

The American Senior Citizen

Insurance and Post-Hospital Care: Common Terms

Copayment (Copay): A fixed amount you pay for a covered healthcare service, typically due at the time of service.

Coinsurance: The percentage of costs you pay after meeting your deductible.

Example: If your coinsurance is 20%, you pay 20% of the bill, and your insurer covers 80%.

Deductible: The amount you must pay out of pocket for healthcare services before your insurance starts covering costs.

Durable Medical Equipment (DME): Medical equipment prescribed for home use, such as wheelchairs, walkers, hospital beds, or oxygen tanks. Most insurance plans, including Medicare, often cover some or all of the cost.

Explanation of Benefits (EOB): A statement from your insurance provider that explains what services were covered, what they paid, and what portion of the bill you're responsible for.

Formulary: A list of medications covered by your insurance plan, usually organized into tiers. The tier determines how much you'll pay out of pocket, with lower-tier drugs typically costing less.

Home Health Care: Medical services delivered in the patient's home, such as nursing care, wound care, or physical therapy. These services are often recommended after hospital discharge and may be partially or fully covered by insurance.

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Hospice Care: Specialized end-of-life care focused on comfort, dignity, and quality of life rather than curing illness. Hospice services are provided in a patient's home, nursing facility, or specialized hospice center.

In-Network Provider: Healthcare professionals or facilities that have agreements with your insurance plan to offer services at discounted rates, resulting in lower out-of-pocket costs for you.

Out-of-Network Provider: Healthcare professionals or facilities not contracted with your insurance plan. Using these providers usually results in higher out-of-pocket costs and sometimes limited coverage.

Out-of-Pocket Maximum: The maximum amount you'll pay for covered services within a year. Once you reach this limit, your insurance covers 100% of eligible expenses.

Premium: The amount you pay for your health insurance every month.

Prior Authorization (Pre-Approval): A process where your insurance company must approve a procedure, test, or medication before you receive it to ensure it's covered.

Rehabilitation Services: Therapies are designed to restore function and independence after illness, surgery, or injury. This can include physical, occupational, or speech therapy. Rehab may be provided in outpatient clinics, hospitals, or post-acute care facilities and is often covered by insurance.

Skilled Nursing Facility (SNF): A facility that provides 24/7 medical care, rehabilitation services, or therapy for patients recovering from a hospital stay. Medicare and many insurance plans often cover SNF care, but typically for a limited period.