

# Basic Insurance Terms for You!

## Co-insurance

The amount you are required to pay for medical care in a fee-for-service plan after you have met your deductible. The coinsurance rate is usually expressed as a percentage. For example, if the insurance company pays 80% of the claim, then you pay 20%.

## Co-payment

A dollar amount that you pay for a covered health care service. For example, your health plan may require that you pay \$10 each time you go to the doctor.

## Covered Expenses

Most insurance plans, whether they are fee for service, HMOs (Health Maintenance Organizations), or PPOs (Preferred Provider Organizations), do not pay for all services. Some may not pay for prescription drugs. Others may not pay for mental health care. Covered services are those medical procedures the insurer agrees to pay for. They are listed in the policy.

## Deductible

The amount of money you are required to pay for health care services before your health plan starts paying the bill. Not all plans require deductibles.

## Explanation of Benefits (EOB)

Although EOBs often look like a medical bill, the EOB actually gives you details regarding how your insurance company processed medical insurance claims. The EOB tells you what portion of a claim was paid to the health care provider and what portion of the payment, if any, you are responsible for.

## Maximum Out-of-Pocket Expense

The maximum amount someone covered under a health care plan must pay during a certain period of time for expenses covered by the plan. Until the maximum is reached, the person covered is required to pay a co-payment or a percentage of each claim.

## Enrollment Period

The period during which all employees and their dependents can sign up for coverage under an employer group health plan. Besides permitting workers to elect health benefits when first hired, many employers and group health insurers hold an annual enrollment period, during which all employees can enroll in or change health coverage. See also Group Health Plan and Special Enrollment Period.

## Premium

The amount that you and/or your employer pay for health insurance, usually paid in installments.



## Consolidated Omnibus Budget Reconciliation Act (COBRA)

A federal law in effect since 1986 that permits you and your dependents to continue in your employer's group health plan after your job ends. If your employer has 20 or more employees, you may be eligible for COBRA continuation coverage when you retire, quit, are fired, or work reduced hours. Continuation coverage also extends to surviving, divorced, or separated spouses; dependent children; and children who lose their dependent status under the rules of their parent's plan. You may choose to continue in the group health plan for a limited time and pay the full premium, including the share your employer used to pay on your behalf. COBRA continuation coverage generally lasts 18 months, or 36 months for dependents in certain circumstances.

## Health Insurance Portability and Accountability Act (HIPAA) of 1996

A federal law that includes important health insurance provisions, including non-discrimination, guaranteed renewability, guaranteed issue, and limits to benefit exclusions because of pre-existing medical conditions.



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