blueprint

# Understanding Health Insurance Glossary



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01328.01.02-0724

This document contains commonly used health insurance terms. Definitions may vary across plans and health insurance providers. Review your Summary of Benefits and Coverage for more information on your specific plan. Learn about health insurance basics at arkbluecross.com/healthbasics.

## A

### Adjudication
The process an insurance company uses to decide whether or not a claim is eligible for payment based on the person's plan.

### Affordable Care Act (ACA)
A federal law passed in 2010 with the goal of improving access and affordability for more Americans to healthcare. Also known as Obamacare.

### Allowable Charge
The amount a health plan will pay a doctor or hospital for a given a given treatment, drug, device or service under the plan, regardless of how much a provider may charge.

### Allowed Amount
The amount an insurance company will pay for services covered by your health insurance policy.

### Amount Billed
The amount a doctor or hospital charges for services.

### Annual Deductible
The amount you pay each year before your health plan begins to pay for services your policy covers.

### Annual Enrollment Period (AEP)
The time when you can re-enroll in the health plan you are already in or choose to enroll in another health plan. Usually used for Medicare.

### Annual Limit on Cost Sharing
The money you could pay for services covered by your health plan each year (including deductibles, coinsurance and copays). After you've reached that amount, your health plan pays 100 percent for the rest of your covered services for that plan year. Also called out-of-pocket-maximum.

### Appeal
When you ask a health insurer to reconsider a decision.

### ARHOME
The name of the program that expands Medicaid in Arkansas.

### AutoPay
The ability for members to set up an automatic draft using a credit/debit card or bank draft to pay their monthly premium(s).

## B

### Balance Billing
When a doctor or hospital bills you for the amount not covered by your plan. This can happen if you see an out-of-network provider.

### Benefits
Services your plan covers. Also known as covered services.

### Brand-Name Drugs
A drug owned by one company that usually costs more than a generic drug.

## C

### Chronic Conditions
Ongoing medical conditions, such as asthma or diabetes.

### Claim
A request for payment a hospital sends to an insurer when you receive care.

### COBRA (Consolidated Omnibus Budget Reconciliation Act)
A federal law that requires employers to offer continued health insurance coverage to certain employees and their dependents whose group coverage has been terminated. You pay 100% of COBRA premiums.

### Coinsurance
Your share of healthcare costs, usually after you've met your deductible. For example, if your plan pays 80 percent for a service, you would pay 20 percent in coinsurance.

### Copayment or Copay
A flat fee you pay for service covered by your plan, like a doctor's visit. You usually pay it at the time you go to the doctor.

### Cost Sharing
The amount of money you pay for a healthcare service, in the form of copays, deductibles and coinsurance. This is in addition to the premium or monthly rate you pay to be a member of the health plan.

### Cost-Sharing Assistance
A discount for individual and family health insurance plans that lowers how much you pay out of pocket for deductibles, coinsurance and copays. You can qualify for assistance through the Health Insurance Marketplace if your income is below a certain dollar amount.

### Coverage Start Date
The day your health insurance policy goes into effect. You may receive your member ID card before this date, so make sure to wait to see a provider or schedule services until your actual effective date if you can. It will save you money!

### Covered Person
A person covered by your health plan.

### Covered Services
Services your health plan has agreed to insure. Also known as benefits.

## D

### Deductible
The amount you pay for healthcare services before your health insurance begins to pay. Unlike car insurance, where you pay the deductible all at once, costs are typically paid little by little until you meet this amount.

### Dependent
A person, like a spouse or child, who is on your health plan.

### Diagnostic Test
Diagnostic tests are done when you and your doctor know you have a health problem and you need to know the cause. For example, if you have chest pain, your doctor may order a number of tests to find out why.

### Durable Medical Equipment (DME)
Equipment and supplies ordered for you by your doctor for everyday or extended use. DME may include: oxygen equipment, wheelchairs and crutches.

## E

### Effective Date of Coverage
The date your coverage begins or the date a change in your coverage takes effect.

### Emergency Medical Condition
An illness, injury, symptom or condition so serious that a reasonable person would seek care right away to avoid severe harm.

### Essential Health Benefits (EHB)
Benefits all individual and small group plans must provide under the Affordable Care Act (ACA).

### Exchange
State and federal websites, created under the Affordable Care Act (ACA), where you can compare and purchase qualified health plans. Also known as Health Insurance Marketplace.

### Exclusions
Services your insurance does not pay for because they are not covered by your policy.

### Explanation of Benefits (EOB)
A document sent from your health plan to help you understand your medical and prescription claims for services you received. It is not a bill.

## F

### Federal Poverty Level (FPL)
Income levels updated yearly by the federal government to determine your eligibility for certain programs and benefits including cost-sharing assistance.

### Flexible Spending Account (FSA)
An account set up through your employer that you can use to pay for many of your out-of-pocket medical expenses with tax-free dollars. The account is usually funded by your pay, but your employer can also add money. It does not need to be paired with a health plan. Typically, any FSA money you don't spend by the end of the year, you lose.

### Formulary
A list of prescription drugs selected for their medical effectiveness, positive results and value. You can save money by choosing drugs on the list, especially if they are generic drugs. Also known as drug formulary or prescription drug list.

## G

### Generic Drug
A prescription drug that has the same active ingredients but costs less than a brand name drug.

### Grandfathered Health Plan

A health plan that was in place when the Affordable Care Act (ACA) was passed into law on March 23, 2010. A grandfathered plan is exempt from some requirements of ACA.

## H

### Habilitation Service

Healthcare services that help a person keep, learn or improve skills and function for daily living.

### Health Insurance Marketplace

See **Exchange**.

