

Health Coverage Terminology Made Easy

A simple, friendly guide to how your coverage works.

Health coverage comes with a lot of moving parts, but once you know what each piece means, using your benefits becomes much easier and far less stressful.

What Is Health Coverage?

Health coverage is an agreement between you and an insurance company:

- You pay a regular fee (your premium).
- They help pay for covered medical care.

How much you pay depends on your plan's details.

Premiums: Your Plan Coverage Cost

A premium is what you pay each paycheck to keep your coverage active, whether you use healthcare services or not.



Deductible: What You Pay Before Insurance Starts to Pay

Your deductible is the amount you pay out of pocket for covered services before your insurance starts to pay.

Good to know:

- Deductibles reset every year
- Preventive care may be covered before you meet your deductible
- In-network and out-of-network care have different deductibles

Copays: Simple, Set Fees

A copay is a fixed dollar amount (like \$20 or \$40) you pay for certain services, such as office visits or prescriptions. Copays often apply even after you've met your deductible.

Coinsurance: Splitting the Cost

After you meet your deductible, you and your plan share costs through coinsurance. This cost-sharing continues until you reach your out-of-pocket maximum.

Out-of-Pocket Maximum: Your Annual Cost Limit

This is the most you'll pay in a year for covered services. Once you reach this limit, your plan pays 100% of in-network covered costs for the rest of the year. Premiums don't count toward this limit.

In-Network vs. Out-of-Network Care

Insurance plans work with certain doctors and hospitals:



- In-network providers cost less
- Out-of-network providers usually cost more, or may not be covered at all

Preventive Care: Covered at No Cost to You

Plans cover preventive care when you use an in-network provider. This typically includes:

- Annual checkups
- Vaccines
- Screenings (like mammograms or colonoscopies)

Preventive care helps you maintain your health and detect potential problems early.

Prescription Drug Coverage

Plans use a formulary, which is a list of covered medications grouped into tiers:

- Generic: lowest cost
- Brand name: higher cost
- Specialty: highest cost

How It All Works Together

1. You pay your monthly premium.
2. You see your doctor and pay a copay or coinsurance.
3. You pay for services until you meet your deductible.
4. After that, you and your plan share costs through coinsurance.
5. Once you hit your out-of-pocket maximum, your plan pays 100%.

Understanding these basics can help you use your benefits with confidence and avoid unexpected expenses.

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