

## Glossary of Benefit Terminology

**Coinsurance:** a fixed specific percentage of the charges for health plan services usually after paying the deductible. For example, a typical PPO plan might pay 80% or 90% of a charge instead of a flat dollar co-pay.

**Co-payments:** fixed dollar amounts paid for covered services. For example, under the current Kaiser and Providence plans, when you receive certain services you pay \$10 at the time of visit; this is called an office visit co-pay. Generally co-pays are applicable only for PPO or In-Network providers.

**Deductible:** An annual out-of-pocket, lump-sum payment for medical services that a consumer must pay before medical insurance provides reimbursement

**Dental insurance:** Insurance that covers preventive dental care as well as treatment for most conditions relating to the teeth.

**Flexible Spending Accounts (FSA):** A plan that allows employees to contribute tax free dollars, via payroll contribution, to pay for most health related expenses or daycare expenses that are either not covered by insurance or covered partially by insurance. Also known as "Section 125 plans".

**Health Reimbursement Account (HRAs):** This type of account works much like the FSA (see above), and is for medical reimbursement purposes; HRAs can only be funded with employer dollars. Unlike the FSA, unused funds can be rolled over from year to year.

**Health Savings Account (HSAs):** This type of account can be funded with employee and/or employer dollars, but it can only be opened when paired with a specific type of high deductible health plan outlined by IRS regulations. Unused balances in this HSA account can rollover from year to year, if unused. This plan can result in higher out of pocket costs due to the level of the deductible.

**Life/Accidental Death & Dismemberment (AD&D):** Life insurance pays a lump sum to a designated beneficiary upon the covered member's death. Accidental Death & Dismemberment (AD&D) insurance provides an additional level of benefit if death or certain significant injuries are the result of an accident (vs. illness). Generally, Life and AD&D coverages are combined under one group contract.

**Voluntary Life/AD&D (Employee paid premium):** insurance coverage as above, but premiums are paid by employees.

**Long term care insurance (Employee paid premium):** Insurance that pays all or some of the cost of certain types of long term care not covered or covered with limits under a typical health insurance policy. Coverage may be included for nursing home care, assisted living care, elder foster care, home health care, etc.

**Long term Disability insurance:** Insurance that provides for a certain level of income replacement (usually 60% of earnings) for an employee who is determined to be disabled to the point that they cannot work or can only work in a limited capacity. An employee generally must be disabled for a certain amount of time (for example, 90 days) before benefits become payable.

**Long term Disability w/ higher monthly benefit (Employee paid premium):** Coverage as above, with a higher monthly benefit. The premium difference to the higher benefit level is paid by the employee.

**Maximum out-of-pocket:** the maximum amount of money you pay for covered services during the calendar year. Once the "max" is met, the plan will pay 100% for the remainder of the plan year.

**Medical insurance:** Insurance that covers expenses resulting from illness or injury to the insured. Also provides coverage for preventive health services. The level of payment varies by the type of medical insurance plan and the specific benefits of each plan.

**Short term Disability insurance (Employee paid premium):** Insurance that provides for a certain level of income replacement (usually 60% of earnings) for an employee who has a short term (generally less than 90 days) disabling event. Short term disability insurance generally starts after a certain amount of time (for example, 7 days from the date of disabling injury or illness) and provides coverage until long term disability insurance begins.

**Vision insurance:** Insurance that covers expenses relating to the eyes and supplements coverage provided through medical insurance. Vision insurance typically provides a certain level of benefit for both eye exams and vision hardware (frames, lenses, contact lenses, etc.).

**Voluntary Employee Beneficiary Association (VEBA):** This type of plan is a form of an HRA (see above). This account is funded only by employer funds. Some employers offer a partial distribution of sick leave balance that goes to fund the account at retirement. The account can also be funded in lieu of a salary increase.