# Health tip: Insurance 101



Facts about lack of health insurance literacy in the US:

About half (51 percent) of Americans do not understand the basic health insurance terms premium, deductible and copay. When thinking about healthcare math, less than 20% of individuals are able to calculate their out-of-pocket costs accurately. Lastly, nearly 90% of adults have difficulty using health information to make informed decisions.[1] In-depth dentitions of common insurance terminology are below.

## Insurance Terminology

1. **Premium:** The amount that must be paid for your health insurance plan. This is normally paid monthly, quarterly, or yearly and it usually comes out of your paycheck.[2]
2. **Deductible:** The amount you owe for covered health services before your health plan begins to pay. There are individual deductibles and family deductibles.[2]
3. **Coinsurance:** Your share for the cost of covered health care services; a percentage of the cost. Generally, after you meet your deductible, you pay coinsurance for covered health services. This is usually a percentage of the cost, with you paying a percentage and the insurance company paying a percentage. For example, if the coinsurance is 80/20, that means the member pays 20% after the deductible is met and the insurance pays 80% after the deductible is met.[2]
4. **Co-Payment:** A fixed amount you pay for a covered health service at the time of service. Not all plans have co-payments.
5. **Out of Pocket Limit:** The most you pay before your health plan begins to pay 100% of the allowed amount.[2]
6. **Allowed Amount:** The maximum payment the plan will pay for a covered health care service.[2]
7. **Preventive Care:** Includes routine well exams, screenings, and immunizations intended to prevent or avoid illness or other health problems.[3]
8. **Diagnostic Care:** Include care or treatment when you have symptoms or risk factors and your doctor wants to diagnose them. Diagnostic care may include many different types of things including office visits, labs, x-rays, CT scans, MRIs.[3]

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