

# Glossary of Insurance Terms

## **Affordable Care Act**

The comprehensive health care reform law enacted in March 2010. Also referred to as "ACA" or "Obamacare". Among other notable reforms, the ACA provides patient protections for people with pre-existing conditions (across most types of insurance), allows states to expand Medicaid coverage to all low-income adults, and created the ACA Marketplaces and subsidies to help people afford their premiums.

## **Children's Health Insurance Program (or CHIP)**

Insurance program jointly funded by state and federal government that provides health coverage to low-income children and, in some states, pregnant women in families who earn too much income to qualify for Medicaid but can't afford to purchase private health insurance coverage.

## **Coinsurance**

The percentage of the total allowed cost for a product of service for which the consumer is responsible (after the deductible). Coinsurance can be very high for specialty drugs (50% or more of the drug cost).

## **COBRA (Consolidated Omnibus Budget Reconciliation Act)**

A Federal law that may allow you to temporarily keep health coverage after your employment ends, after you lose coverage as a dependent of the covered employee, or another qualifying event. If you elect COBRA coverage, you pay 100% of the premiums, including the share the employer used to pay, plus a small administrative fee.

## **Copay, co-payment**

A fixed amount (for example, \$15) you pay for a covered health care service, usually when you get the service. Also known as "copay". The amount can vary by the type of covered health care service.

## **Copay accumulator adjuster; copay maximizer**

Health plan strategies that make it hard for patients to reap the full value of copay assistance programs offered by drug manufacturers (or in some cases non-profit foundations). Under either accumulator or maximizer models, copay assistance dollars do not count toward patients' cost-sharing obligations.

## **Cost-sharing reductions**

Individuals and households with income below 250% of the Federal Poverty level may qualify for cost-sharing reductions that lower their out-of-pocket costs for health care. Cost-sharing reductions are only available to people with qualifying incomes who enroll in a Silver category ACA Marketplace plan.

## **Deductible**

The amount you must pay out-of-pocket for covered health care services before your health insurance or plan begins to pay.

## **Employer provided health insurance**

Health coverage for people who receive insurance through their work. The laws governing health insurance may be different, depending on whether you get your insurance from your employer ("self-funded" or "large group" plan) or on the individual market.

## Essential Health Benefits

A set of 10 categories of services that some health insurance plans (individual, small group, fully-insured plans) must cover under the ACA. The 10 categories include: (1) ambulatory patient services; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder services, including behavioral health treatment; (6) prescription drugs; (7) rehabilitative and habilitative services and devices; (8) laboratory services; (9) preventive and wellness services and chronic disease management; and (10) pediatric services, including oral and vision care.

## Formulary

A list of prescription drugs covered by a prescription drug plan or another insurance plan offering prescription drug benefits.

## Health Insurance Marketplace

The resource where individuals, families, and small businesses can compare health insurance plans for coverage and affordability. The health insurance Marketplace (also known as “Exchange”) was created as a shopping and enrollment service for medical insurance by the Affordable Care Act. In most states, the federal government runs the Marketplace. Some states run their own Marketplaces, with their own websites – but you can reach all ACA Marketplaces, no matter which state you live in, by starting your search at [www.healthcare.gov](http://www.healthcare.gov).

## HR/Human Resources

Person or department at your workplace where you can go for help with employee benefits, including health insurance.

## In-network Provider

A physician, nurse, skilled nursing facility, home healthcare agency, or any other duly licensed or certified institution or health professional under contract with your insurance provider. You pay lower copays and coinsurance when you get covered services from in-network providers.

## Lifetime caps

Before passage of the Affordable Care Act, many insurers set a lifetime dollar limit on benefits (like \$1 million) and would not pay for covered services once you hit that limit. The ACA banned most health plans from imposing lifetime (or annual) dollar limits on services within the Essential Health Benefits categories.

## Medicaid

A joint federal-state health program, first created in 1965. States set up and administer their programs, subject to federal guidelines and requirements; states and the federal government share responsibility for funding. Today, Medicaid is the single largest insurer in the U.S., covering low-income families and children, pregnant women, the elderly, people with disabilities, and (in 40 states), low-income adults without regard to disability.

## Medicare

A federal health insurance program, covering 61 million Americans (seniors plus some people with disabilities). Enrollees can choose whether to opt for (a) Original Medicare plus supplemental coverage, or (b) coverage via a private-insurance-like Medicare Advantage plan.

## Navigator

An individual or organization that is trained and able to help consumers and small businesses as they look for health coverage options through the ACA Marketplaces, including completing eligibility and enrollment forms.

## Non-standard health plan

These are plans that do not meet ACA standards for required coverage or financial protection. Non-standard health plans include, e.g., short-term health plans, health care sharing ministries, and limited benefit or indemnity plans. To avoid these types of “skinny” plans, start your insurance search at [www.healthcare.gov](http://www.healthcare.gov).

## Open Enrollment

The yearly period when people can enroll in a health insurance plan. If you miss your open enrollment opportunity, you may still be able to sign up for coverage if you experience a qualifying life event that makes you eligible for a “special enrollment period.”

## Out-of-pocket maximum or limit

The maximum amount you will be required to pay out-of-pocket for covered services in a year, before the plan covers 100% of all costs. Generally, this includes the deductible, coinsurance, and copayments (varies from plan to plan), but not premiums. Plans can set different out-of-pocket limits for different services.

## Patient Assistance Programs

Patient assistance programs that help people pay their health costs may be offered by drug manufacturers or by charitable non-profits like The Assistance Fund or Patient Assistance Network. Manufacturer patient assistance programs typically help pay patient cost-sharing amounts (deductibles, copays, and coinsurance). Charitable assistance programs sometimes help with out-of-pocket costs, and sometimes help pay premiums.

## Pre-Authorization

A process mandated by your health insurer or plan that requires you or your provider to request and obtain advance approval for a health care service, treatment plan, prescription drug or durable medical equipment. Sometimes called “prior approval” or “precertification,” prior authorization is supposed to focus on whether the requested service or product is medically necessary.

## Premium

A monthly or annual payment you make to your insurer to get and keep insurance coverage.

## Premium subsidies/tax credits

Premium subsidies (also known as “advance premium tax credits”) are a form of tax credit that people can take in advance to lower the premiums they have to pay for health plans bought on the ACA Marketplaces. The amount of available assistance varies by household income and certain other factors; 90% of ACA insurance purchasers are eligible for premium subsidies.

## Preventative services

Routine healthcare that includes screenings, checkups, and patient counseling to prevent illnesses, disease or other health problems. Under an ACA provision (currently challenged in court), commercial health plans must provide enumerated preventive care services with no cost-sharing to the patient.

## Self-insured Plans

Type of plan usually offered by larger companies where the employer itself bears responsibility for paying employees’ and dependents’ medical claims. An entity such as Blue Cross, Aetna, etc., may serve as a third-party administrator, issuing insurance cards, developing networks and formularies, and helping administer claims.

## Special Enrollment Period

Special enrollment periods entitle people and households who have experienced qualifying life events to purchase health insurance outside the open enrollment period. Qualifying life events include: change of job, birth of child, marriage or divorce, death of spouse, etc.

## Tricare

A health care program for active-duty and retired uniformed services members and their families.