

Important Insurance Terms Defined

Having a basic understanding of insurance definitions can make the difference between choosing a plan that will cover the majority of medical expenses and one that leaves the insured paying thousands of dollars. Here are some important definitions to know when looking for a health insurance plan.



Allowed Amount

This is the maximum amount an insurance plan will cover or pay for a service. This may be called “eligible expense,” “payment allowance,” or “negotiated rate.”



Coinsurance

Coinsurance is the insured’s share of the costs of a covered health care service, calculated as a percent after paying the deductible. This payment is for covered services only. The insured may still be responsible for a copay.

For example, an insurance plan might cover 80% of the insured’s medical bill. The insured will have to pay the remaining 20%. The 20% is the coinsurance.



Co-Pay

This is a fixed amount paid to a health-care provider at the time of received services. The insured may have to pay a copay for each covered visit to the doctor, depending on the plan. Not all plans include a copay.



Covered Charges

These are charges for covered services that a health plan paid for. There may be a limit on covered charges if the insured receives services from providers outside their plan’s network of providers.



Deductible

The deductible is the amount owed to a health care service before the insurance company begins to pay toward covered expenses. For example, if the insured’s deductible is \$100, the insurance company won’t pay anything until the insured meets that \$100 deductible for covered health care services subject to the deductible. The deductible may not apply to all services.



Emergency Medical Evacuation

Emergency Medical Evacuation provides medically necessary transportation to the nearest qualified medical facility, not necessarily your home country.



Network Provider or In-Network Provider

This is a healthcare provider that’s part of a group of medical providers that contracted with the insurance company to provide health care services. In-network providers typically charge less for the same service compared to non-network providers. They will usually accept direct payment from the insurance company.



Non-Network Provider or Out-of-Network Provider

This is a healthcare provider that’s not part of a plan’s network. Costs associated with out-of-network providers may be higher or not covered by the insurance plan.



Pre-existing Conditions

Pre-existing conditions include any injury or illness that the insured may have had prior to getting the insurance plan. The definition can vary by plan, so it's important to check with the specific insurance plan to see their exact definition.



Premium

This is the amount the insured pays for the insurance plan. Keep in mind that the higher the premium, the higher the coverage and thus, the less the insured must pay in medical bills throughout the year.



Usual, Reasonable, and Customary

Usual, Reasonable, and Customary (also known as URC) is the average cost for a particular treatment in a particular geographic area. It is the amount that insurance companies use to describe the limit on how much they will pay for covered expenses.

If most providers usually charge \$5,000 for a particular procedure in Chicago, the insurance company will not pay a doctor \$10,000 for the same procedure. Instead, they will limit their payment amount to "Usual Reasonable and Customary"—in this case, \$5,000.



Vaccinations/ Immunizations

A vaccine is a product that stimulates a person's immune system to produce immunity to a specific disease, protecting the person from that disease. Vaccines are usually administered through needle injections, but can also be administered by mouth or sprayed into the nose.



Wellness Visits

A wellness visit, or exam, is a type of preventative care—focuses on maintaining wellness and stopping health problems before they occur. Instead of waiting until you have a health issue, you visit your physician to make sure that you're still in good health or to catch health problems in the early stages. Wellness visits or wellness exams are typically annual and are separate from other medical visits related to illness or injury. These visits may include screenings, immunization, a physical examination, and a discussion of current lifestyle and health choices.

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