

## Health Insurance Definitions

### **High Deductible Health Plan (HDHP)**

Healthcare plan with a deductible that must be met before insurance company starts paying claims. In order to qualify as a high deductible plan it must have a minimum deductible which is set by the I.R.S.

### **Health Savings Account (H.S.A.)**

Savings account used for health care related expenses. Deposits into this account are tax free. In order to qualify for a H.S.A. one must have a HDHP. The I.R.S. caps the maximum amount that can be contributed each year.

### **Premium**

The cost paid to the insurance company for the Healthcare plan. Normally this amount is reflected as a monthly payment.

### **Co-pay**

A co-pay is a **fixed dollar amount** that must be paid by the consumer for health services that are received. Examples include fixed cost for prescriptions or fixed costs for doctor's office visits.

### **Co-Insurance**

A co-insurance is a **percentage** paid by the consumer and a percentage paid by the insurance company for health services that are received. For example, a coinsurance of ten percent means that the consumer pays 10% of the cost of care while the insurance company pays 90%.

### **Deductible**

A fixed dollar amount that must be paid before health insurance begins paying cost of care. For example, if there is a \$2,500 deductible then the first \$2,500 of billed healthcare services are paid by the consumer.

### **Maximum Out of Pocket**

The maximum out of pocket is projected to be the most money a consumer would need to pay for healthcare related services during the plan year. This amount reflects the most that a consumer would pay not the least. Many families never reach their maximum out of pocket.

### **Administration fees:**

Usually fees that are assessed by a bank or an entity for processing and maintain your account on a monthly basis for example.

### **EOB:**

Explanation of benefits is the statement which shows what has been billed to your insurance company. It often will tell the provider, procedure, cost and whether or not it has been paid.

### **HSA Bank:**

A bank that services your account through Genesee County Community Mental Health as a retiree. There other banks that have HSA accounts but this is the provider that was chosen by the agency. It is a full-service bank.

### **Insured:**

You and any dependents on your insurance.

### **Insurer:**

Your provider for example, Blue Cross Blue Shield of Michigan or HealthPlus of Michigan.

### **Overdraft:**

When funds have exceeded the balance of your account and now you are at a negative balance.