

HEALTH INSURANCE GLOSSARY

Co-insurance

The portion of coverage shared by insured and insuring company. For example, 80/20 to \$5000 means that the company will pay 80% of \$5000 and the insured pays 20% or \$1000. The co-insurance is usually capped.

Co-pay

A nominal fee paid at the time of office visit or treatment. Remaining cost paid at 100% by the company.

Deductible

An amount, usually at the insured's option, which the insured pays prior to any payment by the company, generally between \$250 and \$5000. Sometimes referred to as the self-insurance amount.

Exclusions

Treatments, diseases and incidents which are not covered by the plan.

Fee for Service

A plan which allows participants to choose freely among doctors and clinics. Some of these plans use reimbursement only.

HMO

A plan which directs participants to one group of clinics and doctors; there may be no coverage outside of this group.

HSA

A high deductible health plan (\$1000 singles, \$2500 family, minimum) which encourages a person to set up a separate tax advantaged savings account to meet basic health care expenses.

Lifetime Payout

The amount an insurance company will pay for medical care and treatments throughout and insured's lifetime.

Out of Pocket

Refers to the maximum amount the insured would pay under a plan. In an 80/20 to \$5000 co-insurance policy (see co-insurance), \$1000 would be the maximum to be paid out of pocket in addition to the deductible.

PPO

A plan which has increased benefits within a group or network of doctors and clinics. There may be reduced coverage, higher deductibles and higher or no co-pays outside the network.

Rating

A scoring given to a company by an outside firm which specializes in reviewing the financial standings of companies. Some of these which rate insurance companies are: A.M. Best, Standard & Poor and Moody's.

Rider

An amendment to a health plan which restricts or eliminates coverage for a particular ailment. This may be permanent or have an option to be reviewed. Sometimes referred to as a waiver.