



Health Care Terms & Definitions

Deductible The amount that must be satisfied or paid by the insured before the carrier pays anything toward claims.

Coinsurance A percentage of the claim that is paid by both the insurance carrier and the insured. Typically, the insurance carrier pays the larger portion of the claim and insured pays the smaller portion.

Co-pay The insured's out of pocket expense for certain services.

Out of Pocket Also known as the Stop Loss. This is the maximum annual pay out that an insured would make before the carrier pays all claims at 100%. This may or may not include Deductible and Co-pays.

Carve-out Plan A specific benefit that is underwritten and priced on a separate basis and is separate from the other benefit program(s).

Class Carve-out A pre-defined group of employees that are segmented from the rest of the employees and defined by either Salary or Job Title.

Lifetime Maximum The maximum amount of benefit that the insurance carrier will pay in the insured's lifetime.

Annual Maximum The maximum amount of benefit that the insurance carrier will pay in a calendar year.

High Deductible Health Plan (HDHP) A medical plan with a high deductible that satisfies the requirement of a Health Savings Account.

Health Savings Account A high deductible health plan designed for the insured to direct monies to an interest bearing account that would otherwise be used as premium for a medical plan. These monies can be rolled over from year to year with deferred gains until the insured reaches retirement age.

Self-Insured A plan that requires the insured to pay all claim expenses out of their pocket. This plan often accompanies Stop Loss insurance to cover claims once they reach a high level.

Aggregate The amount of benefit paid for all accumulated claims up to a certain dollar amount.

Specific The claim amount that will be paid by the carrier for an individual claim.

AB1672 Federal Law that requires that carriers much guarantee to issue coverage for all group medical plans that are comprised of 2-50 employees.

COBRA Federal Law that requires that employers to make the same group health plan benefits available to employees of groups of 51 employees or more, when they terminate employment.