Health Insurance: 
HOW DO DEDUCTIBLES, CO-INSURANCE AND STOP-LOSS LIMITS WORK?

– Example using NUFlex Basic Medical for an individual

Plan Deductible: $450  Co-insurance: 70%/30%  Stop-Loss Limit: $1,600

January
Mary hasn’t reached her deductible yet. She pays 100% and her plan pays 0%.

Office Visit: $125
Mary pays $125; her plan pays $0.

June
Mary reaches her $450 deductible; co-insurance begins. Mary has been to the doctor several times and paid $450 in total. She has met her deductible and now co-insurance is applied.

Office Visit: $75
Mary pays $75 x 30% = $22.50
Blue Cross pays $75 x 70% = $52.50

October
Mary reaches her stop-loss limit of $1,600. Mary has been to the doctor many times and her co-insurance amounts have now totaled $1,600 for the year so far. Blue Cross now pays 100% of allowed charges for covered health care services.

Office Visit: $200
Mary pays $0
Blue Cross pays $200.
HEALTH INSURANCE GLOSSARY

Allowed Amount:
Maximum amount which the insurance company allows providers to charge for covered health care services. This may be called “eligible expense,” “payment allowance” or “negotiated rate.” If your provider charges more than the allowed amount, you may have to pay the difference.

Co-insurance:
Your share of the costs of a covered health care service, calculated as a percent (for example, 30%) of the allowed amount for the service. You pay co-insurance plus any deductibles you owe. For example, if the health insurance allowed amount for an office visit is $100, and you’ve met your deductible already, your co-insurance payment of 30% would be $30. The insurance company pays the rest of the allowed amount.

Co-payment (Co-pay):
Co-payment is a predetermined fee, in addition to what health insurance covers, that an individual pays for health care. For example, a PPO may require a $20 "co-payment" for normal services delivered during a physician office visit. Co-pays don’t go towards the deductible. The NUFlex medical plan does not have any co-pays for office visits.

Deductible:
The amount you owe for health care services before your health insurance begins to pay. For example, if your deductible is $450, your plan won’t pay anything until you’ve met your $450 deductible for covered health care services subject to the deductible. After the deductible has been met, co-insurance is applied. The deductible may not apply to such services as preventive care.

Explanation of Benefits (EOB):
Statement sent by health plans to persons who have experienced a claim under the health plan. The explanation of benefits (EOB) details the charges for the services received, the amount the health insurance company will pay for those services, and the amount the insured person will be responsible for paying.

Network:
Groups of physicians, hospitals and other health care providers working with the health plan to offer care at negotiated rates.

Preferred Provider Organization (PPO):
A network of health care providers with which a health insurer has negotiated contracts for its insured population to receive health services at discounted costs. Health care decisions generally remain with the patient as he or she selects providers and determines his or her own need for services. Patients have financial incentives to select providers within the PPO network.

Preventive Care:
An approach to health care which emphasizes preventive measures and health screenings such as routine physicals, well-baby care, immunizations, diagnostic lab and x-ray tests, pap smears, mammograms and other early detection testing. The purpose of offering coverage for preventive care is to diagnose a problem early, when it is less costly to treat, rather than late in the stage of a disease when it is much more expensive, or too late to treat.

Provider:
Any person (doctor or nurse) or institution (hospital, clinic, or laboratory) that provides medical care.
Stop-Loss Limit (Out-of-Pocket Limit):
A limit in a health insurance policy that provides for 100% payment of expenses after total patient out-of-pocket co-insurance expenses exceed a certain contractual dollar amount.

How does it all work?