AVERTA®
INSURANCE SOLUTIONS

The basics in medical insurance terminology

What is a deductible, and how does it work?

It is the amount you pay for covered health care services **before** your insurance plan starts to pay. With a $2,000 deductible, for example, you pay the first $2,000 of covered services yourself.

Once your deductible has been met, you usually pay only a copayment if necessary.

What is a copayment (copay), and how does it work?

A copay (or copayment) is a **flat fee** that you pay on the spot each time you go to your doctor or fill a prescription.

For example, if you get hurt or sick and you go see your doctor, or if you need to fill/refill a prescription, the amount you pay for that doctor visit or for your medicine - that is your copay.

What is coinsurance, and how does it work?

Coinsurance is a percentage of a medical charge that you pay, with the rest being paid by your health insurance plan, or carrier. It typically applies after your deductible has been met.

For example, if you have 20% coinsurance, you pay 20% of each medical bill, and your health insurance will cover 80%.

What is the out-of-pocket max, and how does it work?

That is the most you have to pay for covered services **in a plan year**. After you spend this amount on deductibles, copayments, and coinsurance *(for in-network care and services)* your health plan pays 100% of the costs of covered benefits.

(Minus your premium, the amount you pay for your health insurance every month.)

What is a premium, and how does it work?

The premium is the amount you pay for your health insurance **every month, or every pay period**. In addition to your premium, you usually have to pay other costs for your health care, including deductibles, copayments, and coinsurance. In most circumstances, if you are a full-time employee, your employer pays 50% of the costs towards your premium **for the employer-sponsored health care plan**.

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