

Insurance Jargon Made Simple

This is all very basic stuff and by no means covers all policy terms. However, it should help you understand the industry lingo. If you have questions, call your insurance company's customer service, employer HR department or your agent.

Deductible: the amount of your annual medical expenses you pay before your insurance company starts paying some or all of your medical expenses. This is an annual amount, not per sickness or injury. If you use non network providers, the deductible is usually 2 times higher.

Coinsurance: If your medical bills reach your deductible at any point during the year, your insurance company starts paying some or all of your expenses. What they pay is a percentage of the bills. After your deductible is reached, a typical policy will pay 80% and you pay 20% of the in-network charges. Your benefit summary might show it as 'coinsurance 80/60'. The second number is for out of network charges. In this case they pay 60% and you pay 40%.

Copay is a fixed amount you pay for a medical service such as a doctor office or urgent care visit or a prescription. You pay the copay and the insurance company pays the rest of the cost. Copays count towards your max out of pocket limit but not towards your deductible.

Max Out of Pocket: if your medical expenses ever reach this amount during a calendar year, your insurance company is responsible for paying your medical expenses for the rest of the year with no dollar limit. The in network out of pocket limit for 2016 is \$6850.00. Your policy may have a lower amount, but by law it cannot be more than this.

Network: a group of doctors, medical professionals, clinics, labs, hospitals and pharmacies that have contracted with an insurance company to provide their products and services at a negotiated price. Every health insurance policy has a provider network to use if you want to receive these network prices. This is referred to as "staying in the network". If you use providers that are not in the network, these prices do not apply and your expenses may be significantly higher.