Health Insurance 101

Understanding the terms

Deductible	A flat dollar amount you must pay out of your own pocket before your plan begins to pay for covered medical services. (Note: The amount you pay for out-of-network services counts towards both your in-network and out-of-network plan deductibles.)
Coinsurance	After you have reached your deductible, you and your plan share some of your medical costs. The portion of covered expenses you are responsible for is called coinsurance.
Copay	A flat fee you pay for certain covered services such as prescription drugs, office visits, emergency room, etc. For example, you may pay a $20 co-pay to visit your doctor or you may pay $100 co-pay when visiting an Urgent Care Facility.
Out-of-Pocket Maximum	Specific limits for the total amount you will pay out of your own pocket before your plan coinsurance percentage no longer applies. Once you meet these maximums, your plan then pays 100 % of the "maximum reimbursable charge" or negotiated fees for covered services. (Note: The amount you pay for out-of-network services counts towards both your in-network and out-of-network out-of-pocket maximums.)

Here's an Example:

Let's say you have to have a minor surgery which will require you to stay in the hospital which results in a total medical cost of $35,000.

Your Deductible is $500
Your Coinsurance is 20% (Your Plan Pays 80%)
Maximum of Pocket is $3,000

In this example, you are responsible for the first **$500** in charges. This is your **deductible**. After you have paid your deductible there is $34,500 of medical expenses left to pay. You are responsible for **20% coinsurance** ($6,900). This is more than your **out-of-pocket maximum** of **$3000**. As a result you will pay $500 toward the deductible and only $2,500 of the coinsurance. Your medical plan pays the rest of the covered expenses.