

Understanding Deductibles, Co-insurance, and Co-pays

When both you and your health insurance company pay for health care expenses, it's called Cost sharing. Deductibles, co-insurance, and co-pays are all examples of cost sharing. Understanding how they work will help you know how much you'll pay.

Deductible

A deductible is the amount you pay for health care services *before* your health insurance begins to pay. While some insurance plans have varying lengths of coverage, usually, coverage is over a 12 month period, and renews each year, although some plans will renew at different months of the year.

How it works: For your given insurance term of eligibility, if your plans deductible is \$1500 starting January 1st, then after one or several office visits, you'll pay 100% of the eligible healthcare expenses until the total costs for health care rendered equal \$1500. After that, you share the cost with your plan by paying co-insurance.

Co-insurance

Co-insurance is your share of the costs of a health care service. It's usually figured as a percentage of the amount we allowed to be charged for services. You start paying coinsurance after you've paid your plans deductible.

How it works: Lets say you have paid \$1500 in health care expenses, and met your yearly deductible. When you go to see the doctor, instead of paying for ALL of the costs involved, you and your plan share the cost. For example, your plan agrees to pay 70% after your deductible has been met. Then, the remaining 30% of the cost is your responsibility, or your co-insurance.

Co-Pay

A co-pay is a fixed amount you pay for a healthcare service usually when you receive the service. The amount can vary based on the type of service.

How it works: Your plan determines what your copay is for different types of services, and when you have one. You may have a copay before you finish paying towards the deductible. You may also have a copay after you pay your deductible, and when you owe co-insurance. Your insurance card may list the co-pays for certain office visits. If it does not, then you will have to contact your insurance company and ask what your co-pay cost is for a specialist physician, as it can be different from that of a primary care physician.

Your insurance card may list copays for some visits. It is important to note that with many insurance carrier, the copay to see a physician specialist (ie. podiatrist, dermatologist, rheumatologist, etc.) will be greater than that for you Primary Care Physician or General Practitioner.