Glossary of Common Terms
Employee Benefits

We know that health and insurance benefits can be difficult to understand, so we've gathered a few commonly used terms that are often used when navigating your benefit plans.

A

Annual enrollment: The period each year (typically in the fall) when eligible employees can sign up or make changes to their benefits for the year ahead. Unless you have a qualifying life event*, annual enrollment is your only opportunity to make changes to your benefits.

* Those with qualifying life events have 30 days to make changes.

Annual maximum: The maximum amount that the plan will pay for coverage per year.

Aggregate deductible: The entire family deductible must be paid out of pocket before the plan mays for care or services for any family member.

B

Beneficiary: The person you name to receive benefits upon your death.

Balance billing: Bills received from a provider for the difference between the provider's charge and the allowed amount under the plan.

Brand name drug: Medication that has a trade name and is marketed by the manufacturer(s) that hold or held the patent.

C

Coinsurance: The percentage you pay for covered services after the deductible has been met.

Copayment (Copay): A fixed amount you pay for covered services.

D

Deductible: Amount paid for covered services before the plan will begin to pay.

Dependent: Eligible individual, such as a spouse or child, enrolled in a benefit plan.

Dependent verification: Process of verifying or re-verifying that your dependents meet the eligibility criteria for the benefit plans. Eligible dependents include: spouse or common-law spouse; your children or spouse's children up to the ag e of 26*, including natural children, step children, legally adopted children, children in the process of legal adoption, foster children, children covered by a Qualified Medical Child Support Order or children of whom you have legal guardianship.

E

Embedded deductible: Once a person covered under a family plan reaches the individual deductible, all covered expenses for that individual will be paid at the co-insurance amount, even when the family deductible may not have been satisfied.

Glossary of Common Terms

Employee Benefits

Embedded out-of-pocket maximum: Once a person covered under a family plan reaches the individual out-of-pocket maximum, all covered expenses for that individual will be paid at 100%, even when the family out-of-pocket maximum may not have been satisfied. The individual out-of-pocket maximum equates to the employee out-of-pocket maximum.

Explanation of benefits (EOB): Statement from the health plan describing what costs are covered for care or services you received.

F

Formulary: List of selected medications covered by the plan as part of your medical benefit.

G

Generic drug: Medication approved by the FDA and created to be the same as the brand-name drug in dosage form, safety, strength, route of administration, quality, and performance characteristics.

H

High deductible health plan: A medical plan where the member pays out of pocket for majority of the services until a deductible is reached.

I

In-network: The use of providers who are in the health insurance plans provider network.

Inpatient: Receiving medical treatment in a hospital or other health care facility with an overnight stay.

L

Lifetime maximum: The maximum dollar amount the plan will pay in a lifetime. Once the lifetime maximum is reached, the plan will no longer pay for services.

M

Medically necessary: Services or supplies that are needed to diagnose or treat an illness, injury, condition, disease or its symptoms and meet acceptable medical standards.

N

Network (Provider network): Group of providers or facilities that the health insurance plan is contracted with to provide medical care or services.

O

Out-of-network: Provider or facility that does not have a contract with the health insurance plan to provide services.

Out-of-pocket maximum: The maximum dollar amount you will pay for covered services in a plan year (Jan. 1 to Dec. 31 of that year).

Glossary of Common Terms
Employee Benefits

Outpatient: Care in a hospital or facility that does not require an overnight stay.

P

Preferred brand drug: Brand name drug that may not be available in generic form and are preferred by the plan.

Premium: Deduction from your paycheck for benefit coverage.

Pre-tax deduction: Deduction taken from your paycheck before any taxes are withheld. **Note:** Pre-tax deductions reduce your taxable income.

Preventive care: Routine healthcare services such as physicals, screenings, immunizations and more that help detect and prevent illness, disease or other health problems.

Primary care physician (PCP): Provider specializing in family medicine, general internal medicine or general pediatrics and serves as the first point of contact for a patient's basic medical needs.

Post-tax deduction: Deduction taken from your paycheck after any taxes are withheld.

Prior authorization: Plan requirement to verify medical necessity and obtain authorization before a healthcare service is provided.

Q

Qualifying life event (QLE): A change in your situation—such as getting married, divorced, having a baby, gaining or losing other coverage, and more—that allow you to make certain changes to your benefits within 30 days of the change.

S

Specialist: A provider that focuses on a specific area of medicine.

Specialty drug: High-cost drugs used to treat complex or chronic conditions and which usually require close monitoring and special handling requirements.