Whether you are a member that is brand new to the District's Health Benefits Plan or has been on it a while, here are some definitions of insurance terms commonly used:

Allowed Amount: This is the maximum payment your plan will pay for a covered healthcare service. May also be called "eligible expense," "payment allowance," or "negotiated rate".

Coinsurance: The percentage of costs you pay for a covered healthcare service after you've met your deductible. For example, if your coinsurance is 20%, and you have a $100 medical bill after meeting your deductible, you would pay $20, and your insurance would pay the remaining $80.

Copayment (Copay): A fixed amount you pay for a covered healthcare service, typically when you receive the service. For example, a doctor's visit might have a $20 copay. This is separate from your deductible and is due at the time of the service.

Deductible: The amount of money you must pay out-of-pocket for healthcare services before your insurance begins to pay. For example, if your deductible is $1,000, you pay that amount for services before your insurance starts covering costs. The deductible does not apply to preventative care and certain other services.

Explanation of Benefits (EOB): An EOB is a summary of the health insurance plan that shows the total cost of the healthcare service(s) a member received, how much the plan paid, and how much a member may owe. It may be sent by mail or available online.
Important: This is *not* a bill.

Narrow Network (Tier 1): A narrow network is a type of health insurance plan that offers access to a limited group of healthcare providers, such as doctors, hospitals, and specialists, who have contracted with the insurer to provide services at lower costs and co-pays.

Out-of-Network Provider: A provider who doesn't have a contract with the plan to provide services.

Out-of-Pocket Maximum: The most you'll have to pay for covered healthcare services in a plan-year. Once you reach this amount, your insurance covers 100% of the services covered for the remainder of the year.

Premium: The amount you pay for your health insurance every month, whether you use the insurance or not. Think of the premium as a subscription fee.

Provider: A provider is a person or place that gives healthcare services. This can include doctors, nurses, chiropractors, physician assistants, hospitals, surgery centers, nursing homes, or rehab centers.

Flexible Spending Account (FSA)

A **Flexible Spending Account (FSA)** is a tax-advantaged account offered by HPS to help employees cover eligible out-of-pocket healthcare costs, including medical, dental, and vision expenses. Medical FSA can be used for anyone in the household even if they are not on the health plan.

How It Works:

- **Pre-tax contributions**: You choose an annual amount to contribute, up to $3,300, deducted from your paycheck before taxes.
- **Tax savings**: Reduces your **taxable income**.
- **Eligible expenses**: Funds can be used for qualified medical costs such as copays, prescriptions, medical devices, and more.
- Funds must be used within the plan year and cannot be rolled over.