

# Understanding copayments and deductibles

## Getting ready for open enrollment

You already know open enrollment is coming, but if you're like most people, you're not entirely comfortable with it. One hurdle is health plan terminology, which can be confusing. Some of it sounds similar, and it all works together. Gaining clarity will help you understand your options.

It won't take long to learn these few terms, and the outcome is well worth it. You'll get through open enrollment with more ease – and feel confident you made the right choice in a health plan.

We're here to make it all easier, so let's get started.

### 5 Key Terms to Know

Let's start with **contribution rates**. Your contribution is the dollar amount that your employer may take out of your paycheck to cover health benefits. This amount is set by your employer.

Next, your health insurance plan may have a **deductible** – the dollar amount that you must pay for most covered medical services or prescriptions before your health plan begins to pay.

A **copayment** is a set dollar amount that you may be required to pay for some services, such as a doctor visit.

**Coinsurance** sounds similar, but here's how it differs: While a copayment is a fixed amount, coinsurance is a percentage of the total allowable amount (which differs per service).

The amount you're required to pay each year, however, may have a limit. It's called an **out-of-pocket maximum**. And it's just what it sounds like – the maximum amount that you will pay for covered services. This amount could be different for in-network providers versus out-of-network providers. These details and any exceptions will be included in the health plan's documents.

Now that you have a better understanding of these terms, use them to your advantage during open enrollment.