

The background of the top section is a photograph of a large, multi-story school building with a covered main entrance. The building has a modern architectural style with many windows and a flat roof. The text "New Choices - READY. SET. ENROLL!" is overlaid on the right side of the image in a large, stylized font. "New Choices" is in a cursive script, while "- READY. SET. ENROLL!" is in a bold, sans-serif font.

New Choices
- READY. SET.
ENROLL!

Health Insurance Terms Guide

Your Essential Reference for Understanding Health Insurance

Claim

A request for payment submitted to your health insurer for services you received.

Example: John visits his doctor for a routine check-up. After the appointment, the doctor's office submits a claim to John's health plan, requesting payment for the services provided. The health carrier reviews the claim and pays the doctor according to the terms of John's policy.

Copay

A fixed amount you pay for a covered healthcare service, usually at the time of service, not subject to a deductible.

Example: Sarah goes to the pharmacy to pick up her prescribed medication. At checkout, she pays a \$20 copay, which is her out-of-pocket cost for this prescription under her health plan.

Flexible Spending Account (FSA)

A pre-tax savings account you can use for eligible healthcare expenses.

Example: Emma contributes a pre-tax amount of \$1,500 towards her FSA at the beginning of the year. She uses this money to pay for qualified healthcare expenses such as prescription glasses, over-the-counter medications, and copays.

In-Network

Healthcare providers and facilities that have contracted with your insurer to accept negotiated rates.

Example: David needs to see a dermatologist. He checks his health plan's list of in-network providers and chooses a dermatologist who has a contract with his medical plan. By staying in-network, David pays less out-of-pocket for the visit.

Out-of-Network

Healthcare providers and facilities that do not contract with your insurer, usually resulting in higher costs.

Example: Lisa likes to see her doctor who is an old family friend, but he is not part of her plan’s provider network. As a result, Lisa has to pay a higher portion of the doctor bill because her provider is out-of-network.

Premium

The amount you pay for your health insurance every month.

Example: Mark pays \$300 every month as his health insurance premium. This is the fixed amount he pays to maintain his health insurance coverage, regardless of whether he uses any medical services that month.

Special Enrollment Period

A time outside open enrollment when you can enroll in health insurance due to certain life events (birth, marriage, loss of coverage), usually 31 days from event.

Example: After getting married, Rachel qualifies for a special enrollment period. This allows her to add her spouse to her health plan outside of the regular open enrollment period.

Chronic Condition

A long-term health condition that requires ongoing medical attention and management.

Example: Tom has diabetes, which is a chronic condition. He requires ongoing medical care, regular check-ups, and medication to manage his condition over the long term.

Deductible

The amount you pay out of pocket for covered healthcare services before your insurance plan pays.

Example:

Individual Plan (\$500 deductible):

- Emma has a doctor’s visit that costs \$600.
- She pays the first \$500 (her deductible), then insurance starts sharing costs on the remaining \$100.

Family Plan (\$1,500 family deductible, \$500 per person):

- The Johnsons are on a family plan. Here's how it works:
- If one person (e.g., Alex) has \$500 in medical bills, they meet their individual deductible, and insurance starts paying for Alex.
- If three family members each have \$500 in expenses, the family deductible of \$1,500 is met, and insurance starts paying for everyone in the family.

✔ Key Point: No one pays more than \$500 individually, and the family never pays more than \$1,500 total in deductibles.

Out-of-Pocket Maximum

The most you will pay during a calendar year, including deductibles, copays, and coinsurance before your insurance starts to pay 100% of covered costs.

Example: Jessica’s health plan has an out-of-pocket maximum of \$5,000 for in-network services. During the year, she incurs medical expenses, including doctor visits, and hospital stays. Once Jessica has paid \$5,000 medical out-of-pocket (including her deductible, copays, and coinsurance), her health plan covers 100% of her medical costs of covered medical expenses for the rest of the plan year. Some plans may have a separate prescription out of pocket.

Preventive Care

Preventive Routine healthcare services (like screenings, vaccines, and check-ups) intended to prevent illness or disease.

Example: Emily schedules her annual wellness check-up, which includes a physical exam, vaccinations, and a mammogram. These services are considered preventive care and are fully covered by her health plan, meaning she doesn't have to pay anything out-of-pocket, provided the bill is coded as preventative.

Coinsurance

The percentage of costs you pay for a covered healthcare service after meeting your deductible.

Example: After meeting his \$1,000 deductible of his applicable medical bills, Alex has a coinsurance rate of 20%. -Alex's health plan will pay 80% and Alex will be responsible for the remaining 20% of his eligible healthcare expenses.

Explanation of Benefits (EOB)

A statement from your insurer explaining what medical treatments/services were paid for on your behalf.

Example: After visiting a specialist, Maria receives an Explanation of Benefits (EOB) from her medical plan. The EOB outlines the total cost of the visit, how much the plan covered, and how much Maria is responsible for paying. It is not a bill but a summary of the claim.

Health Reimbursement Account (HRA)

An employer-funded plan that reimburses employees for medical expenses.

Example: John's employer provides him with a Health Reimbursement Account (HRA) and contributes \$1,000 annually to it. John uses the HRA funds to reimburse himself for eligible healthcare expenses, such as prescription medications and doctor visit copays.

Open Enrollment

The yearly period when you can enroll in a health insurance plan or make changes to your existing plan.

Example: During the open enrollment period in November, Sarah reviews her health plan options for the upcoming year. She decides to switch to a new plan that better fits her needs before the enrollment deadline.

Preauthorization

Approval from your health insurer before you receive certain services, treatments, or prescriptions.

Example: David's doctor recommends an MRI to diagnose his back pain. Before scheduling the procedure, David's health plan requires preauthorization to confirm that the MRI is medically necessary and will be covered under his plan.