Health Insurance Vocabulary

Coinsurance

The amount you are required to pay to share the cost of covered services. The coinsurance rate is usually a percentage. For example, if the insurance company pays 80% of the claim, you pay 20%.

Coordination of Benefits

A system to eliminate duplication of benefits when you are covered under more than one group plan. Benefits under the two plans usually are limited to no more than 100% of the claim.

Copayment or Copay

Another way of sharing medical costs. You pay a flat fee for certain medical expenses (e.g., $10 for every visit to the doctor).

Covered Expenses

Most insurance plans do not pay for all services (e.g., smoking deterrents). Covered services are those medical procedures that a health plan agrees to pay for. They are listed in the policy, so be sure to check your plan for the specifics.

Deductible

The amount of money you must pay each year to cover your medical expenses before your insurance policy starts paying.

Exclusions

Specific conditions or circumstances, listed in the policy, which are not covered.

Out-of-pocket Maximum

The most money you will be required to pay each year for deductibles and coinsurance. It is a stated dollar amount set by the insurance company, in addition to regular premiums.

Preferred Provider Organization (PPO)

A type of managed care plan where coverage for expenses incurred by a Preferred (in-network) Provider are paid at a higher level than the coverage available for services received from an a Non-Preferred (out-of-network) Provider.

Pre-existing Condition

A health problem that existed before the date your insurance became effective.

Premium

The amount you pay in exchange for insurance coverage.

Provider

Any person (i.e., doctor, nurse, dentist) or institution (i.e., hospital or clinic) that provides medical care.