

Health Insurance Vocabulary

A Key Piece of Financial & Physical Health

Did you know that half of Americans don't know what a deductible, premium and co-pay are? This can be costly for their health and wallet. When consumers understand basic health insurance vocabulary they are more likely to find the best plan for their budget and avoid unexpected medical bills.

Health Insurance Terms to Know

- **Co-Insurance:** The consumer's share of the costs of a covered healthcare service. It is usually calculated as a percent of the allowed amount.
- **Co-payment:** The dollar amount consumers may be required to pay as their share of the cost for a medical service or supply, like a doctor's visit, hospital outpatient visit or prescription.
- **Deductible:** The amount consumers owe for healthcare services before their health insurer begins to pay.
- **Network:** The healthcare facilities, providers and suppliers that a health insurer contracts with to provide healthcare services for consumers in a specified plan. Consumers can contact their insurance companies to double check if a doctor is in network.
- **Out-of-Network:** A provider not contracted with a consumer's health insurer. Consumers will pay more to see out-of-network providers.
- **Out-of-Pocket Maximum:** The most a consumer will pay during a policy period before the health insurance plan pays 100% of the covered services.
- **Premium:** The amount consumers pay to their insurance plan on a monthly, quarterly or yearly basis. Consumers must pay their premium in order to keep their coverage.



Putting the Terms to Use

Carla has a health plan with a **\$3,000 deductible**, a **\$30 co-payment** for prescriptions and doctor's visits and a **co-insurance of 20%**. She fills a prescription, visits his primary care doctor and goes to the emergency room. A surgeon performs an operation that costs **\$10,000**. Both the hospital and the surgeon are in-network.

How the costs add up

Prescription: \$30

Primary Care Doctor Visit: \$30

Operation: \$10,000 , but she has a \$3,000 deductible and coinsurance will cover 20% or \$1,400 of the remaining costs. So the total for the operation comes to \$4,400.

GRAND TOTAL: \$4,460

Key Takeaway

Carla isn't stuck with a large medical bill because her deductible caps the costs for the operation.