



# Key Terms in Cost Sharing



**Co-insurance.** A percentage of a health care cost—such as 10%—that the covered employee pays after meeting the deductible.



**Copay.** The fixed amount—such as \$15 for each doctor visit—typically paid for covered services on Basic or Plus plan.



**Deductible.** The amount you pay out of your pocket each year for certain covered services. Plans usually require separate limits per person and per family.



**Explanation of Benefits (EOB).** After you receive medical services, the Insurance will provide an EOB. This outlines details regarding how your medical claim is processed including charges your insurance paid and what portion, if any, you are responsible for paying.



**Formulary.** A list of prescription drugs covered by the health plan.



**Health savings account (HSA).** HSAs may be opened by employees who enroll in a high-deductible health plan. Employees can put money in an HSA up to an annual limit set by the government using payroll deduction pre-tax dollars. Employers may also contribute funds to these accounts within the prescribed limit. HSA funds may be used to pay for medical expenses whether or not the deductible has been met, and no tax is owed on funds withdrawn from an HSA to pay for medical expenses. HSAs are individually owned, the balance rolls from year to year and the account remains with an employee after employment ends.



**High-deductible health plan (HDHP).** An HDHP features higher annual deductibles. Covered employees must meet the annual deductible before the plan pays benefits except for Preventative Care. The HDHP has significantly lower per-pay period premiums.



**In-network/Out-of-network.** Doctors, clinics, hospitals labs, etc., who have agreed to provide services to members at negotiated rates. You pay less out of pocket for in-network providers and services.



**Out-of-pocket Maximum.** The most you could pay during a calendar year for covered services, including deductibles, co-payments and co-insurance.



**Premium.** The amount the employee pays for a health insurance. A covered employee's share of the premium is deducted from his or her paycheck.