

INSURANCE TERMS

-Basics-

Insurance

Arrangement by which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium.

Premium

The amount that must be paid for your health insurance or plan. You and/or your employer usually pay it monthly, quarterly or yearly.

In-network

The doctors, hospitals, and suppliers your health insurer has contracted with to deliver health care services to their members.

Allowed Amount

The most the doctor is allowed to charge and the most your insurance will pay for a health care service covered by your plan. If a provider charges more than the allowed amount, you may have to pay the difference.

Co-Payment or Copay

A fixed amount (for example, \$15) you pay for a covered health care service, usually when you receive the service. The amount can vary by the type of covered health care service.

Deductible

Deductible The amount you owe for health care services your health insurance or plan covers before your health insurance or plan begins to pay. example, if your deductible is \$1000, your plan won't pay anything until you've met your \$1000 deductible for covered health care services subject to the deductible.



INSURANCE TERMS

-Basics Continued-

Claim

A request to be paid by a health plan for health services given. An example would be the claim your doctor sends to your health plan after an office visit.

Explanation of Benefits

You'll get an EOB after a visit to a doctor, health care provider, pharmacy or facility. An EOB lists details of the medical services you received, like the date, amounts paid by insurance, and the cost you may owe. Check it against your doctor bills to make sure all the charges are correct so you don't get any surprises later.

Coinsurance

Coinsurance is the sharing of costs by your insurance and you for covered services after you've met your benefit period deductible. Coinsurance is usually shown as a percentage. For example, if your coinsurance is 20%, that means you'll pay 20% of covered medical expenses after you've met your deductible (and your insurance will pay 80%) until you reach your out-of-pocket limit for the benefit period (usually a year).

Out-of-pocket Limit

The Out-of-Pocket Limit is the dollar amount you pay for covered services in a benefit period (usually 1 year) before your insurance pays 100% for covered services. The out-of-pocket limit can include your deductible, coinsurance and copays, depending on your health plan.



Looking for more? Click or search the references below.

[Centers For Medicare and Medicaid Services PDF Glossary of Health Coverage and Medical Terms](#)

[Mayo Clinic Glossary of Billing and Insurance Terms](#)

[National Association of Insurance Commissioners \(NAIC\) Terminology Search Tool](#)

[Blue Cross Blue Shield of North Carolina Guide to Choosing the Best Health Care Plan for You! \(Visual Guide\)](#)

[Health Insurance 101: A Large Variety of Resources by Blue Cross Blue Shield North Carolina](#)