

Glossary of Terms

Insurance and billing terminology can be very confusing. To help eliminate some of that confusion, we have compiled some commonly used terms and their definitions.

Allowed charge (approved charge): The amount Medicare or your insurance company approves for payment to a physician for a service rendered. Typically, Medicare pays 80 percent of the approved charge and the patient pays the remaining 20 percent.

Assignment of benefits: A procedure whereby the subscriber authorizes the carrier to make payment of allowable benefits directly to the provider.

Assignment (Medicare): The term used to refer to a physician's decision to accept Medicare's allowed charge.

Balance billing: Billing the patient or beneficiary for any fee in excess of the amount allowed by the insurance carrier.

Benefits package or benefit schedule summary: Description of covered health care services that your insurance plan will provide for you and your family.

Co-insurance: The portion of the balance of covered medical expenses which a beneficiary must pay after payment of the deductible. Under Medicare Part B, the beneficiary pays coinsurance of 20 percent of allowed charges.

Co-payment: A type of cost sharing where the insured party is responsible for paying a fixed dollar amount per service.

Coordination of benefits (COB): A provision in an insurance plan that when a patient is covered under more than one group plan, benefits paid by all plans will be limited to 100 percent of the actual charge.

Deductible: A pre-determined amount which the you must pay toward the cost of medical treatment before the benefits of the program go into effect. Medicare Part B has an annual deductible of \$ 155.00

EOB: Explanation of benefits.

EOMB: Explanation of Medicare benefits.

Fee-for-service: Reimbursement based on the cost of services provided.

Network: Group of physicians who agree to provide care to members and to abide by the rules of the insurance plan. If you physician contracts with your insurance company they are considered "in network."

Non-participating physician: A health care professional or facility that does not have a written participating agreement with an insurance plan. For Medicare, if a physician does not sign a Medicare participation agreement they are not obligated to accept assignment on all Medicare claims. Frequently defined as NonPar.

Part A (Medicare): The hospital insurance program which covers the cost of hospital and related post hospital services.

Part B (Medicare): Covers the costs of the physician services, outpatient laboratory and x-ray tests, durable medical equipment, outpatient hospital care, and certain other services. Part B requires payment of a monthly premium. Beneficiaries are responsible for a deductible and coinsurance payment for most covered services.

Participating provider: A health care professional or facility that has a written participation agreement with an insurance plan. For Medicare, a physician who signs a participation agreement, agrees to accept assignment of all Medicare claims for a period of one year. Frequently referred as Par.

Preferred provider organization (PPO): A type of managed care plan where members obtain services from a network of physicians who have nonexclusive arrangements with the managed care plan. Members also receive some benefit coverage when they obtain services from providers who are not in the plan's network.

Pre-certification: The process of obtaining permission to perform a service from the insurance carrier before the service is performed.

Pre-existing condition exclusion: A practice of some health insurers to deny coverage to individuals for a certain period, for example, six months, for health conditions that already exist when coverage is initiated.

Primary care physician (PCP): A physician who devotes the majority of his/her practice to family or general medicine.

Release of information: The patient's signature indicating consent to the release of information necessary for settlement of his/hers insurance claim.

Referral: Written approval by your PCP for you to see a specialist.