

# Know Your Benefits

Brought to you by: Alium Insurance Partners, LLC



## Answers to the Most Frequently Asked Benefit Questions

### **What is a Deductible?**

A deductible is the amount of money you or your dependents must pay toward a health claim before your organization's health plan makes any payments for health care services rendered. For example, a plan participant with a \$100 deductible would be required to pay the first \$100, in total, of any claims during a plan year.

### **What is Coinsurance?**

On top of your deductible, coinsurance is a provision in your health plan that shows what percentage of a medical bill you pay and the percentage a health plan pays.

### **What is an Out-of-pocket Maximum (OOPM)?**

An OOPM is the maximum amount (deductible and coinsurance) that you will have to pay for covered expenses under a plan. Once the OOPM is reached the plan will cover eligible expenses at 100 percent.

### **What is an Explanation of Benefits (EOB)?**

An EOB is a description your insurance carrier sends to you explaining the health care benefits that you received and the services for which your health care provider has requested payment.

### **What is a Preferred Provider Organization (PPO)?**

A PPO is a group of hospitals and physicians that contract on a fee-for-service basis with insurance companies to provide comprehensive medical service. If you have a PPO, your out-of-pocket costs may be lower than in a non-PPO plan.

### **What is a High Deductible Health Plan (HDHP)?**

An HDHP is a type of insurance plan that offers a low premium offset by a high deductible. Because of the low cost of the plan, the insurer will not cover most medical expenses until the deductible is met. As an exception, preventive care services are typically covered before the deductible is met. HDHPs are often designed to be compatible with health savings accounts (HSAs), which are tax-advantaged accounts that can be used to pay for qualified out-of-pocket medical expenses before the HDHP's deductible is met.

---

This Know Your Benefits article is provided by Alium Insurance Partners, LLC and is to be used for informational purposes only and is not intended to replace the advice of an insurance professional. © 2005, 2011, 2013-2014, 2020 Zywave, Inc. All rights reserved.