FOUNDATION FOR HEALTH COVERAGE EDUCATION

FHCE's Glossary *of* Key Health Insurance Terms

GLOSSARY OF TERMS

Agent A person who has a license to sell insurance in California. He or she might work alone or with a large firm and may sell all kinds of insurance. Some agents work as an employee of an insurance company and sell plans just from that company.

Carrier Carrier is another name for insurance company.

CHIP Sometimes this is called S-CHIP (State Children's Health Insurance Plan). Every state has a plan for children who are not eligible for Medicaid because the family income is too high or they don't have access to group coverage. The name of the program is usually called something like Healthy Families or Healthy Children and care is delivered by regular doctors through the state's major insurance companies. In a handful of states, coverage is extended to the parents (as with Medicaid).

Claim A request for payment of benefits received or services rendered. A billing record is generated and submitted by a provider or subscriber using paper or electronic media.

COBRA COBRA is a federal law that helps an insured person keep their health insurance when they lose their employee health plan. It's also called continuation coverage. COBRA stands for Consolidated Omnibus Budget Reconciliation Act. It applies to companies with 20 or more employees. Mini-COBRA is for companies with less than 20 employees.

Coinsurance An arrangement under which the insured person pays a fixed percentage of the cost of medical care after the deductible has been paid. For example, the insurance company might pay 80% of the allowable charge, with the insured person responsible for the remaining 20%, which is then referred to as the coinsurance amount.

Conversion Privilege The right given to an insured person to change insurance without evidence of medical insurability, usually to an individual policy upon termination of coverage under a group contract.

Co-Pay An arrangement where the insured person pays a specified amount for various services and the insurance company pays the remainder. The insured person usually must pay his or her share when the service is rendered. Similar to coinsurance, except that coinsurance is usually a percentage of certain charges where the co-payment is a dollar amount.

Coverage Another name for "health insurance." It refers to the scope of health benefits and financial risk protection provided under a contract of insurance.

Coverage Termination The end of an insured person's coverage due to loss of employment, reduction of hours, gross misconduct, covered employee and spouse divorce or become legally separated, or death of the covered employee.

Creditable Coverage There are rules about when insurance companies have to start paying for your health benefits when you're a new member or whether or not you get COBRA (continuation) coverage when your group plan ends. For example: to get COBRA, you have to have had insurance (creditable coverage) for 18 months.

Deductible An amount which an insured person agrees to pay, per claim or per accident, before the insurance company has to pay their part.

Employee Contribution The employee's share of the monthly premium (payment).

Employer Based Coverage Companies who offer health coverage at no or minimal charge to the employee.

Employer Contribution The employer's share of the monthly premium (payment).

Federal Poverty Level This is a percentage level assigned based on the number of people and income per household. The percentages are created by the government, and then the public programs use those percentages in a chart to decide who can qualify for what programs.

Guaranteed Coverage An underwriting term used to describe the fact that a small business group cannot be turned down for insurance because of poor health conditions either current or past.

Guaranteed Coverage for Individual Plans This means that no one can be turned down for insurance because of a health condition, or in other words there is no "medical underwriting." Only three states have guaranteed coverage for individuals: Maine, New York and Vermont.

High Risk Pool Insurance This is health coverage for people who may have been denied access to a health insurance plan because of their serious medical conditions . In some states every insurance company must guarantee access to plans for these people. In other states there is an organization that oversees a program that involves a few plans from different insurance companies.

HIPAA The right to transfer from a group health plan to an individual plan if the insured person is leaving the company or their group plan is being terminated. HIPAA is a law that has to do with both portability and privacy of medical records. It stands for Health Insurance Portability and Accountability Act.

Income Based Buy-In Plan Some states have plans for people who have no access to group coverage and aren't eligible for Medicaid or other public programs. Similar to public programs, the monthly premiums are determined by the applicant's income level.

Indian Health Services This is a federal organization that has medical facilities in states where there is a high populations of Native American or Alaskan Indians. Services range from full health care benefits to mobile clinics that cater to the needs of local tribes.

Individual Insurance Health Insurance policies which provide protection to the insured person and/or his/her family (also called dependents).

Max out-of-pocket The most an insured person will pay considering co-payments, coinsurance, deductibles, etc.

Medicaid Medicaid is a state health coverage program that primarily covers emergencies, pregnancy-related services, kidney dialysis and treatment for breast and cervical cancer.

Medi-Cal Medi-Cal is a California's Medicaid program that primarily covers emergencies, pregnancy-related services, kidney dialysis and treatment for breast and cervical cancer.

Medical Underwriting Before you can buy a policy you must give the insurance company information about your health. This process is called underwriting. The company uses underwriting information to predict what the likelihood is that you will file claims against the insurance policy. Each company has its own underwriting standards, which means one insurance company could reject your application but another may be willing to accept it.

Mini-COBRA Mini-COBRA is simply "continuation coverage." It is a law that helps people losing their employee health plan stay insured. It is for companies with less than 20 employees. (See COBRA.)

Pre-existing Conditions When applying for health insurance, the insurance company requests the applicants medical history. A "pre-existing condition" is an illness, physical or mental, that was treated before getting insurance.

Premium The payment an insured person makes to keep their insurance policy, usually monthly.

Provider Your doctor, a hospital, clinic and anyone else that provides health care services to you is called a "provider."

Qualifying Event An occurrence (such as death, termination of employment, divorce, etc.) that changes an insured person's protection under COBRA, which requires continuation of benefits under a group insurance plan for former employees and their families who would otherwise lose health care coverage.

Small Group or Small Business A small group or business in most states is 2-50 employees, although some states consider a self-employed person or 1 employee to be a small group. Small groups or business are guaranteed health insurance coverage and can not be turned down for pre-existing conditions.

Stop Loss This is a special type of re-insurance that protects an individual or group who goes over their coverage limit.

For more information on your state's health coverage options, we encourage you to utilize our other valuable health coverage resources.

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