



Health insurance basics

6 key terms and concepts

Learning how your health plan works can help you make the most of your benefits—and could even save you money.

- 1. Summary of benefits:** Reading your summary of benefits is a great way to understand your health coverage. This is usually a one-page document that quickly sums up how your health plan coverage works.
- 2. Deductibles:** Some healthcare services require you to “meet your deductible” before your plan will begin to pay. This means you must pay a certain amount, first. Once your deductible is met, your plan will cover the service according to your benefits.
- 3. Copays and coinsurance:** A copay is the amount you pay, usually upfront, when you see a doctor or fill a prescription. Once you meet your deductible, your plan shares the cost of care with you. The amount you pay (a percentage) is called coinsurance.
- 4. Out-of-pocket limit:** This limit is the most you’ll pay for healthcare services within your plan year. Note: Your in-network and out-of-network limits may be different. See your summary of benefits for more information.
- 5. Drug list (formulary):** Health insurers can offer better prices on certain drugs. They maintain a list of “preferred” drugs, called a drug list or formulary, which usually includes both generic and brand-name medications, and you can save money by using drugs on the list.
- 6. In-network vs. out-of-network:** Healthcare providers who are contracted with your insurer are considered “in-network.” When you receive care from an in-network provider, you get the best value from your plan.



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