

Benefits Defined

A quick look at common insurance terms



Unless you're a health insurance expert, you likely stumble across a few unfamiliar words when deciding between health care plans or reviewing an invoice from your doctor. Let's get acquainted with these terms so you're better able to navigate the health care space.

Coinsurance - Your share of the cost of a covered health care service, calculated as a percentage of the allowed amount for the service, typically after you meet your deductible.

Copay - The fixed amount that you pay for health care services received.

Deductible - The amount you owe for health care services before your health insurance or plan sponsor (employer) begins to pay its portion.

Employee Contribution - The biweekly, weekly or monthly amount you pay for your insurance coverage.

Explanation of Benefits (EOB) - A statement sent by your insurance carrier that explains which procedures and services were provided, how much they cost, what portion of the claim was paid by the plan, and what portion is your liability, in addition to how you can appeal the insurer's decision.

Flexible Spending Accounts (FSAs) - An option that allows participants to set aside pre-tax dollars to pay for qualified expenses during a specific time period (usually a 12-month period). There are three types:

- ❖ **Health Care FSA** - With the Health Care FSA, participants can use their accounts to cover eligible Medical expenses such as copays, eye exams, prescriptions and more.
- ❖ **Limited Use Flexible Spending Account (LUFSA)** - Complements a Health Savings Account (HSA) by allowing for reimbursement of eligible Dental and Vision expenses.
- ❖ **Dependent Care FSA** - A Dependent Care FSA helps to reimburse participants for eligible expenses associated with caring for a qualified dependent.

Accounts are "use it or lose it," meaning that funds not used by the end of the plan year will be lost, although some Health Care FSAs allow a grace period or rollover amount.





Health Care Cost Transparency – These tools, available on your insurance carrier’s website, allow you to search an extensive national database to compare costs for everything from prescription drugs and office visits to MRIs and major surgeries.

In-Network – Doctors, hospitals and other providers that contract with your insurance company to provide health care services at discounted rates.

Out-of-Network – Doctors, hospitals and other providers that are not contracted with your insurance company but will still provide services for a higher fee.

Out-of-Pocket Maximum – The most you pay during a policy period (usually a 12-month period) before your health insurance or plan begins to pay 100% of the allowed amount.

Prescription Medications – Medications prescribed to you by a doctor. The cost of these medications is determined by their assigned tier:

- ❖ **Generic Drugs** – Drugs approved by the U.S. Food and Drug Administration (FDA) to be chemically identical to corresponding brand-name versions.
- ❖ **Preferred Drugs** – Brand-name drugs on your provider’s list of approved drugs. You can check online with your provider to see this list.
- ❖ **Non-Preferred Drugs** – Brand-name drugs not on your provider’s list of approved drugs. These drugs are typically newer and have higher copayments.
- ❖ **Specialty Drugs** – Prescription medications used to treat complex, chronic and often costly conditions. Many insurers may require Step Therapy (trying other less-costly medication first) before approving coverage of a specialty drug.

Reasonable and Customary Allowance (R&C) – The amount your insurance company will pay for a Medical service in a geographic region based on what providers in the area usually charge for the same or similar Medical service.

Summary of Benefits and Coverage (SBC) – A clear and easy-to-follow summary of your benefits and plan coverage. You will receive the summary when shopping or enrolling for coverage; at each new plan year; and within seven business days of requesting a copy from your health insurance issuer or group health.

