

Health Insurance Terms Made Easy

Glossary & Definitions Dictionary

Agent: individual who represents a company and is qualified to explain the terms of the policies and to collect payment

Ambulatory Care: a facility that provides a wide range of services which may include preventive care as well as laboratory procedures

Beneficiary: the person receiving the payment for claims. The beneficiary could be the insured himself, the doctor, a hospital, or any person to whom payment is due for claims filed.

Benefit: amount an insurance company will pay if you file a claim

Claim: the document created either electronically or in print that tells the company you have had a covered injury or illness

COBRA: a federal law which allows you to retain your group coverage on an individual basis for a limited time period after losing your group coverage

Co-insurance: a percentage of the medical bill that you must pay, such as 20% of the approved amount. Your insurance pays 80% of the approved amount and any amount not approved has to be discounted. Different companies have different co-insurance arrangements.

Contest: to object to a company's decision to deny or pay less on a claim than the client believes to be covered

Copayment: a flat amount that you pay when you go to a doctor or hospital. Does not apply until after you have paid your deductible. Covered expenses: hospital, physician, outpatient or any other type of care for which your company will pay providing it is not for a condition expressly excluded.

Covered person: the person for whom the policy will pay benefits. **Deductible:** the portion of a medical bill you have to pay before your insurance starts paying. A higher deductible results in a lower premium.

Effective Date: the date after which the policy will pay for claims

EOB: explanation of benefits form sent to you after a claim has been filed. It will tell you how much the insurance will pay and what you will still owe the caregiver

Exclusions: conditions for which your company will not pay

Formulary: a list of drugs included in the drug coverage portion of your insurance plan. You usually have to pay a copayment for each medication.

Generic: a medication that is the generic equivalent of a brand named drug. A copayment will usually be much less of a generic drug is available and accepted.

Grace period: not to be confused with "waiting period," the grace period is a period of time during which your policy will be continued if your payment is late—usually 30 days.

Hospital: a legally constituted institution with facilities for care and treatment of sick or injured persons on a resident or inpatient basis

HSA: health savings accounts, also known as medical savings account. Allows you to put a portion of pre-tax earnings into a special type of IRA which you can then use tax free to pay for deductibles, co-pays, medication or any other health related expense that is not covered by your insurance.

Indemnify: to insure or provide a benefit according to the terms of the policy

Injury: accidental bodily injury resulting from an accident

Insurability: a condition of being "insurable"; that is, required medical conditions of the person to be insured meet the criteria of the company providing the insurance. Persons with certain medical conditions such as "congestive heart failure" would be considered "uninsurable."

Insured: the person for whom the policy will pay benefits, also called "covered person" in some policies

Life Time Aggregate: the amount of benefit your insurance would pay during your lifetime

Loss: a condition of illness or injury for which you would suffer "loss," that is, have to pay out of your pocket, if you did not have insurance

Medical Underwriting: the evaluation of health questions to determine if a client is insurable under the terms of the plan or company

Office visit: the visit that you make to your doctor's office for any reason

Omissions: information you forget or neglect to tell the company when you take the policy. If discovered, it gives them grounds to cancel the policy.

Out of Pocket Maximum: a dollar amount beyond which you will have increased or 100% coverage for covered expenses if you reach it. Does not include expenses that are not covered

Out of Pocket: the money you have to pay for care in addition to your premium

Outpatient: care provided in the outpatient facilities of a hospital

Physician: any person who is legally qualified and licensed as a practitioner, practicing within the scope of his or her authority and license

Policy Year: each successive, 12 month period extending from the effective date of the policy and continuing for 12 consecutive months

Pre-existing: a condition you had prior to taking the policy

Premium: monthly payment you make for having insurance

Reinstatement: to place a lapsed policy back in force. Often requires proof of insurability

Renewable: you can renew your policy each year and cannot be terminated for having to use it. You can, however, be charged a higher premium every year.

Rider: an attachment to the basic policy which requires additional premium and is not included in the policy itself. For example, dental or vision care

Risk: the likelihood that the company will have to spend more on a person's care than they can recoup through that person's premium. Insurance laws allow a company to refuse high risk clients.

Routine: examinations or treatment for the maintenance of a chronic condition that is not expected to improve, or conducted for the purpose of

affirming wellness. Routine exams are frequently not covered.

Sickness: illness or disease manifested after the policy has been placed in effect

Symptoms: conditions indicating the presence of a disease or illness

Termination: date after which the policy is no longer in effect

Waiting period: a period of time during which your company will not pay for a pre-existing condition