# HEALTH BENEFIT TERMS GLOSSARY

**Co-insurance.** A percentage of a health care cost—such as 20 percent—that the covered employee pays after meeting the deductible.

**Co-payment.** The fixed dollar amount—such as $25 for each doctor visit—that the covered employee pays for medical services.

**Deductible.** A fixed dollar amount that the covered employee must pay out of pocket each calendar year before the plan will begin reimbursing for non-preventative health expenses. Plans usually require separate limits per person and per family.

**Flexible spending account (FSA).** An arrangement through your employer that lets you pay for many out-of-pocket medical expenses with tax-free dollars. Allowed expenses include insurance copayments and deductibles, qualified prescription drugs, insulin, and medical devices. You decide how much to put in an FSA, up to a limit set by your employer. You aren't taxed on this money. If money is left at the end of the year, the employer can offer one of two options (not both): You get 2.5 more months to spend the left over money OR You can carry over up to $500 to spend the next plan year. Flexible Spending Accounts are sometimes called Flexible Spending Arrangements.

**Formulary.** A list of prescription drugs covered by the health plan, often structured in tiers that subsidize low cost generics at a higher percentage than more expensive brand-name or specialty drugs.

**Health savings account (HSA).** HSAs may be opened by employees who enroll in a high-deductible health plan. Employees can put money in an HSA up to an annual limit set by the government (for 2021, the limit is $3,600 for self-only coverage and $7,200 for family coverage), using pre-tax dollars. Employers may also contribute funds to these accounts within the prescribed limit. HSA funds may be used to pay for medical expenses whether or not the deductible has been met, and no tax is owed on funds withdrawn from an HSA to pay for medical expenses. HSAs are individually owned, and the account remains with an employee after employment ends.

**High-deductible health plan (HDHP).** An HDHP features higher annual deductibles (for 2021, a minimum of $1,400 for self and $2,800 for family coverage) than traditional health plans, such as a preferred provider organization (PPO) or health maintenance organization (HMO) plan. With the exception of preventive care, covered employees must meet the annual deductible before the plan pays benefits. HDHPs, however, may have significantly lower premiums than a PPO, HMO or other traditional plan.

**Out-of-network.** A health plan will cover treatment for doctors, clinics, hospitals and other providers who are out-of-network, but covered employees will pay more out-of-pocket to use out-of-network providers than for in-network providers.

**Out-of-pocket limit.** The most an employee could pay during a coverage period (usually one year) for his or her share of the costs of covered services, including co-payments and co-insurance.

**Premium.** The amount that must be paid for a health insurance plan by covered employees, by their employer, or shared by both. A covered employee's share of the annual premium is generally paid periodically, such as monthly, and deducted from his or her paycheck.

*Adapted from a glossary on the [healthcare.gov website](healthcare.gov website).*