WHAT DOES THAT EVEN MEAN?

The Healthcare Term Study Guide

The world of healthcare operates in its own confusing language. We've compiled a list of the terms you'll see most often and what they actually mean.

Term	Definition
Premium	Your monthly payment for having insurance
Deductible	The amount you pay out-of-pocket before your insurance starts helping with costs.
Co-Insurance	The percentage you pay after you've met your deductible.
Co-Payment (Co-Pay)	A flat fee you pay for certain services (like $30 for a doctor's visit or $10 for a prescription.) Some plans have you pay copays even before you've met your deductible.
Out-Of-Pocket Maximum	The most you'll pay in a year for covered care. (Once you hit this number, insurance pays 100% of everything else.) This doesn't include your premiums.
In/Out of Network	In-network providers have agreed to charge your insurance specific rates. Out-of-network providers haven't, so they cost more. Some insurances don't cover out of network services or providers at all.
Cost-Sharing	The general term for all the ways you split costs with your insurance: deductibles, copays, and coinsurance.
HSA/FSA	Tax-advantaged accounts you can use to pay for medical expenses. HSAs are yours to keep forever and roll over year to year. FSAs are use-it-or-lose-it for each plan year.
Explanation of Benefits (EOB)	A document your insurance sends after you get care, showing what the provider charged, what

	insurance paid, and what you owe.
Summary of Benefits and Coverage (SBC)	A standardized document that breaks down what your health plan covers and what it costs. All plans have to provide one, and they're designed to make it easier to compare plans side-by-side.
Referral	A note from your primary care doctor saying you need to see a specialist. Some insurance plans require referrals before they'll cover specialist visits.
Prior Authorization (Preauthorization)	When your insurance makes you get approval before receiving certain services or medications. It's their way of making sure something is medically necessary before they agree to pay for it.
Formulary	The list of medications your insurance covers. Drugs on the formulary are covered (usually with a copay). You'll probably pay full price for drugs not on it.
Preventative Care	Services designed to catch problems early or keep you healthy. Most plans cover preventative care at 100%, even before you meet your deductible.