Benefit Basics

6 things to know about your health plan

Ever get confused about the difference between copayment and coinsurance? Not quite sure what coordination of benefits means? If so, you are not alone. Understanding health care and benefits terminology is not a simple task for most people. To help eliminate some of the confusion, we are providing definitions for six key claim payment terms to explain what they mean to you.

What is a **"Deductible"** *?*

The amount you are required to pay before your benefits become payable. Deductibles are usually an annual fixed fee. Based on your benefit plan, a deductible may apply to all services obtained or to only a portion of your benefits.

What is **"Coinsurance"** *?*

A co-sharing agreement between you and your health plan in which you pay a set percentage of the covered costs after the deductible has been paid.

What is **"Copayment"** *?*

A relatively small fixed fee, determined by your health plan, to be paid at the time of each office visit, outpatient service or prescription refill. Unlike coinsurance, copayments do not vary with the cost of service.

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What is "Out-of-Pocket" *?*

The amount you have to pay out of your pocket for particular health care services during a particular period of time. An out-of-pocket maximum, also called a "stop-loss" or "coinsurance maximum" is a provision that limits the amount you have to pay during a particular period of time.

What is "Coordination of Benefits (COB)" *?*

Many families are covered by more than one health plan. The coordination of benefits (COB) process determines which plan is the primary payor of your family's health care. Your health plan coordinates benefits with other group medical plans to avoid duplicate payments to health care providers. The primary coverage considers and pays first any eligible expenses. The secondary coverage pays a portion of all or any remaining eligible charges not covered by the primary coverage.

What is an "Explanation of Benefits (EOB)" *?*

An explanation of benefits (EOB) is simply the statement explaining your health care benefits activity. You receive an EOB when you or a family member receives services. The EOB includes information about the services provided, amount billed and the amount paid, if any. You should review your EOBs carefully. If you have any questions on your EOB statement, please contact our customer service department at the number listed on your ID card or visit our Web site at www.umr.com.

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