

Insurance 101

Key Health Insurance Terms Explained

- **Premium:** Your premium is the amount of money you pay each month to your health insurance company to maintain your coverage. If your health insurance is provided through an employer, this amount is often withdrawn from your paycheck.
- **Deductible:** This is the amount of money you must pay out-of-pocket before your health insurance starts paying for services. For example, if your plan has a \$4,000 deductible, you must pay for \$4,000 of your health expenses out-of-pocket prior to your health insurance picking up the tab.
- **Copay:** Copays are a type of cost sharing payment that you make out-of-pocket to receive certain healthcare services. For most plans, after meeting your deductible, you will remain responsible for paying out-of-pocket for the copay until reaching your out-of-pocket maximum. This is typically a flat rate, for example \$30 per 53 minute psychotherapy session.
- **Coinsurance:** Coinsurances are another type of cost sharing payment that you may make out-of-pocket to receive certain healthcare services. For some plans, after meeting your deductible, you will remain responsible for paying out-of-pocket for the coinsurance until reaching your out-of-pocket maximum. This is typically in the form of a percentage, so if you have a 10% copay, you would be responsible for \$10 of every \$100 your insurance pays for a service.
- **Out-of-Pocket Maximum:** This is the cap on how much you will have to pay out-of-pocket for healthcare services during your policy year. After reaching this amount, your insurance company will pay for all of your covered care in full for the remainder of your plan year. For example, if you have a \$10,000 out-of-pocket maximum and you've met your \$4,000 deductible and have paid \$6,000 in other cost sharing payments (copays and coinsurances), your insurance company will pay for any covered care for the remainder of your policy year.
- **HSAs/HRAs/FSAs:** Health Savings Accounts, Health Reimbursement Arrangements, and Flexible Spending Accounts are benefits included by some employers that provide funds to pay for qualified medical expenses. Psychotherapy sessions are considered qualified medical expenses and you are able to use these funds to pay for your out-of-pocket expenses.

Okay, those definitions are great but I'm still confused about my investment...The Real Life Scenarios

Ashley is a dependent on her husband's health insurance plan that he has through his employer. Her health insurance plan has a \$4,000 deductible and an \$8,000 out-of-pocket maximum per policy year. Ashley's plan does include mental health benefits that include a 20% coinsurance after the deductible is met for in-network care. Ashley is seeing a therapist who is in-network with her insurance provider and that provider's billable rate is \$150/hour and their contracted rate with the insurance company is \$125/hour.

Scenario 1: Ashley and her family have been relatively healthy throughout the year and have only paid \$500 towards their deductible. She begins to see a therapist bi-weekly and incurs no additional healthcare expenses outside of therapy session. Ashley will owe the therapist \$125 per session (the insurance company's contracted rate with her chosen provider) until the deductible is met (which is 28 sessions assuming no other healthcare expenses are incurred during the policy year), so she will likely pay \$125/session for a year of bi-weekly appointments. **NOTE: This is why at times, seeing a therapist who is not in network with insurance companies is a similar investment to an in-network provider.**

Scenario 2: Ashley had a few medical issues this year and has met \$3500 of her deductible for the year. She begins to see a therapist weekly and incurs no additional healthcare expenses outside of therapy sessions. Ashley will owe the therapist \$125 per session until her deductible is met (which is 4 sessions assuming no other healthcare expenses are incurred during that time). After her deductible is met, she will owe the therapist \$25/session, which is her 20% coinsurance, which she will owe until she reaches her \$8000 out-of-pocket maximum (which would be nearly impossible without significant additional healthcare costs), so Ashley would likely owe the \$25/session for the remainder of the policy year.

Scenario 3: Ashley and her family had significant medical bills this year and have met their out-of-pocket maximum of \$8000 for the policy year. Ashley begins to see a therapist for weekly sessions. Because she has reached her out-of-pocket maximum, she will have full coverage for her therapy sessions and will not be required to pay out-of-pocket for any portion of her sessions for the policy year. Note: This is the only scenario where therapy sessions will be fully covered and require no financial contribution from you.

Note: ALL healthcare plans are different, they even vary amongst employees of the same company, so it is imperative that you reach out to your insurance provider and ask plans about your specific plan to fully understand your coverage. At times, coverage for mental healthcare is different than traditional medical care, including possibly being carved out to an entirely different insurance company or a certain number of sessions being provided for "free" before the deductible kicks in.