

Top Terms for Medical Insurance

Premium

The amount you pay monthly for your health insurance plan. The average monthly premium in the U.S. is about \$450 per person.

Deductible

The amount you pay out of pocket before your insurance starts paying. For instance, I have a \$2,000 deductible, so I'll pay for most all my healthcare expenses until I've spent \$2,000. At that point, insurance starts paying a portion of or all of my costs. As part of Obamacare, preventive care (like your annual checkup) is included in your health insurance, so it's paid for in most plans.

In-Network

This is your insurance company's approved list of doctors or providers. They've negotiated lower costs with these doctors, so if you use them, you're considered "In-Network" and your costs are lower, too.

Out-of-Network

These are doctors or providers that aren't on your insurance company's approved list. If you choose one of these doctors, there are no negotiated prices, so you'll pay more.

Out-of-Pocket Maximum

This is the most you'll pay toward your healthcare in a given year. Let's say you have an insurance plan with an out-of-pocket maximum of \$5,000, once you've reached that amount, the insurance company picks up 100% of the costs for the rest of the plan year (excluding co-pays).

Co-pay

A small fee you pay each time you use a specific service – this fee doesn't go toward meeting your deductible. For instance, some insurance plans have a \$20 (or higher) co-pay for a doctor visit that isn't preventive care (like an ear infection or the flu). You might say this decreases an insurance company's costs because the fee keeps people from running to the doctor with every little sniffle.

Co-insurance

Some plans have you pay a portion of your expenses after the deductible is met. For instance, I might have a \$2,000 deductible, so I'm paying 100% of the costs until I've spent \$2,000. If my plan has 20% co-insurance, it means the insurance company picks up 80% of the costs, and I pay the other 20% (until I hit the out-of-pocket maximum amount)

Preventive care

Typically includes yearly checkups, screenings (like a mammogram) and immunizations. As a result of Obamacare, preventive care is 100% paid for under most insurance plans and doesn't require co-pays.

EOB - Explanation of Benefits

Some would argue that an Explanation of Benefits (EOB) is neither an explanation nor a benefit. However, an EOB is a receipt that outlines your services and fees, what your insurance is paying for, what you are responsible to pay, and more. Make sure you are checking your EOB for errors and that the billing has been done accurately.