Health Insurance Basics

**Coinsurance:**
Your share of the costs of a covered health care service, calculated as a percent (for example, 20%) of the allowed amount for the service. You pay coinsurance plus any deductibles you owe. For example, if the health insurance or plan’s allowed amount for an office visit is $100 and you’ve met your deductible, your coinsurance payment of 20% would be $20. The health insurance or plan pays the rest of the allowed amount.

**Copayment:**
Co-Payment or Co-Pay is a fee you pay for a doctor's visit. Copayments may vary depending on whether you seek a help in or out-of-network as well as on the doctor's specialty.

**Deductible:**
The amount you owe for health care services your health insurance or plan covers before your health insurance or plan begins to pay. For example, if your deductible is $1,000, your plan won’t pay anything until you’ve met your $1,000 deductible for covered health care services subject to the deductible. The deductible may not apply to all services.

**Premium:**
Premium is the amount of money you have to pay for insurance. Premiums are usually paid in monthly or quarterly installments. Choosing a medical plan that fits your needs and budget is based mostly on balance between deductible, coinsurance, and out-of-pocket limit. All of the three affect your health insurance premium.

**Out-of-Pocket Maximum/ Limit:**
The most you pay during a policy period (usually one year) before your health insurance or plan starts to pay 100% for covered essential health benefits. This limit must include deductibles, coinsurance, copayments, or similar charges and any other expenditure required of an individual which is a qualified medical expense for the essential health benefits. This limit does not have to count premiums, balance billing amounts for non-network providers and other out-of-network cost-sharing, or spending for non-essential health benefits. The maximum out-of-pocket cost limit for any individual Marketplace plan for 2014 can be no more than $6,350 for an individual plan and $12,700 for a family plan.

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**Relationship between Premiums & Out-of-Pocket Costs:**

Monthly Premium  VS  Monthly Premium

- Out-of-Pocket Costs (Deductible, Co-Pays, Co-Insurance)
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