

What Do I Need to Know about Health Insurance Costs

... before considering my options?



If buying health insurance is new to you, it is helpful to be familiar with some of the terms you are likely to see. Once you know the terms, it will be easier to compare different options.

First things first ...

A **premium** is the amount you pay each month for your insurance.

Once the premium is paid, what are my other expenses?

A **deductible** is how much you as an individual, or a family, have to pay for your health care services before your insurance company begins to cover some of the costs.

Co-insurance is your share of the cost of a covered service. Let's say you enroll in a plan with a 20% co-insurance rate, and your doctor's visit costs \$100. If you had already **met your deductible**, you would be responsible for 20% of the bill, which is \$20. Your insurance plan would pay the remaining 80% (\$80).

Some plans include **co-pays** or **co-payments**. This is a fixed amount that you are responsible for paying for a particular health care service. For example, you might need to pay \$15 (or another set amount) every time you have a doctor's visit. Not all plans have co-pays. It is important to think about co-pays when choosing the best option for your needs.

What else affects my costs?

Networks are made up of doctors and hospitals that insurance companies have agreements with about how much they will charge you. You can usually use an **in-network** or **out-of-network** provider, but the out-of-network visit will likely cost you more. Find out if a doctor or facility you want to go to is in or out of your network.

Out-of-network providers might also charge more for a service than the **allowable** amount. Allowable is the maximum amount your insurance company will pay for a particular service. You would have to pay the amount charged over what was allowable.

Policies include **out-of-pocket limits**, which determine how much, at most, you or your family would have to pay each year. Your monthly premiums—and possibly some other costs—are not included. Check your plan instructions to see what is included in the out-of-pocket costs.

Information Sheet 1992 (POD-10-15)

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Extension Service of Mississippi State University, cooperating with U.S. Department of Agriculture. Published in furtherance of Acts of Congress, May 8 and June 30, 1914. GARY B. JACKSON, Director