

Top 20 Health Care Terms Defined

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Understanding your health care benefits may not be easy, but it is the key to being a smart health care consumer. Here is a list of the top 20 health care terms defined to help you stay informed.

- **Coinurance**—The amount you must pay for medical care after you have met your deductible. Typically, your plan will pay 80% of an approved amount, and your coinsurance will be 20%, but this may vary from plan to plan.
- **Copay**—The flat fee you pay each time you receive medical care. For example, you may pay \$10 each time you visit the doctor. Your plan pays the rest.
- **Deductible**—The amount you must pay each year before your plan begins paying.
- **Exclusions**—Services that are not covered by a plan. Sometimes called limitations. These exclusions and limitations must be clearly spelled out in plan literature.
- **Fee-for-service insurance**—Traditional health insurance where you and your plan each pay a portion of your health expenses, usually after you meet a yearly deductible. In most cases, you can choose any physician, hospital or other provider (non-network-based coverage).
- **Flexible spending arrangements (FSAs)**—Employees use pretax dollars to set up these accounts and draw down on them to pay qualified medical expenses during the year. Unused amounts are forfeited at the end of the year.
- **Formulary**—An insurance company's list of covered prescription drugs.
- **Group insurance**—Health plans offered to a group of individuals by an employer, association, union or other entity.
- **Health maintenance organization (HMO)**—A form of managed care in which you receive all of your care from participating providers. You usually must obtain a referral from your primary care physician before you can see a specialist.
- **Health reimbursement arrangement (HRA)**—An account established by an employer to pay an employee's medical expenses. Only the employer can contribute to a health reimbursement arrangement.
- **Health savings account (HSA)**—An account established by an employer or an individual to save money toward medical expenses on a tax-free basis. Any balance remaining at the end of the year "rolls over" to the next year. Contributions to an HSA can be made by the employee or employer.
- **High-deductible health plan**—A plan that provides comprehensive coverage for high-cost medical events. It features a high deductible and a limit on annual out-of-pocket expenses. This type of plan is usually coupled with a health savings account or a health reimbursement arrangement and is an important component of consumer-driven health care.
- **Individual health insurance**—Coverage purchased independently (not as part of a group), usually directly from an insurance company.

- **Long-term care (LTC) insurance**—Coverage that pays for all or part of the cost of home health care services or care in a nursing home or assisted living facility.
- **Managed care**—An organized way of getting health care services and paying for care. Managed care plans feature a network of physicians, hospitals and other providers who participate in the plan. In some plans, covered individuals must see an in-network provider; in other plans, covered individuals may go outside of the network, but they will pay a larger share of the cost.
- **Open enrollment**—A set time of year when you can enroll in health insurance or change from one plan to another without benefit of a qualifying event (e.g., marriage, divorce, birth of a child/adoption or death of a spouse). Open enrollment usually occurs late in the calendar year, although this may differ from one plan to another.
- **Point-of-service (POS) plan**—A form of managed care plan in which primary care physicians coordinate patient care, but there is more flexibility in choosing doctors and hospitals than in an HMO.
- **Preferred provider organization (PPO)**—A form of managed care in which you have more flexibility in choosing physicians and other providers than in an HMO. You can see both participating and nonparticipating providers, but your out-of-pocket expenses will be lower if you see only plan providers.
- **Premium**—The amount you pay to belong to a health plan. If you have employer-sponsored health insurance, your share of premiums is usually deducted from your pay.
- **Primary care physician**—Usually a family practice doctor, internist, obstetrician-gynecologist or pediatrician. He or she is your first point of contact with the health care system, particularly if you are in a managed care plan.

