

Important Health Insurance Terms To Know

Health insurance is complicated; there is no doubt about that. While it is difficult to absorb all the details of your health policy, there are a few terms you should familiarize yourself with to make it easier to read and understand your policy. These basic terms will help you to shop for and make sense of your health coverage, so take a minute to learn and understand them.

Co-insurance And Copay

This is the amount you are expected to pay when you visit a doctor, go to urgent care, or to the emergency room. These terms are often used interchangeably, but they are a little different.

There are usually four different co-pay amounts for four separate types of doctor visits. The lowest co-pay is generally the one you pay to visit your regular doctor, pediatrician, or obstetrician. Often, a slightly higher co-pay is charged for a visit to a specialist. This can include specialties such as dermatology, ear, nose and throat (ENT) specialists, surgeons, and many more. Finally, there are usually two set co-pay amounts for either an urgent care or emergency room visit. Emergency room visits usually carry the highest co-pay amount.

Co-insurance usually refers to a percentage of the total cost that you are required to pay, especially for more unusual treatments and tests.

Deductible

Much like your auto insurance, a health care deductible is the amount you are expected to pay before your benefits kick in. Co-insurance amounts do not usually count toward fulfilling your deductible requirements. In most cases, regular office visits also won't be charged toward your deductible. Things like lab work, medical tests, and hospital visits are the types of costs that will count toward your deductible. Once you have paid out the full amount of the deductible, your policy will cover everything else at the set amount.

If you have other family members on your policy, you may have two deductible amounts—one per individual and one per family. Once the family limit is met, no further deductible payments are required.

Out Of Pocket Limit

Most insurance policies carry a yearly out of pocket limit; this means that there is a limited amount of money you will have to pay out of pocket in that year. After this limit is reached for the year, insurance will cover the rest of your medical care in full. This limit protects you in the event of a serious illness or injury that results in a lot of medical bills.