

HEALTH INSURANCE – KEY TERMS

Term	Definition
Premium	Amount paid (usually monthly) to obtain a health plan. Beneficiaries pay this amount whether services are received or not.
Copayment	Amount paid for services [visits, equipment, prescriptions]. Some services do not have copayments.
Deductible	Annual threshold amount that determines when insurer begins to pay its share. Beneficiaries pay all costs for visits and services until threshold is reached.
Coinsurance	Percentages of cost shared by insurer and insured after deductible is reached. Plan pays the higher percentage (both should equal 100%).
Out-of-pocket Limit	Annual maximum amount beneficiaries would be required to pay out-of-pocket. Upon reaching this limit, insurer pays 100% of the cost for the remainder of the year. Out-of-pocket includes what beneficiaries pay except the premium.