Frequently Used Terms

The language of health insurance can be confusing. Keep this list of common terms handy as you explore your open enrollment materials; it will help you understand and choose the plan that's right for you. For more terms and definitions, visit https://sd.gov/bhra/.

Coinsurance: The percentage you pay for care or prescriptions after you've reached your deductible. Your plan pays the remaining percentage until you reach your out-of-pocket maximum, or OPM. Then your plan takes over and pays 100% of your costs for the rest of the plan year.

Copayment/Copay: A fixed dollar amount you pay for care or prescriptions, usually at the time of service.

Deductible: The amount of money you pay out of pocket for care and prescriptions before your plan begins to pay benefits.

Dependent: An eligible spouse or child you elect to cover on your health plan or flexible benefits.

Eligible Employee: A permanent full-time employee, permanent part-time employee, or an employee of a participating unit who has worked an average of 30 hours or more per week during a 12-month period, as defined by the Patient Protection and Affordable Care Act of 2010.

Embedded Deductible: A threshold that prevents one single family member from having to pay the full out of pocket maximum of a health plan.

Health Reimbursement Account (HRA): An employer funded account that members can use to be reimbursed for certain medical, pharmacy, dental, and vision expenses. See page 28.

Health Savings Account (HSA): For those who elect a high-deductible health plan, a triple tax-advantaged account that lets you and your employer set aside funds for eligible healthcare costs. See page 26.

In-Network: Healthcare providers who have agreed to accept discounted rates for products and services from the insurance plan. You will pay much less at in-network doctors, hospitals, and pharmacies.

Network: The doctors, hospitals, pharmacies, and other providers and suppliers your health plan contracts with to provide care and services.

Out-of-Network: Out-of-network healthcare providers have not contracted with our insurance company to accept discounted rates. You will pay much less at in-network doctors, hospitals, and pharmacies.

Out-of-Pocket Maximum: The most you have to pay out of pocket in a plan year. After you spend this amount on deductibles, copays, and coinsurance, the plan pays 100% of your covered medical and prescription costs.

Preauthorization: A decision by your health plan that a service, treatment plan, prescription drug, or durable medical equipment is medically necessary. Preauthorization is sometimes required before care will be covered. It can also be called prior authorization, prior approval, or precertification.

Preventive Care/Services: Care received to prevent disease rather than treat it. Examples include routine screenings, well-child care, and immunizations.

Qualifying Life Event: A significant change in your circumstances, such as marriage, birth of a child, or loss of other health coverage, that makes you eligible for a Special Enrollment Period.