

Answers to the Most Frequently Asked Benefit Questions

What is a Deductible?

A deductible is the amount of money you or your dependents must pay toward a health claim before your organization's health plan makes any payments for health care services rendered. For example, a plan participant with a \$100 deductible would be required to pay the first \$100, in total, of any claims during a plan year.

What is Coinsurance?

On top of your deductible, coinsurance is a provision in your health plan that shows what percentage of a medical bill you pay and the percentage a health plan pays.

What is an Out-of-Pocket Maximum (OOPM)?

An OOPM is the maximum amount (deductible and coinsurance) that you will have to pay for covered expenses under a plan. Once the OOPM is reached the plan will cover eligible expenses at 100 percent.

What is an Explanation of Benefits (EOB)?

An EOB is a description your insurance carrier sends to you explaining the health care benefits that you received and the services for which your health care provider has requested payment.

What is a Preferred Provider Organization (PPO)?

A PPO is a group of hospitals and physicians that contract on a fee-for-service basis with insurance companies to provide comprehensive medical service. If you have a PPO, your out-of-pocket costs may be lower than in a non-PPO plan.

What is Utilization Management (UM)?

Utilization Management is the process of reviewing the appropriateness and the quality of care provided to patients. UM may occur before (pre-certification), during (concurrent) or after (retrospective) medical services are rendered.

For example, your health plan may require you to seek prior authorization from your UM company before admitting you to a hospital for nonemergency care. This would be an example of pre-certification. Your medical care provider and a medical professional at the UM company will discuss what is the best course of treatment for you before care is delivered. UM can reduce unnecessary hospitalizations, treatment and costs.

What is a High Deductible Health Plan (HDHP)?

An HDHP is a type of insurance plan that offers a low premium offset by a high deductible. Because of the low cost of the plan, the insurer will not cover most medical expenses until the deductible is met. As an exception, preventive care services are typically covered before the deductible is met. HDHPs are often designed to be compatible with health savings accounts (HSAs), which are tax-advantaged accounts that can be used to pay for qualified out-of-pocket medical expenses before the HDHP's deductible is met.

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