

# Benefits Terminology



## Glossary of Terms

The following is glossary of terms that are often used during open enrollment and when electing new benefits.

### Health Insurance

<b>Premium</b>	A monthly payment you make to have health insurance. Also known as employee contributions, rates, or payroll deductions.
<b>Copay</b>	A fixed dollar amount you pay for covered services and prescriptions.
<b>Coinsurance</b>	The amount of payment split between the employee and the insurance company. <i>Example:</i> Insurance company pays 80% and employee pays 20% of the charges after the deductible is met.
<b>Deductible</b>	An amount an employee pays for health care services before the plan begins to pay.
<b>Out of Pocket Maximum</b>	The most you will pay in a calendar year for your share of the costs of covered services. After you meet this limit, the plan will pay 100% of the allowed limit.
<b>Network Providers</b>	Doctors, hospitals, and other healthcare providers who have an agreement/contract with insurance companies agreeing to charge a discounted amount for services they render.
<b>Pre-Authorization</b>	Certain procedures or hospitalizations may require that the provider receive authorization. The provider is typically the one to go through this process with the insurance company and obtain pre-authorization.
<b>Pre-Determination</b>	If you are having a major procedure done, your doctor or dentist can submit a pre-determination to the insurance company so you can know in advance of treatment how much of the bill you will be responsible for.
<b>Preventive Care</b>	Care that helps prevent health problems or finds them before they become serious. Preventative Care services are covered 100% by medical plans with no out-of-pocket costs to you. <i>Examples:</i> Immunizations, Annual Physicals, Pap Smear, Mammogram, Well Baby Visits.
<b>Explanation of Benefits (EOB)</b>	The EOB is provided to the employee after a claim is received and processed by the insurance company. The EOB will describe how the claim was processed and outline what portion of the charges are applied to the deductible, what portion the employee is responsible for, and explain if there is a denial or error processing the claim.
<b>Appeal</b>	If your health insurance company doesn't pay for a specific health care provider or service, you have the right to appeal the decision and have it reviewed by an independent third party.

## Life Insurance

<b>Guaranteed Issue</b>	The maximum amount of voluntary life insurance you can choose when making your initial election that does not require medical review.
<b>Evidence of Insurability (EOI)</b>	The form containing medical questions that are required to be answered if you decide to elect voluntary life insurance after you have previously declined coverage, or if you decide to increase your current coverage.

## 401K

<b>401(k) Plan</b>	A qualified plan that includes a feature allowing an employee to elect to have the employer contribute a portion of the employee's wages to an individual account under the plan for retirement.
<b>Deferral</b>	Percent or dollar amount of salary an employee contributes to their 401(k) plan through payroll deductions.
<b>Pretax Deferrals</b>	This means that you pay taxes on the deferral and earnings when your funds are withdrawn.
<b>Roth Deferrals</b>	This means you must pay current income tax on the deferral. Since you already paid tax on the deferral, you won't pay tax on it again when funds are withdrawn.
<b>Employer Match</b>	The amount your employer contributes to your retirement savings plan based on the amount you contribute.
<b>Vesting</b>	In retirement plans "vesting" means ownership. An employee who is 100% vested in their account balance owns 100% of it and the employer cannot forfeit, or take back, for any reason.
<b>Profit Sharing Plan</b>	Retirement plan that gives employees a share in profits of the company based on the company's annual earnings. The key difference between a profit sharing plan and a 401(k) plan is that only employers contribute to a profit sharing plan.

## General

<b>Dependent</b>	Person who is eligible to be covered by you under your medical plans.
<b>Beneficiary</b>	Person or legal entity that is designated by you to receive a benefit, such as life insurance or 401(k). A dependent can also be named as a beneficiary.
<b>Qualified Life Event</b>	A change in your life situation such as getting married, having a baby, or losing health coverage that can make you eligible for a Special Enrollment Period, allowing you to make changes to or add or drop coverage, outside of the yearly Open Enrollment Period. If you experience a Qualified Life Event, you have 30 days from the date of the event to make changes to your benefits.