

# KNOW YOUR EMPLOYEE BENEFITS



Benefit and insurance issues important to you—brought to you by the insurance specialists at Holmes Murphy and Associates, Inc..

## Insurance Glossary of Terms

*Health insurance terms made easy*



Unfamiliar terms can make insurance confusing. To help you navigate your benefit options, check out these definitions of common terms.

**Deductible** – Before benefits are available through a health plan, you must pay a specific dollar amount. Under your plans, the deductible is waived for office visit services.

**Coinsurance** – The amount or percentage that you pay for certain covered health care services under your health plan. This is typically the amount paid after a deductible is met, and can vary based on the plan design.

**Copayment**– The flat fee that you pay towards the cost of covered medical services.

**Covered Expenses** – Health care expenses that are covered under your health plan.

**Member** – You and those covered become members when you enroll in a health plan. This includes eligible employees, their dependents, COBRA beneficiaries and surviving spouses.

**Dependent** – Individuals who meet eligibility requirements under a health plan and are enrolled in the plan as a qualified dependent.

**Preferred Provider Organization (PPO)** – A health plan that offers both in-network and out-of-network benefits. Members must choose one of the in-network providers or facilities to receive the highest level of benefits. Currently, this network is Midland's Choice.

**In-Network** – Care received from your primary care physician or from a specialist within an outlined list of health care practitioners.

**Out-of-Network** – Care you receive by a non-network service provider. Out-of-network health care and plan payments are subject to the deductible and a higher coinsurance percentage.

**Inpatient** – A person who is treated as a registered patient in a hospital or other health care facility. This person accrues room and board charges.

**Medically Necessary (or medical necessity)** – Services or supplies provided by a hospital, other health care facility or physician that meet the following criteria: (1) are appropriate for the symptoms and diagnosis and/or treatment of the condition, illness, disease or injury; (2) serve to provide diagnosis or direct care and/or treatment of the condition, illness, disease or injury; (3) are in accordance with standards of good medical practice; (4) are not primarily serving as convenience; and (5) are considered the most appropriate care available.

**Out-of-Pocket Expense** – Amount that you must pay towards the cost of health care services. This includes deductibles, copayments and coinsurance.

**Out-of-Pocket Maximum (OPM)** – The top amount paid for covered services during a benefit period. Both the deductible and the coinsurance apply towards meeting the OPM, but copayments do not apply.

**High-Deductible Health Plan (HDHP)** – A qualified health plan that gives you more control over your health care spending by offering lower monthly premiums in exchange for higher deductibles and out-of-pocket limits. This plan is often coupled with an HSA.

**Health Savings Account (HSA)** – This is a medical savings account set up and used to pay for eligible medical expenses. Contributions can be made by both you and your employer. The money is taken directly from your paycheck before taxes and is then placed in the account. Balances carry from one year to the next, and the account belongs to you. Withdrawals for non-medical expenses are subject to income taxes, and an additional penalty if age 65 or under. HSAs must be coupled with qualified high-deductible health plans (HDHP).

**Usual, Customary and Reasonable (UCR) Allowance** – The fee paid for covered services that is: (1) a similar amount to the fee charged from a health care provider to the majority of patients for the same procedure; (2) the customary fee paid to providers with similar training and expertise in a similar geographic area, and (3) reasonable in light of any unusual clinical circumstances, etc.

**Open enrollment** - Is the time of year reserved for you to make changes to your benefit elections. This is the month of May, for a July 1<sup>st</sup> change to your coverage.

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