

Medical Benefit 101: Definitions and Plan Types

Medical Benefits Definitions:

- **Copay** - A set amount you pay towards the cost of a covered treatment or service. Usually collected by the provider at the time treatment is provided.
- **Deductible** - The amount you pay for covered services or treatment before the insurance policy pays. Typically for services such as lab/x-ray, outpatient treatment, hospitalization.
- **Coinsurance** - The amount you pay to share the cost of covered treatment or services after your deductible has been paid. Normally displayed as a percentage.
- **Annual Out of Pocket Maximum** - The most you will have to pay during a calendar year for covered treatment or services. Includes deductibles, copayments, coinsurance. Excludes out-of-network costs, costs above plan allowances and payroll deductions.

Types of Medical Plans

Health Maintenance Organization (HMO)

- You choose a primary care physician (PCP) from a specified network of doctors.
- Your PCP manages your healthcare and refers you to network specialists when needed.
- You MUST stay within the HMO network for most services, unless it's an emergency.
- You pay set copays for most covered services, including office visits.

Pros	Cons
• No paperwork, bills or deductibles. • Predictable costs. • Emphasis on preventive care. • Coordinated healthcare among providers	• Limited choice of providers. • Referrals required for specialist visits. • Strict network restrictions. • No out of network coverage unless emergency.

Deductible Health Maintenance Organization (DHMO)

- You choose a primary care physician (PCP) from a specified network of doctors.
- Your PCP manages your healthcare and refers you to network specialists when needed.
- You MUST stay within the network for most services, unless it's an emergency.
- You pay the full cost for certain covered services until you reach your set deductible. Once deductible has been satisfied, you pay either a copay or coinsurance, depending on the plan, until you reach your annual out of pocket maximum.

Pros	Cons
• Balances lower monthly premiums with higher out-of-pocket costs. • Emphasis on preventive care. • Coordinated healthcare among providers.	• Higher out of pocket costs for certain services. • Limited choice of providers. • Referrals required for specialist visits. • Strict network restrictions. • No out of network coverage unless emergency.

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Preferred Provider Organization (PPO)

- Choose any doctor or specialist. Note: You receive the highest level of benefit when you use an in-network provider.
- No need to select a primary care provider (PCP).
- You pay a percentage of the costs (coinsurance) after you satisfy the deductible.

Pros	Cons
• Greater provider choice. • No referrals required. • Maximum flexibility to see specialists.	• Higher out of pocket costs. • Higher monthly premiums. • Many need to file manual claims for out-of-network care.

High Deductible Health Plan (HDHP) w/ Health Savings Account (HSA)

- Choose any doctor or specialist. Note: You receive the highest level of benefit when you use an in-network provider.
- No need to select a primary care provider (PCP).
- You pay a percentage of the costs (coinsurance) after you satisfy the deductible.
- Pair with HSA, which is a tax-advantaged savings account.
 - Contribute pre-tax dollars to use for any qualified expenses (co-pays, deductibles, coinsurance, dental expenses, vision expenses).
 - Interest on contributions is tax-free.
 - Unused funds in the HSA roll over and remain yours.
 - Remaining funds at age 65 may be used for any purpose.

Pros	Cons
• Greater provider choice. • No referrals required. • Maximum flexibility to see specialists. • Offers long-term savings.	• Higher out of pocket costs. • Higher monthly premiums. • May need to file manual claims for out-of-network care. • May only contribute to HSA as long as you are enrolled on an HDHP.

Minimum Value Plan (MVP)

- Created as a result of the Affordable Care Act.
- Must cover at least 60% of average costs.
- Once you satisfy the deductible, you pay either a copay or coinsurance until you reach the annual out of pocket maximum.

Pros	Cons
• Lowest monthly premium.	• Significantly higher out of pocket costs for services and treatment.