

Glossary of Insurance Terms

Actuarial value – The percentage of an average enrollee's medical costs that an insurance provider is expected to cover.

Cost-sharing – All costs to the consumer beyond premiums, includes deductible, co-pays, and co-insurance. Also called out-of-pocket costs.

Copay – A defined flat dollar amount that an individual must pay when s/he receives a covered medical service. For example, an individual may have to pay \$20 for each covered primary care visit. The cost of the copay depends on the service and plan.

Co-insurance – A type of cost-sharing where an individual pays a percentage of the cost of the medical service s/he receives. For example, health insurance may cover 80% of charges for a covered hospitalization, leaving the individual responsible for the other 20%. The percentage covered depends on the service and the health plan. Co-insurance is typically stated as the percent of member responsibility (e.g. 20%).

Deductible – The amount an individual must pay for covered care before health insurance begins to pay for services. It is common for the deductible to be waived for preventive services. For some plans, the deductible may also be waived for office visits and other services.

Integrated Deductible – A type of deductible where both prescription drug and medical expenses contribute towards the deductible. If the deductible is not integrated, only medical claims accumulate to the medical deductible and prescription drug claims accumulate to the prescription drug deductible.

OOPM (Out-of-Pocket Maximum) – The annual maximum amount an individual will have to pay out-of-pocket for covered services. Generally, this includes the deductible, co-insurance, and copayments.

Integrated OOPM – A type of Out-of-Pocket Maximum where both prescription drug and medical expenses contribute towards the OOPM.

Family Deductible – A deductible that applies to more than one person within a family contract on the same health plan. A family deductible can be either aggregate or stacked. An aggregate deductible includes only one deductible, while a stacked deductible layers both individual and family deductibles.

Aggregate Deductible – A type of deductible in which all individuals in a family contribute to the same family deductible. When the deductible is met cost sharing (copays and co-insurance) will be in effect.

Stacked Deductible – A type of family deductible that allows for multiple layers of deductibles for individual family members. An individual's claims contribute to both an individual and family deductible. All individuals in a family contribute to the same family deductible. Once either deductible is met cost sharing (copays and co-insurance) will be in effect.