Health Benefit Glossary

When both you and your health insurance company pay part of your medical expense, it's called cost sharing. Deductibles, coinsurance and copays are all examples. Understanding how they work will help you know when and how much you have to pay for care.

Deductible

A deductible is the amount you pay for health care services before your health insurance begins to pay.

Let's say your plan's deductible is $2,500. That means you'll pay 100 percent of your medical and pharmacy bills until the amount you pay reaches $2,500. After that, you share the cost with your plan by paying coinsurance and copays.

Coinsurance

Coinsurance is your share of the costs of a health care service. It's usually figured as a percentage of the amount we allow to be charged for services. You start paying coinsurance after you've paid your plan's deductible.

Here's how it works: Lisa has allergies, so she sees a doctor regularly. She has already paid her $2,500 deductible. Now her plan will cover 80 percent of the cost of her allergy shots. Lisa pays the other 20 percent; that's her coinsurance. If her treatment costs $150, her plan will pay $120 and she'll pay $30.

Copay

A copay is a fixed amount you pay for a health care service, usually at the time of service. The amount can vary by the type of service. You may also have a copay when you get a prescription filled.

For example, a doctor's office visit might have a copay of $30. The copay for an emergency room visit will usually cost more, such as $250. For some services, you may have both a copay and coinsurance.

What does this mean for me?

When choosing a plan, think about how much you use your insurance and how much protection you want against unpredictable expenses. Then look at the plan's deductible, coinsurance and copays and find what works best for you.

Other Common Benefit Terms

Dependent
Individuals who meet eligibility requirements under a health plan and are enrolled in the plan as a qualified dependent.

In-Network
Care received from your primary care physician or from a specialist within an outlined list of health care practitioners.

Out-of-Pocket Maximum (OPM)
The maximum amount paid for covered services during a benefit period. Both the deductible and the coinsurance apply towards meeting the OPM, but copayments may not apply.

Usual, Customary and Reasonable (UCR) Allowance
Customary fee paid to providers with similar training and expertise in a similar geographic area, and (3) reasonable in light of any unusual clinical circumstances, etc.