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.
**Managed Care**
Ways to manage costs, use, and quality of the health care system. All HMOs and PPOs, and many fee-for-service plans, have managed care.

**Maximum Out-of-Pocket Expenses**
The most money you will be required pay a year for deductibles and coinsurance. It is a stated dollar amount set by the health insurance company, in addition to regular premiums.

**Non-cancelable Policy**
A policy that guarantees you can receive health insurance / medical insurance, as long as you pay the premium. It is also called a guaranteed renewable policy.

**PPO (Preferred Provider Organization)**
A combination of traditional fee-for-service and an HMO. When you use the doctors and hospitals that are part of the PPO, you can have a larger part of your medical bills covered. You can use other doctors, but at a higher cost.

**Premium**
The amount you or your employer pays in exchange for health insurance / medical insurance coverage.

**Primary Care Doctor**
Usually your first contact for health care. This is often a family physician or internist, but some women use their gynecologist. A primary care doctor monitors your health and diagnoses and treats minor health problems, and refers you to specialists if another level of health care is needed. In many health insurance plans, health care by specialists is only paid for if you are referred by your primary care doctor. An HMO or a POS plan will provide you with a list of doctors from which you will choose your primary care doctor (usually a family physician, internists, obstetrician-gynecologist, or pediatrician). This could mean you might have to choose a new primary care doctor if your current one does not belong to the health insurance plan. PPOs allow members to use primary care doctors outside the PPO network (at a higher cost). Indemnity plans allow any doctor to be used.

**Provider**
Any person (doctor, nurse, dentist) or institution (hospital or clinic) that provides medical care.