

Health Insurance Definitions

Frequently Asked Questions

Q: What is a deductible?

A: An annual **deductible** is the dollar amount that you, the insured, must pay each year before the insurance company pays anything.

Q: What is coinsurance or a co-pay?

A: **Coinsurance** or **co-payment** is the amount beyond the deductible that the insured pays.

Q: What is annual out-of-pocket maximum?

A: An **annual out-of-pocket** maximum cost is the most you could pay in a given calendar year.

Q: What is the annual stop-loss?

A: The **annual stop-loss** is the sum of the annual deductible and the maximum annual co-payment / coinsurance.

Q: What is the lifetime maximum payment?

A: The **lifetime maximum payment** sets a dollar limit on what the insurance company must pay for any one individual's medical costs over a lifetime (often \$1,000,000).

Q: What are exclusions and pre-existing conditions?

A: **Exclusions and pre-existing conditions** exclude certain illnesses or deny payment on claims that relate to a condition or illness that existed before the coverage began.

Q: What is coordination of benefits?

A: **Coordination of benefits** means that the companies will coordinate benefits payments with one another if you are covered by more than one insurer. This helps avoid double paying to hospitals and doctors.