Terms You Should Know

Coinsurance: The amount you are required to pay for medical care in certain types of health plans after you have met your deductible. The coinsurance rate is usually expressed as a percentage. For example, if the insurance company pays 80 percent of the claim, you'll be required to make a 20 percent coinsurance payment.

Copayment: A way of sharing medical costs. You pay a flat fee every time you receive a medical service (for example, $20 for every visit to the doctor). The insurance company pays the rest.

Deductible: The amount of money you must pay each year to cover your medical care expenses before your insurance policy starts paying.

Exclusions: Specific conditions or circumstances for which the policy will not provide benefits.

Health Maintenance Organization (HMO): A health insurance plan that allows you to pay a monthly or quarterly premium in exchange for health care services. HMOs require you to work with a primary care physician who will direct your care and refer you to specialists as needed. They also require you to see doctors, hospitals, and labs within its network of providers.

Indemnity Plans: These plans allow you to use any doctor, hospital or specialist you choose and submit a claim to your insurance company for reimbursement of "covered" medical expenses. Indemnity plans pay a sizable percentage (usually around 80%) of what they consider the "usual and customary" charges and you have to cover the rest.

Managed Care: The way a health care system manages costs, use, and quality. All HMOs and PPOs, and even some fee-for-service plans, apply managed care techniques.

Maximum Out-of-Pocket: The maximum amount of money you will be required to pay each year for deductibles, coinsurance and copayments. It is a stated dollar amount set by the insurance company, in addition to regular premiums.

Point of Service (POS): A health insurance plan that combines elements of an HMO and PPO. You can use a primary care physician or self-direct your care at the "point of service." The cost for services depends on the route you take to get them.

Preexisting Condition: A health problem that existed before the date your insurance coverage became effective.

Preferred Provider Organization (PPO): A health insurance plan that allows you to see any doctor at any time. In addition to a monthly or quarterly premium, a PPO typically requires you to make a copayment for each service you receive. Copayment for in-network doctors and services are typically lower than copayments for out-of-network doctors and services.

Premium: The amount you or your employer pay, in addition to copayments, coinsurance and deductibles, in exchange for insurance coverage.

Primary Care Physician: A primary care physician monitors your health, diagnoses and treats minor health problems, and refers you to specialists if another level of care is needed. This is often a family physician or internist, but some women prefer to use their gynecologist.

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