

## Insurance Glossary of Terms

- **Basic Life:** life insurance coverage that is provided to eligible employees at no cost; currently it is a \$20,000 policy
- **Coinsurance:** a percentage that the insurer pays after the insurance policy's deductible is met
- **Copay:** a fixed payment for a covered service, paid when an individual receives service
- **Deductible:** a set amount you have to pay every year toward your medical bills before your insurance company starts paying
- **Formulary:** list of medications covered under a plan
- **FSA:** a Flexible Spending Account is an account that allows an employee to tax-shelter a predetermined dollar amount to pay for qualified medical expenses; remaining money in the account is forfeited at the end of the plan year
- **HSA:** a Health Savings Account is an account created for individuals who are covered under qualified high-deductible health plans (QHDHPs); contributions are pre-tax and can be used for qualified medical expenses; monthly contribution amounts can be changed and remaining money in the account at the end of the plan year rolls over
- **LTD:** Long Term Disability is an insurance policy that protects an employee from loss of income in the event that he or she is unable to work due to illness, injury, or accident for a long period of time
- **Network:** providers or health care facilities that are part of a health plan's network of providers with which it has negotiated a discount
- **Out of Pocket:** the portion of covered medical expenses that a plan member can expect to pay during the course of a plan year; costs can include a combination of the deductible, copays, and coinsurance
- **OAP: Open Access Plus** is a plan that allows members to go to any provider they choose. However, members will receive the biggest discounts and most savings by using an in-network provider.
- **QHDHP:** a Qualified High Deductible Health Plan is a health insurance plan with lower premiums and higher deductibles than a traditional health plan; being covered by a QHDHP is also a requirement for having a health savings account
- **RFP: Request for Proposal** is a document issued by a business or an organization to request vendor bids for products, solutions and services.

➤ **Self-Funded vs. Fully Insured**

○ **Self-Funded:**

- ✓ Employer does not pay premiums; instead, it pays fixed costs (administrative fees, stop-loss premiums) and variable costs (employee claims)
- ✓ Employer assumes the risk
- ✓ Employers have more control and freedom in their plan designs
- ✓ Employee Retirement Income Security Act of 1974 (ERISA) pre-empts state regulations

○ **Fully Insured:**

- ✓ Employer pays monthly premiums to an insurance carrier
- ✓ Insurance company assumes the risk
- ✓ Employers are more limited by insurers' plan design options
- ✓ Plan must comply with state regulations

➤ **Stop-Loss**

- **Individual Stop-Loss (ISL):** the form of excess risk coverage that provides protection for the employer against a high claim on any one individual
- **Aggregate Stop-Loss (ASL):** provides a ceiling on the dollar amount of eligible expenses that an employer would pay, in total, during a contract period.

➤ **Voluntary Life:** an optional life insurance policy that employees may elect in addition to the Basic Life coverage already offered by the College; premiums are paid by the employee