

Useful Health Insurance Terms

Actuarial Value

The average share of medical spending paid by a plan for a defined set of covered services across a standard population. For example, if a plan has an actuarial value of 70%, on average the plan would pay for 70% of medical spending for covered services and the beneficiary would pay the remaining 30% out-of-pocket in the form of deductibles, co-pays, and coinsurance.

NOTE: PREMIUMS ARE NOT COUNTED TOWARDS A PLANS OUT-OF-POCKET COSTS

Cost sharing

When users of a health care plan share in the cost of medical care. Deductibles, coinsurance, and copayments are examples of cost sharing.

Deductible

The amount an individual must pay for health care expenses before insurance (or a self-insured company) covers the costs.

Coinsurance

Refers to money that an individual is required to pay for services, after a deductible has been paid. Coinsurance is often specified by a percentage. For example, the employee pays 20 percent toward the charges for a service and the plan pays 80 percent.

Copayment

A predetermined, flat fee that an individual pays for health care services, in addition to what the insurance covers. For example, some HMOs require a \$10 copayment for each office visit, regardless of the type or level of services provided during the visit.

Example: Blue Cross & Blue Shield of VT - Standard Exchange Plans 2015

	Bronze (60%)		Silver (70% AV)		Gold (80% AV)		Platinum (90% AV)	
	Individual	Family	Individual	Family	Individual	Family	Individual	Family
Medical Deductible	\$3,500	\$7,000	\$1,900	\$3,800	\$750	\$1,500	\$150	\$300
Rx Deductible	\$200	\$400	\$100	\$200	\$50	\$100	\$0	\$0
Med. Out of Pocket Max	\$6,350	\$12,700	\$5,100	\$10,200	\$4,250	\$8,500	\$1,250	\$2,500
Rx. Out of Pocket Max	\$1,250	\$2,500	\$1,250	\$2,500	\$1,250	\$2,500	\$1,250	\$2,500
Office Visit	\$35		\$20		\$15		\$10	
Emergency Room	50%		\$250		\$150		\$100	
Rx Generic	\$20		\$12		\$5		\$5	
Rx Preferred Brand	\$80		\$50		\$40		\$40	
Non-Preferred Brand	60%		50%		50%		50%	
Monthly Premium	\$359.47	\$1,010.11	\$425.19	\$1,194.78	\$497.06	\$1,396.74	\$582.79	\$1,637.64