### Health Reimbursement Account (HRA)

An account set up by your employer that you can use to pay for many of your out-of-pocket medical expenses. Because an HRA account is owned and funded by your employer, it does not go with you if you change plans or jobs.

### Health Savings Account (HSA)

A bank account that lets you save and pay for healthcare expenses, tax-free. HSAs are paired with high-deductible health plans and unspent funds roll over year to year. An account that lets you save and pay for healthcare expenses with tax-free contributions. HSAs are paired with high-deductible health plans and unspent funds roll over year to year. You can take your HSA account with you to other jobs and health insurance coverage.

### High Deductible Health Plan (HDHP)

A plan with a higher deductible than a traditional insurance plan. This is usually tied with a lower premium.

### HIPAA (Health Insurance Portability and Accountability Act)

A federal law that protects the privacy of your health information by limiting who can look at and receive it.

### Health Maintenance Organization (HMO)

A type of health plan where you choose a primary care provider (PCP) who coordinates your care using doctors and hospitals that are in your network. If you need a specialist, a referral from your PCP is required. Generally, an HMO won't cover services from an out-of-network doctor.

## I

### Individual Health Insurance Plan

A plan you buy directly from a website, agent-broker or health insurance company instead of getting it through an employer.

### In-Network

Doctors, hospitals and other providers that have agreed to provide services at set rates.

### Inpatient Services

Services you receive when you are admitted to a hospital.

## M

### Medicaid

Government insurance program that provides free or low-cost health coverage to some low-income people, families and children, pregnant women, the elderly and people with disabilities.

### Medicare
A federal health insurance program for people who are 65 or older, certain younger people with disabilities and people with end-stage renal disease.

### Member
A person covered by a health plan.

### Metallic Health Plans
Health plans broken into categories named after metals: Bronze, Silver and Gold. These categories reflect how you and your plan share the cost of your healthcare.

## N

### Network
A group of doctors, hospitals and other professionals who have agreed upon a certain contract and reimbursement rate to provide medical services to members.

## O

### Off-Exchange Health Plan
A plan you can purchase directly from a health insurance company and is not eligible for the premium tax credit. If you qualify for a premium tax credit and want to use it, you must enroll in an on-exchange plan.

### On-Exchange Health Plan
A plan you can purchase from the government's Health Insurance Marketplace website, through an agent/broker or health insurance representative. If you qualify for a premium tax credit and want to use it, you must enrolling in an on-exchange plan.

### Open Enrollment Period (OEP)
If you buy your own insurance, the Open Enrollment Period is the time every year when you can renew your current plan or choose a new plan. If you already have a plan, you may have a separate open enrollment period, and you should check the dates for those.

### Out-of-Network
A doctor or hospital who doesn't have a contract with your health plan and has not agreed to negotiated pricing for services.

### Out-of-Pocket Costs
Your expenses for medical care that aren't paid by insurance. Out-of-pocket costs include deductibles, coinsurance and copays plus any other costs that aren't covered.

### Out-of-Pocket Maximum (OOPM)
The most you pay during the year. This does not include your premium, just out-of-pocket costs.

### Outpatient Services
Health services or treatment that do not require an overnight stay at a hospital.

### Over the Counter (OTC)
A drug you can buy without a prescription.

## P

### Plan
Health coverage issued to you directly (individual plan) or through an employer, union, or other group sponsors (employer group plan) that provides coverage for certain healthcare costs.

### Pre-Existing Condition
A condition, disability or illness that you have been treated for before applying for new health coverage.

### Preferred Provider Organization (PPO)
A plan that allows you to use any doctor or hospital without referrals. You pay lower costs when you see in-network providers.

### Premium
The set dollar amount you pay each month for health insurance.

### Premium Tax Credit
A tax credit under the Affordable Care Act (ACA) that may lower your monthly insurance payment (premium) when you enroll in an individual or family plan through the exchange. Your tax credit is based on your income estimate and household size. It is a type of a subsidy.

### Prescription Drugs
Drugs and medications ordered by a doctor.

### Preventive Services
Routine healthcare that includes screenings, check-ups and patient counseling to prevent illnesses, disease or other health problems.

### Primary Care Provider (PCP)
A doctor, physician assistant or nurse practitioner that you see for most of your healthcare needs.

### Prior Authorization
Approval from your health plan before you receive certain tests, procedures or medications. The health insurance company reviews the care plan to determine if it is medically necessary and appropriate for your situation.

### Provider
Healthcare professionals and facilities, such as doctors and hospitals.

## Q

### Qualified Health Plan
An insurance plan that is certified by the Health Insurance Marketplace and meets Affordable Care Act (ACA) requirement.

### Qualifying Life Event
A change in your life (such as the birth of a child, marriage or divorce) that allows you to make changes in your health plan.

## R

### Referral
Approval from your doctor for you to get care from a different doctor, specialist, hospital, clinic or lab.

### Rehabilitation Services
Healthcare services that help a person keep, get back or improve skills and functioning for daily living.

## S

### Special Enrollment Period (SEP)

A time outside of the open enrollment period when you can sign up for a health insurance plan. You qualify for a special enrollment period following a qualified life event.

### Specialist

A doctor who focuses on a specific area of medicine.

### Specialty Drug

A type of prescription drug that requires special handling or monitoring, or is difficult to dispense. Specialty drugs are often the most expensive drugs.

### Subsidy

Financial assistance offered by the federal government to help with the costs of individual and family health insurance plans. Some people receive a lower premium, lower cost-sharing or both.

### Summary of Benefits and Coverage (SBC)

A document that lists the plan's benefits.

## T

### Telemedicine

A visit that happens by phone or online that includes two-way, real-time communication between a patient and a doctor.

## U

### Urgent Care

Care for an illness, injury, or condition serious enough that a reasonable person would seek care right away, but is not a life-threatening situation.