

# Glossary of Insurance Terms

- **Deductible:** The cost you must pay for health care services, before your health insurance begins to pay.
- **Co-Insurance:** Your share of the costs of a covered health care service.
  - ✓ Example: Office visit costs \$100 and you have met your deductible. Your co-insurance is 20%, therefore your payment is \$20.
- **Co-Payment:** Your fixed amount of payment (example: \$10) for a covered health care service, usually paid when you receive the service
- **In-Network:** The facilities, providers and suppliers your health insurance has contracted with to provide health care services.
- **Out-of-Network:** A provider who does not have a contract with your health insurance to provide services to you. You will pay more out of pocket when you receive services.
- **Primary Care Physician (PCP):** A physician, nurse practitioner, clinical nurse specialist or physician assistant, who provides, coordinates or helps you access a range of health care services.
- **Specialist:** A physician who focuses on a specific area of medicine.
- **Generic Drug:** Drug that is the same as a brand name drug in dosage, safety, strength, how it is taken, quality, performance, and intended use. Before approving a generic drug product, FDA requires many rigorous tests and procedures to assure that the generic drug can be substituted for the brand name drug. A generic drug can also be known as a preferred drug.
- **Formulary:** A drug formulary is a list of prescription drugs, both generic and brand name, that are preferred by your insurance company.
- **Non-Formulary:** Drug that is not on the insurance companies list of preferred drugs. Usually there is an alternative of the drug that is approved.

## Preferred Provider Organization (PPO)

- A managed care group that contracts with a network of “preferred” providers to provide health care services at reduced rates.
- You are not required to select a primary care physician (PCP) and you do not need referrals to see other providers in the network.
- Offers a larger network of contracting doctors and hospitals to choose from when care is needed.
  - ✓ In-Network Providers
    - Out-of-pocket costs are less & highest level of benefit is received
  - ✓ Out-of-Network Providers
    - Coverage is still provided, but out-of-pocket costs will be higher
  - ✓ Access to care anywhere you live, work, or travel across the country and around the world.

## Health Maintenance Organization (HMO)

- A managed care group that provides services & supplies through its own network of doctors, hospitals and other health care facilities.
- Reduces medical care costs by keeping you healthy and managing the costs that are incurred.
- You are required to select a primary care physician (PCP) who must provide and arrange your care. You will also need referrals to see other providers/specialists.
- Some of the PCP’s responsibilities include:
  - ✓ Giving you regular checkups.
  - ✓ Providing treatment when you are ill.
  - ✓ Ordering necessary X-rays, lab work and other tests.
  - ✓ Referring you to a specialist, if medically necessary.
  - ✓ Arranging for outpatient treatment or hospitalization.
  - ✓ Filing your claims.
- If you receive care from any other source without prior authorization from your PCP, your services **will not be covered**, except in life-threatening emergency situations.

**If you have a medical emergency, go to the nearest hospital even if the hospital is not in the network.**

## **Which Plan is Right for You?**

- What are your anticipated medical expenses?
- What can you afford to pay out-of-pocket (in terms of deductibles and copayments) if you or a covered dependent needs medical care?
- Do you have a doctor or specialist whom you want to keep seeing, or would you be willing to switch to a network doctor if necessary to pay less for coverage?
- Do you travel often?
- Do any of your dependents need routine medical care in an out-of-state location?