

## Understanding Your Medical Financial Obligation How Deductibles, Co-payments, & Coinsurance Work

Health insurance is a contract between you and your insurance company. You pay a premium to your insurance company and in return the insurance company agrees to pay part of your medical expenses. You are generally required to pay the portion of your medical expenses that your insurance company does not pay. Your portion is called cost sharing and includes deductibles, coinsurance, co-payments and exclusions. Understanding how cost sharing works will help you know when and how much you have to pay for your medical care.

### **Insurance Premium**

The health insurance premium is the fee that you pay in order to have coverage of the medical conditions and/or treatments described in the policy. Premiums are established through an underwriting process in which potential purchasers of health insurance are grouped into specific risk categories based upon such factors as age, gender, and medical history.

### **Deductibles**

A deductible is the amount you pay for health care services before your health insurance begins to pay. Health insurance usually requires that the policyholder bears a portion of the risk by paying initial medical costs up to an agreed-upon level (i.e., the deductible) before the health insurance pays for anything. It's like car insurance. Should you need to, you pay your deductible and then insurance kicks in to help pay after the deductible amount is met.

Deductibles can be applied to individuals or to family groups. For example, a policy might have a \$3,000 individual deductible and a \$5,000 family deductible. In this case, the insurance company would pay the individual's medical claims when the accumulated expenses for that individual **exceed** \$3,000 or when the total family expense **exceeds** \$5,000, even though the total of no individual's claims equal \$3,000.

Patients with a HSA (health savings account) as part of their plan usually have a high deductible plan. The funding mechanism associated with your HSA (debit card, check) should be brought with you to every physician visit.



### **Co-payments (Co-pay)**

In addition to the deductible, policyholders are usually required to pay a portion of the cost of each medical treatment covered. A co-pay is a fixed amount you pay for a health care service. The amount can vary by the type of service. For example, a primary care doctor's office visit might have a co-pay of \$30. The co-pay for a specialist or emergency room visit will usually cost more.

### **Coinsurance**

For some services, you may have both a co-pay and coinsurance. Coinsurance is the amount of money that an individual is required to pay for services, after a deductible and co-pays have been paid. Coinsurance is often specified by a percentage such as an 80/20 plan. This means your insurance company will pay 80% of covered services after your deductible has been met and you are responsible to pay the remaining 20%. But you won't have to pay that 20% forever. You pay until you reach your out-of-pocket maximum.

### **Exclusions**

Health insurance policies do not normally cover all medical expenses. The non-covered expense may be defined by medical condition, type of treatment, or medical provider. For example, most health insurers do not cover elective cosmetic surgery such as face lifts. Waterproof casting material is not covered by insurance. Policyholders remain 100% liable for any excluded treatment or expense, and these expenses do not apply to the deductible amount defined in the policy.

### **What do I have to pay today?**

This office will submit covered charges to your insurance company. However, if your plan requires a co-pay for specialist's office visits, we will collect the co-pay at check-in. If you have not met your deductible for specialist office visit, x-rays, injections and devices, we will collect your insurance company's contracted rate for services at check out. Fees for services not covered by health insurance such as waterproof casting material will also be collected at check out.

If your plan requires a referral from your primary care physician, you must provide that document to this office PRIOR to being seen by the doctor. If you fail to provide the document, you will be responsible for all of the office visit charges.

Your plan may or may not have co-pays, deductibles, and coinsurance. If you have questions about what your specific plan covers, you should contact your insurance company directly. Additional information regarding health insurance can also be found at [www.healthcare.gov](http://www.healthcare.gov).