



BREAKING DOWN Health Insurance Terms



COST

ALLOWED AMOUNT

Maximum amount that your insurer will pay for covered services

BALANCE BILLING

Difference between allowed amount and what your provider charges (what you owe)

COPAY

Amount you pay to a healthcare provider at the time you receive services

COST SHARING

Your portion of the bill, which may include coinsurance, copayments, deductibles, or similar charges

DEDUCTIBLE

Amount you have to pay before your provider pays its portion of the bill

OUT-OF-POCKET LIMIT

Maximum amount you have to pay out-of-pocket for services in a plan year

PREMIUM

Amount you pay for insurance, typically broken down into a monthly dollar amount



COVERAGE

BENEFIT/PLAN

Health care services covered by your health plan

BENEFIT YEAR

How long your benefits are good for, typically one year

COORDINATION OF BENEFITS

Sometimes two insurance plans work together to pay claims for the same person

EXCLUDED SERVICES

What your health insurance provider will not cover under your plan

NETWORK

A list of providers that your plan contracts with, which includes in-network and out-of-network

PRE-AUTHORIZATION

Also called pre-approval, it is the determination that a treatment or service is medically necessary

RX COVERAGE

Amount your health plan pays for prescription drug coverage



ADMIN

CARRIER

Company that provides your health insurance (typically an insurance company)

CLAIM

Request made for direct payment or reimbursement for medical services that an insured person has obtained

ENROLLMENT PERIOD

The yearly period when people can enroll in a health insurance plan

EXPLANATION OF BENEFITS

Statement from your insurance plan describing what costs it will cover for medical care you have received

PCP

Your primary care physician or primary care provider who oversees your health care

PREFERRED PROVIDER

Group of health care providers that have contracted with a health insurance carrier to provide care at a discount

THIRD PARTY ADMINISTRATOR

Organization that performs administrative services for a health plan such as billing, plan design, and claims processing