

Understanding Health Insurance Terms

Coinsurance

The amount you are required to pay for medical care in a fee-for-service health plan after you have met your deductible. The coinsurance rate is usually expressed as a percentage. For example, if the health insurance company pays 80 percent of the health claim, you pay 20 percent.

Coordination of Benefits

A system to eliminate duplication of benefits when you are covered under more than one group health insurance plan / medical insurance plan. Benefits under the two health insurance plans usually are limited to no more than 100 percent of the health claim.

Co-payment

Another way of sharing medical costs. You pay a flat fee every time you receive a medical service (for example, \$5 for every visit to the doctor). The health insurance company pays the rest.

Covered Expenses

Most health insurance plans, whether they are fee-for-service, HMOs, or PPOs, do not pay for all health care services. Some may not pay for prescription drugs. Others may not pay for mental health care. Covered health care services are those medical procedures the health insurer agrees to pay for. They are listed in the health insurance policy.

Customary Fee

Most health insurance plans will pay only what they call a reasonable and customary fee for a particular health care service. If your doctor charges \$1,000 for a hernia repair while most doctors in your area charge only \$600, you will be billed for the \$400 difference. This is in addition to the deductible and coinsurance you would be expected to pay. To avoid this additional cost, ask your doctor to accept your health insurance company's payment as full payment. Or shop around to find a doctor who will. Otherwise you will have to pay the rest yourself.

Deductible

The amount of money you must pay each year to cover your medical care expenses before your health insurance policy starts paying.

HMO (Health Maintenance Organization)

Prepaid health insurance plans. You pay a monthly premium and the HMO covers your doctors' visits, hospital stays, emergency care, surgery, checkups, lab tests, x-rays, and therapy. You must use the doctors and hospitals designated by the HMO.

