# What is Health Insurance?

Health insurance or medical insurance is a type of insurance that covers the whole or a part of the risk of a person incurring medical expenses.

Health insurance is designed to protect you and your family from the costs of the medical services you need when you're sick or injured.

You choose a plan and agree to pay a specific rate, or premium, each month. Your insurer then agrees to pay a portion of your covered health care costs.

# Basic Insurance Terms

▶ **Subscriber:** The person in whose name the insurance is issued.

▶ **Subscriber/Insurance ID**: Insurance companies assign the subscriber an identification number commonly known as a Subscriber ID. A separate Member ID may be assigned to each covered individual.

▶ **Deductible**: A set amount the patient must pay before the insurance company pays for services.

▶ **Coinsurance**: A set percentage of costs covered by the insurance company after deductible has been paid (ex: 80/20 means insurance will pay 80% and patient will pay 20%).

▶ **Copay**: A set fee for certain services that must be paid each time. Common copays include Primary Care Provider, specialist, ER and urgent care.

▶ **Out of Pocket:** The amount a patient pays out of pocket for health care services during a particular period of time, usually a year. Once the maximum out of pocket has been met, insurance will cover all costs for the remainder of the year.

# How It Works

Deductible $1,500 – Coinsurance 20% - Out-of-Pocket Limit $5,000

January 1st.                                                                                    December 1st.

First Office Visit: $125          Mid-Year Office Visit: $75          Last Office Visit: $200

| Joe has not met his deductible. He pays the $125 and his plan Pays $0. | Joe has now met his deductible and coinsurance begins: he pays $15 and the plan will pay $60. | After many visits this year, Joe has paid $5000- his out of pocket limit. The plan now pays $200 and he pays $0. |