



**The Benefits Store**  
*Save Money with Better Coverage*



## Health Insurance Terms You Should Know

### Overview

Health insurance can feel complicated, especially because of the terminology. Understanding these key terms will help you compare plans, understand your costs, and make informed decisions about your coverage.

### Key Cost Terms

**Premium:** The monthly amount you pay to maintain your health insurance coverage.

**Deductible:** The amount you must pay out of pocket before your insurance begins to pay for covered services. This resets each year.

**Copayment (Copay):** A fixed amount you pay for a specific service, such as a doctor visit or prescription.

**Coinsurance:** The percentage of costs you share with your insurance company after meeting your deductible.

**Out-of-Pocket Maximum:** The most you will pay in a year for covered, in-network services. After this, your insurance pays 100% of covered costs.

#### *Example:*

If your deductible is \$1,000, you must pay that amount before insurance contributes. If your coinsurance is 20% and a procedure costs \$8,000, you would pay \$1,600 and your insurance would cover the rest after the deductible.

### Provider & Network Terms

**Network:** A group of doctors and hospitals contracted with your insurance company to provide services at lower rates.

**Out-of-Network:** Providers without a contract with your insurer, often resulting in higher costs or no coverage.

**Primary Care Physician (PCP):** Your main doctor who manages your overall care and provides referrals to specialists.

**Coordinated Care:** A healthcare approach where providers work together to manage your care effectively.

## Common Plan Types

**HMO:** Requires you to stay in-network and typically requires referrals for specialists.

**PPO:** Offers flexibility to see out-of-network providers at a higher cost.

**EPO:** Requires in-network care but does not require referrals.

**HDHP:** A plan with a higher deductible and lower monthly premium, often paired with an HSA.

## Coverage & Benefits

**Essential Health Benefits:** A set of services that all marketplace plans must cover, including preventive care and emergency services.

**Preventive Services:** Care like vaccines and screenings that help prevent illness, often covered at no cost.

**Inpatient Care:** Medical services received during a hospital stay.

## Enrollment & Eligibility

**Open Enrollment:** The period when you can enroll in or change your health insurance plan.

**Pre-Existing Condition:** A health condition you had before your coverage started; cannot be denied coverage or charged more.

**Marketplace (Exchange):** A platform where individuals and families can compare and purchase plans.

**Premium Tax Credit (Subsidy):** Financial assistance to help lower the cost of premiums for eligible individuals.

## Government Programs

**Medicare:** Health insurance for people 65+ and certain individuals with disabilities.

**Medicaid:** Coverage for low-income individuals and families.

## Other Helpful Terms

**Explanation of Benefits (EOB):** A statement showing what your insurance covered and what you owe after a claim is processed.

**Health Savings Account (HSA):** A tax-advantaged account used to pay for medical expenses with a high-deductible plan.

## Common Questions

Q: Why are these terms important?

A: Understanding these terms helps you compare plans, estimate costs, and avoid surprises.

Q: What should I focus on when choosing a plan?

A: Pay attention to premiums, deductibles, and your total potential out-of-pocket costs.

## Key Takeaway

Knowing these terms empowers you to make smarter healthcare decisions and better understand how your insurance works.

<https://www.insurance.ca.gov/01-consumers/110-health/10-basics/terms.cfm>

