FAMILY VOICES®

... keeping families at the center of children's health care

Affordable Care Act (ACA):
Copays, Coinsurance, & Deductibles-Oh My!
What the Insurance Jargon Means for Families

Although many families may have had their Marketplace health insurance coverage for a year, many parents are confused about what language like co-pays, coinsurance, and deductibles mean. Also, families should know what to look for before they pay a bill to make sure the information is correct. All families should know that the insurance "jargon" means, and how it affects them, especially since medical debt is the leading cause of bankruptcy (source: Families USA).
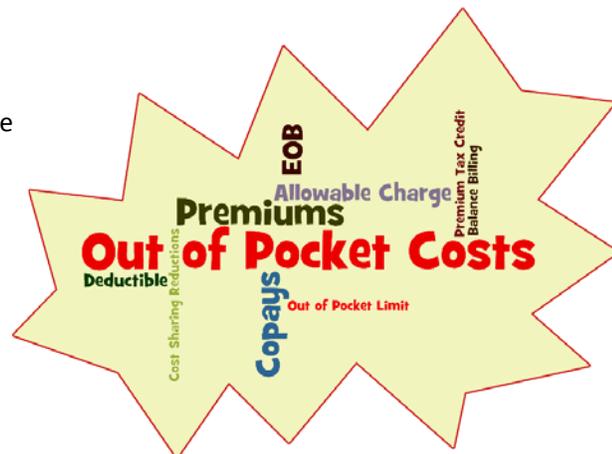
What Do These Terms Mean?

There are many different financial terms related to insurance which affect how much it will cost families.

Premiums
The amount paid to the health insurance plan for coverage -- usually paid monthly.
Note: Families may also be eligible for free or low-cost coverage if eligible for Medicaid/CHIP (Children's Health Insurance Program.) Individuals under age 30 may also be eligible for "catastrophic" plans that have fewer benefits at a reduced cost (lower premiums).

Premium tax credit
Helps pay for premiums for eligible families. See https://www.healthcare.gov/lower-costs/save-on-monthly-premiums/.

Deductible
The amount families have to pay before the insurance will start paying. Usually there is a deductible each year. Sometimes it covers the whole family; sometimes each person has a separate deductible.

Copays
A fixed amount paid by a patient per health service, such as a $20 copay for one doctor visit. Sometimes the payment is higher for specialists or out-of-network providers.

Coinsurance
The percentage paid by families for a health service, such as 20% of the doctor's bill. The coinsurance is usually higher for out-of-network providers.
Note: Plans must cover a portion of 10 Essential Health Benefits, and there is no deductible, copay or coinsurance for preventive services (such as well-child visits and immunizations), as these are supposed to be free if provided by an in-network provider. (See http://www.hhs.gov/healthcare/facts/factsheets/2010/07/preventive-services-list.html.)

Out-of-pocket Costs
The total of the deductible, copays, and coinsurance that a person pays. The ACA sets out-of-pocket maximums. Once the maximum has been reached, the insurance plan must pay all costs. See https://www.healthcare.gov/choose-a-plan/out-of-pocket-costs/.

Out-of-Pocket Maximum (Limit)
The most families pay before the insurance pays 100% for a covered service.
Note: Lifetime and annual limits on the amount the insurer will pay have been eliminated by the Affordable Care Act.

Cost-Sharing Reductions
The ACA allows people with "Silver" level plans purchased on a health insurance exchange to get help paying their out-of-pocket costs if they are below 250% of the Federal Poverty Level. See https://www.healthcare.gov/lower-costs/save-on-out-of-pocket-costs/.

Allowed Amount or Allowable Charge
The maximum that the insurance will pay for a given service, which is the amount that the insurance company will use to calculate its percentage of the charges. For example, the doctor may charge $120 for a visit, but if the insurance company allows only $100 for the visit and pays 80% of the allowed amount, the amount paid by the insurance company would be $80 (80% of $100) instead of $96 (80% of $120).

Balance Billing
The difference between the provider's charge and the allowed amount that families pay if they don't use a "preferred" (in-network) provider. This could add up to more than the stated coinsurance amount. (See above, "Allowed Amount.")

Explanation of Benefits (EOB)
The document sent by the insurance company to the insured showing how much it paid for a health service.

How families can verify if the bill is correct and what to pay?
Did you know that up to 80% of medical bills are wrong (source: Consumer Reports)? Once families understand the insurance language, they can examine their medical bills for accuracy. Some tips are:

- Is the bill "itemized?"
  This means it lists all services provided.

- Is the identifying information correct?
  It needs to include the provider's name and contact information, including tax id.

- Does the bill have the correct codes?
  The insurance company looks for both an ICD9 code (diagnosis) and CPT code (treatment.)
  NOTE: Families can also check codes at http://www.cms.gov/medicare-coverage-database/staticpages/icd-9-code-lookup.aspx (diagnosis) and https://ocm.ama-assn.org/OCM/CPTRelativeValueSearch.do?submitbutton=accept (treatment.)

- Does the bill match up to the Explanation of Benefits (EOB) from the insurer?
  The EOB will have the date of service, amount billed, covered amount, and balance due.

> **RESOURCES**
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> **Open Enrollment**
> Healthcare.gov:
> https://www.healthcare.gov/
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> **Reducing Costs**
> Healthcare.gov:
> https://www.healthcare.gov/lower-costs/
>
> **U.S. News & World Report:** *6 Questions You Should Ask Before Paying Any Medical Bill*
> http://money.usnews.com/money/blogs/my-money/2014/09/08/6-questions-you-should-ask-before-paying-any-medical-bill
>
> **Getting Help**
> Family Voices State Contacts:
> http://www.familyvoices.org/states
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> **Family-to-Family Health Information Centers:** http://www.fv-ncfpp.org/f2fhic/find-a-f2f-hic/

Families need to be able to understand the language of health insurance to successfully navigate the system. In addition, they can use this knowledge to look at the insurance itself (premiums, copays, tax credits, etc.) as well as verifying that medical bills are correct. In this way, parents can reduce costs and protect their family financially.

This tip sheet is based on an ACA blog authored by Lauren Agoratus, M.A. Lauren is the parent of a child with multiple disabilities *who serves as the Coordinator for Family Voices-NJ and* as the southern coordinator in her the New Jersey Family-to-Family Health Information Center, both housed at the Statewide Parent Advocacy Network (SPAN) at www.spanadvocacy.org. More of Lauren's tips about the ACA can be found on the website of the Family Voices National Center for Family/Professional Partnerships: http://www.fv-ncfpp.org/.