDS TO KNOW.

Learn the basics of health plans.

Understanding how your health plan works can help you make the most of your plan – and may even help you save money. But first, you have to figure out what all the terms mean.

## Terms to know

**Premium/Plan Contribution** – This is the monthly or other periodic amount you pay for your health plan.

**Covered costs** – The office visits, services, medical tests, treatments and medications covered by your health plan.

**Deductible** – The amount you pay each year before your health plan begins to share in the costs of your covered services. Costs that do not apply toward your deductible could include monthly premiums/plan contributions, copays or charges not covered by your plan.

**Copay** – Copay (or copayment) is a flat fee that you pay at the time you fill a prescription or go to your doctor. It is a set amount, such as \$15 or \$25.

**Coinsurance** – The portion of a medical cost you pay after your yearly deductible has been met. For example, you may pay 20% of your covered costs. Your health plan pays the remainder of the covered amount. This is different from a copay.

Not all health plans use copays and some use both copays and coinsurance depending on the type of service. There are also services that may be at no additional cost such as an annual check-up and other preventive care services you receive from a provider in your plan's network.\*



**Deductible example:** If you have a \$3,000 yearly deductible, you'll need to pay the first \$3,000 of your covered services before your health plan helps to pay.



**Copay example:** If you hurt your back and go see your doctor or you need a refill of your child's asthma medicine, the flat fee that you pay at the time for your visit or medicine is the copay. Your copay amount is printed on your health plan ID card. Copays cover your portion of the cost for that doctor's visit or medication.

Together, all the way.®



Copays	Coinsurance
Paid each time you visit your doctor, or fill a prescription	Cost you pay for services and prescriptions after you've met your deductible
Fixed dollar amount	Actual dollar amount varies; you pay a percentage of the total cost of covered services
Counts toward your deductible (in some cases)	Is typically paid after you meet your yearly deductible amount
Paid at the time of service	Billed by the provider who you will pay directly. You'll also receive an Explanation of Benefits (EOB) from your health plan explaining what charges you are responsible for.



**Coinsurance example:** If you meet your annual deductible in June, and need an MRI in July, it is covered by coinsurance. If the covered charges for an MRI are \$2,000, and your coinsurance is 20%, you need to pay \$400 ( $\$2,000 \times 20\%$ ). Your health plan pays the other \$1,600.\*\*

**Out-of-pocket maximum** – This is the most you'll pay for covered medical expenses in a year. This amount includes money you spend on deductibles, copays and coinsurance. If you meet the out-of-pocket maximum, your health plan will pay for all your covered health care costs for the rest of the year.



**Out-of-pocket maximum example:** You have a plan with a \$3,000 annual deductible and 20% coinsurance with a \$5,000 out-of-pocket maximum. You haven't had any medical expenses all year, but then you need surgery and a hospital stay. The total medical expenses for this surgery might be \$53,000. You will pay the first \$3,000 of these expenses as your yearly deductible. Then your 20% coinsurance kicks in (20% of the remaining balance of \$50,000 is \$10,000 in coinsurance). Since you've already paid \$3,000 for your deductible, you will only need to pay \$2,000 of the \$10,000 coinsurance that is due. The \$3,000 deductible and \$2,000 coinsurance you pay adds up to your \$5,000 yearly out-of-pocket maximum.\*\*



\*Plans may vary and not all preventive care services may be covered. For example, immunizations for travel are generally not covered. See your plan documents for a complete list of covered preventive care services.

\*\*These are examples for illustrative purposes only. You are responsible for any charges not covered by the health plan. Your actual costs and plan coverage may vary.

This information is for educational purposes only. Your employer's specific medical plans may vary. Product availability may vary by location and plan type and is subject to change. All group health insurance policies and health benefit plans contain exclusions and limitations. For costs and details of coverage, review your plan documents.

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