

Understanding Insurance Terms*



Claim: A request for payment for services or treatment rendered under the terms of an insurance policy.

Claims Company: The organization that processes claims from providers and distributes payment on behalf of the Plan. Also called the *Third Party Administrator (TPA)*.

Coinsurance: The amount that the Plan pays for services (after any noted deductible), with the insured responsible for the remaining portion. For example, a plan with '80% in-network/60% out of network benefits' would pay 80% of the billed charges in-network and 60% out of network. Therefore, the insured would be responsible to pay the remaining 20% in-network and 40% out of network (in addition to any deductible). Services with a co-pay (office visits, prescriptions, etc.) are generally not subject to coinsurance unless specified.

Coordination of Benefits: A practice which determines which insurance Plan pays first (& subsequently) in a situation where more than one insurance policy is in place for a single person. This practice is to ensure that benefits are paid on a 'shared' basis but that no benefits are paid in excess of the amounts charged. *Please see the Gallagher Student Health & Special Risk handout titled 'Understanding Claim Payment Provisions' for further details.*

Copayment/Copay: A flat fee that is paid up front by the insured for services, generally applicable to office visits (PCP, Specialist, Mental Health may all carry different co-pays), Emergency Room visits and Prescription Drugs.

Deductible: A set amount that the insured is responsible to pay before the Plan will pay any coinsurance. This can be an annual deductible or a deductible per condition. Often times, deductibles will be reduced/eliminated if in-network providers are used or if proper referral procedures are followed.

Insurance Company: The Company that assumes the risk and payment of the claims under a policy. Also called the *Underwriter* or *Carrier*.

Network: A group of doctors, hospitals and other health care providers contracted to provide services to an insurance company's customers at a negotiated rate. Provider networks can exist in a local/regional area as well as nationally. Insureds generally pay less for using a network provider. Also referred to as *Participating Providers*.

Out of Network: Providers who do not belong to the specified Network and do not offer pre-negotiated rates to an insurance company's customers. Out of Network costs are generally higher for the Plan and the insured. For some types of plans, Out of Network providers are not covered at all. Also referred to as *Non-Network* or *Non-Participating Providers*.

Out of Pocket Maximum: The total amount of deductibles/coinsurance that an insured will be responsible for before the Plan pays 100% (up to Plan maximum). The Out of Pocket Maximum does not include copays.

Plan Maximum: The total amount that the Plan will pay out for an insured. For some plans, this amount is an Annual Maximum per injury or sickness, and for others, it is a Per Policy Year maximum (for all conditions). Be aware that there may be other 'internal limits' that may limit coverage for specific benefits.

Premium: The amount that you pay for insurance coverage. This may be annually, monthly, quarterly, by semester or term.

Pre-Existing Condition Provision: A provision stating that benefits will not be paid (or will be paid on a limited or reduced basis) for any condition that manifests itself for which treatment was provided for in a specified period of time prior to the start of the current insurance policy.

Primary Care Physician/Provider (PCP): The physician primarily responsible for an insured's care, making referrals to other specialists as necessary. For Student Health Insurance Plans, the on-campus Health Center (if any) generally serves as the PCP to manage care.

Provider: A doctor, hospital, pharmacy, laboratory or other ancillary facility/licensed supplier that provides health care services.

**The definitions included here are provided as a quick reference and do not replace the official definitions as listed in your insurance brochure. Not all terms will be applicable to all insurance plans.*