

Key Terms

Billing Statement: A summary of current activity on an account.

Birthday Rule: To determine which parent carries primary insurance and which will be secondary if both parents have insurance, a birthday rule is generally accepted. Under this rule, the plan of the parent whose birthday occurs first in the calendar year is designated as primary. The date of birth is the determining factor — not the year — so it doesn't matter which spouse is older. Like most rules, the birthday rule has exceptions:

- If both parents share the same birthday, the parent who has been covered by his or her plan longest provides the primary coverage for the children.
- If one spouse is currently employed and has health insurance through a current employer, and the other spouse has coverage through a former employer (e.g., through COBRA), the plan belonging to the currently employed spouse would be primary.
- In the event of divorce or separation, the plan of the parent with custody generally provides primary coverage. If the custodial parent remarries, the new spouse's coverage becomes secondary. And finally, the non-custodial parent's plan would provide a third layer of insurance protection. This order of payment can be altered by a court-issued divorce decree or by agreement, but the insurance companies must be notified.

Claim: Information billed to the insurance company for services provided.

Copayment or Coinsurance: The balance due by the policyholder as determined by the insurance company. If separate issues are covered at one visit, more than one copay may apply based on insurance company contracts.

Deductible: Amount the policyholder needs to pay for covered health services before a health plan will begin to pay benefits. Usually a new deductible is met each calendar year.

EOB (Explanation of Benefits): A detailed explanation from the insurance company that identifies the amount due for services provided. This includes any payments made by the insurance company and any listed co-payment, coinsurance or deductible due from the policyholder.

Guarantor: The person responsible for paying the bill.

Primary Insurance: Designation given to the insurer that your claim will be submitted to them first for payment of services you received. For dependent children, the primary insurance is the parent with the first birthday of the calendar year. For example, if Dad's birthday is July 1972 and Mom's is January 1973, Mom's birthday is first and would be the primary insurance. See also "Birthday Rule".

Secondary Insurance: Designation given to the insurer that your claim will be submitted to them second for payment of services you received. For dependent children, the primary insurance is the parent with the first birthday of the calendar year. For example, if Dad's birthday is July 1972 and Mom's is January 1973, Mom's birthday is first and would be the primary insurance. See also "Birthday Rule".

Prior Authorization/Pre-Certification: A formal approval obtained from the insurance company prior to delivery of medical services. Many insurance companies require prior authorization or precertification for specific medical services, procedures or medications.

Subscriber: The person who holds and/or is responsible for the medical insurance policy.

