

APPENDIX



Here are the definitions of commonly used benefit terms that appear in this guide.

Brand-name Drugs – Prescription drugs sold by a drug company under a specific name or trademark and protected by a patent. Brand-name drugs may be available by prescription or over the counter.

Coinsurance – Percentage of the cost for eligible medical expenses that you pay after you meet the deductible. For example, the employee pays 20% of the charges while the health plan pays 80%.

Copayment (Copay) – A fixed amount that you must pay for a service. Copayments can vary depending on the service you receive.

Deductible – Dollar amount you must pay for covered care each calendar year before the medical plan pays benefits for service. The deductible does not apply to every service so be sure to check to check which services it does apply to.

Dependent – Any individual, adult, or minor whom a parent, relative or other person may choose to cover on his or her insurance plan.

Flexible Spending Account (FSA) – An individual arrangement set up through employers to pay for many of out-of-pocket medical expenses with tax-free dollars. The FSA account holder sets aside a pre-tax dollar amount for the year which he or she can use to pay medical expenses. Unused FSA funds can expire, depending on the policy of the account holder's employer.

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Generic Drugs – A prescription drug that has the same active-ingredient formula as a brand-name drug. Generic drugs usually cost less than brand-name drugs. The Food and Drug Administration (FDA) rates these drugs to be as safe and effective as brand-name drugs.

Health Savings Account (HSA) – A medical savings account available to people who are enrolled in an HSA-compliant high-deductible health plan. The account is employee-owned, and money may be contributed by both the employer and employee. If the employee leaves the company, he or she remains in control of the account. The funds contributed to the account are pre-tax, which means they are not subject to federal income tax at the time of deposit. Funds must be used to pay for qualified medical expenses; there is a heavy tax penalty for using HSA funds for non-qualified expenses. Funds roll over year to year if you do not spend them and can accumulate a significant balance. There is a limit to how much money can be put into an HSA every year, but no cap on how much money can be in the account.

High Deductible Health Plan (HDHP) – A plan that features higher deductibles than traditional insurance plans. HDHPs can be combined with an HSA or an HRA to allow you to pay for qualified out-of-pocket medical expenses on a pre-tax basis.

In-network – Typically refers to physicians, hospitals or other health care providers who contract with an insurance plan (usually an HMO or PPO) to provide services to its members. Coverage for services received from in-network providers will typically be greater than for services received from out-of-network providers, depending on the plan.

Out-of-network – Typically refers to physicians, hospitals or other health care providers who do not contract with an insurance plan to provide services to their members. Depending on the insurance plan, expenses incurred for services provided by out-of-network providers might not be covered, or coverage may be less than for in-network providers.

Out-of-pocket Maximum (OOPM) – Maximum dollar amount that you pay for eligible expenses in a calendar year. The plan pays 100% of eligible expenses for the rest of the calendar year after the out-of-pocket maximum is reached – providing financial protection for you by limiting your out-of-pocket expenses in a given calendar year. The out-of-pocket limit is a combined amount for both medical and prescription coverage under each medical plan.

Preventive Care – Any medical checkup, test, immunization, or counseling service used to prevent chronic illnesses from occurring.

Primary Care Physician (PCP) – A health care professional who is responsible for monitoring an individual's overall health care needs. Typically, a PCP serves as a gatekeeper for an individual's medical care, referring him or her to specialists and admitting him or her to hospitals when needed.