

Common Healthcare Insurance Terms

Benefit materials are often full of insurance lingo that sound like incomprehensible gibberish. To help clear up any confusion, here are commonly-used terms explained in plain English. While the focus is on healthcare insurance, many terms are also used for other benefits and types of insurance.

Annual deductible

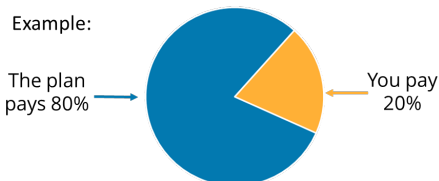
An annual deductible is the amount you pay for healthcare services every calendar year before your health insurance begins to pay. For example, if your plan's annual deductible is \$1,250, you pay 100% of your medical bills until the amount you pay reaches \$1,250.

There are a few exceptions where the Chelan PUD medical plans pay **before** you have paid the annual deductible:

- Both the Preferred Provider Organization (PPO) Plan and Consumer Directed Health Plan (CDHP) pay 100% for certain preventive care services.
- The PPO pays for prescriptions drugs and certain services requiring you to pay a co-payment.

Co-insurance

Co-insurance is a percentage of the amount the insurance plan pays for covered services. For example, the plan pays 80% and you pay 20%. You usually pay co-insurance after you have paid the annual deductible.

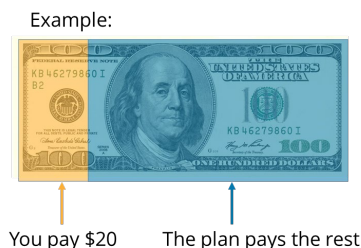


CDHP

The Consumer Directed Health Plan (or CDHP) is one of your medical plan options.

Co-payment

Co-payments are fixed amounts you pay at the doctor/provider's office. For example, you pay a \$20 co-payment for a doctor's office visit.



FSA

A flexible spending account (or FSA) is a tax-advantaged account you put money into to pay for IRS-approved out-of-pocket healthcare or dependent (daycare) costs. Your contributions are deposited in your FSA on a pre-tax basis. This means you'll save an amount equal to the taxes you would have paid on the money you contributed to your FSA.

HRA VEBA

Chelan PUD provides every employee with a Health Reimbursement Account Voluntary Employees' Beneficiary Association (or HRA VEBA) account to help you pay for out-of-pocket healthcare expenses.

Out-of-pocket expenses

Out-of-pocket expenses are amounts — other than premiums — that you pay “out of your own pocket” for covered healthcare services. Out-of-pocket expenses include:

- [Annual deductibles](#)
- [Co-payments](#)
- [Co-insurance](#)

Out-of-pocket maximum

The out-of-pocket maximum is the most you have to pay for covered out-of-pocket healthcare expenses in a year. If you reach the out-of-pocket maximum, the plan will pay 100% of covered expenses for the rest of the year.

Premium

A premium is the amount you pay, usually monthly, to be insured. You pay it whether or not you use your healthcare benefits. In 2019, 2020 and 2021, Chelan PUD is paying 100% of the CDHP premium and 92.5% of the PPO Plan premium.

PPO

The Preferred Provider Organization (or PPO) is one of your medical plan options.