

Insurance Definitions

In response to the feedback we have received about the health insurance options, below please find some insurance definitions to clarify and provide greater context.

Waiver of Premium - A provision in some insurance contracts which enables an insurance company to waive the collection of premiums while keeping the policy in force if the policyholder becomes unable to work because of an accident or injury. The waiver of premium for disability remains in effect as long as the insured is disabled.

Coinsurance - It is a percentage of each claim above the deductible paid by the policyholder. For a 20% health insurance coinsurance clause, the policyholder pays for the deductible plus 20% of his covered losses. After paying 80% of losses up to a specified ceiling, the insurer starts paying 100% of losses.

Deductible - Amount of loss that the insured pays before the insurance kicks in.

Copayment - A predetermined, flat fee an individual pays for health-care services, in addition to what insurance covers. For example, some HMOs require a \$10 copayment for each office visit, regardless of the type or level of services provided during the visit. Copayments are not usually specified by percentages.

Out-of-Pocket Limit - A predetermined amount of money that an individual must pay before insurance will pay 100% for an individual's health-care expenses.

Out-of-Pocket Maximum - A predetermined limited amount of money that an individual must pay out of their own savings, before an insurance company will pay 100 percent for an individual's health care expenses.

Utilization - How much a covered group uses a particular health plan or program.

Health Savings Account - Plan that allows you to contribute pre-tax money to be used for qualified medical expenses. HSAs, which are portable, must be linked to a high-deductible health insurance policy.

Long Term Disability Insurance - Pays an insured a percentage of their monthly earnings if they become disabled.

Provider - A term used for health professionals who provide health care services. Sometimes, the term refers only to physicians. Often, however, the term also refers to other health care professionals such as hospitals, nurse practitioners, chiropractors, physical therapists, and others offering specialized health care services.

Out-of-network Care - Healthcare rendered to a patient outside of the health insurance company's network of preferred providers. In many cases, the health insurance company will not pay for these services.