

























# What to Know About Emergency Care

In a medical emergency, life-saving care always comes before payment and insurance considerations, including any unpaid hospital bills for previous care.

**YOUR RIGHT TO RECEIVE CARE.** A federal law known as EMTALA (the Emergency Medical Treatment and Active Labor Act) gives everyone the right to be treated for an emergency medical condition, regardless of their ability to pay. This law helps protect patients who are uninsured as well as those who have Medicare, Medicaid, or private insurance. (EMTALA applies to all hospitals that accept Medicare, which includes most hospitals in the United States.) Other federal, state, and local laws may provide additional safeguards to your right to emergency care.

**YOUR PAYMENT RESPONSIBILITIES.** It is important to realize that having a right to emergency care does not mean the care is free. A hospital's regular policies about prices, billing, payment, and eligibility for financial assistance still apply. Those financial discussions take place after you have been screened and stabilized in the emergency department (ED). A financial counselor will talk with you or your representative (such as a family member) as you're getting ready to leave the ED, during the discharge process.

**OUT-OF-NETWORK CHARGES IN THE ED.** In the past, some health insurance plans limited payment for ED

services provided outside of a plan's network. Or they required you to get your plan's prior approval for emergency care at hospitals outside its network.

Under the **Affordable Care Act**, health plans can't require higher copayments or coinsurance for out-of-network ED services provided in a hospital ED. The new rules also don't allow health insurance plans to require that you get prior approval before seeking ED services from a provider or hospital outside your plan's network. (However, there are exceptions for health insurance plans that were created or issued before March 23, 2010.)

**BALANCE BILLING.** If you visit an ED that is not in your plan's network, although the health plan can't require higher copayments or coinsurance, you may be responsible for the difference between the amount billed by the provider for out-of-network ED services (which could be considered "list price") and the amount paid by your health plan. Why? Because there is not an established rate that has been agreed upon by the provider and health plan for the services, and therefore payment by the health plan to the provider may not be agreeable to the provider. This is sometimes referred to as **balance billing**. Ask your health plan about your coverage for out-of-network emergency care before you need it, so you'll be prepared if an emergency arises.

# In-Network and Out-of-Network Care

## Know Before You Go

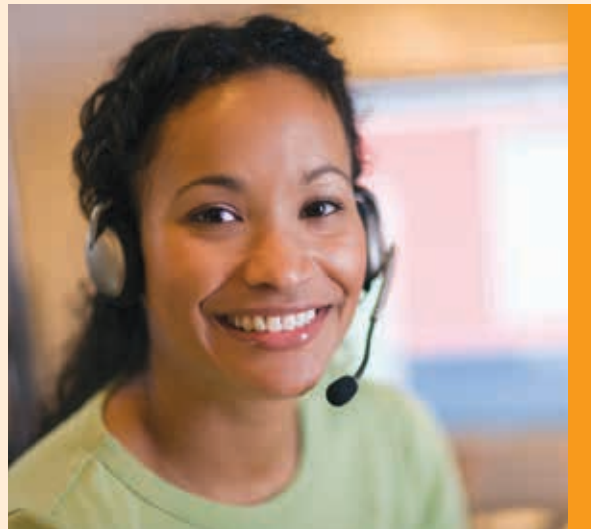
You've probably seen the terms "in-network" and "out-of-network" on your insurer's website and in your plan description. But, what do these terms mean? And how do they affect how much you have to pay for your care?

Your plan contracts with a wide range of doctors, as well as specialists, hospitals, labs, radiology facilities, and pharmacies. These are the providers in your "network." Each of these providers has agreed to accept your plan's **contracted rate** as payment in full for services.

That contracted rate includes both your insurer's share of the cost, and your share. Your share may be in the form of a copayment, deductible, or coinsurance. For instance, your insurer's contracted rate for a primary care visit might be \$120. If you have a \$20 copayment for primary care visits, you will pay \$20 when you see a doctor in your network. Your insurer will pick up the remaining \$100.

If you go outside your network, it's a different story. You will likely pay more if you go "out-of-network" for your care. That's because:

- ▶ Providers outside your network have not agreed to any set rate with your insurer, and may charge more.
- ▶ Your plan may require higher copayments, deductibles and coinsurance for out-of-network care. So, if you normally have to pay 20 percent of the cost of the service in-network, you may have to pay 30 percent out-of-network. Often, you'll have to pay that *plus* any difference between your insurer's **allowed amount** and what the provider charges.
- ▶ Your plan may not cover out-of-network care at all, leaving you to pay the full cost yourself.



Your costs for out-of-network care also depend on your type of plan:

- ▶ In a health maintenance organization, or HMO, you generally have to pay the full cost of any out-of-network care, except for emergencies.
- ▶ In a preferred provider organization (PPO) or point-of-service (POS) plan, you will usually have to pay:
  - A higher deductible than in-network and/or a higher copayment
  - Plus a higher percentage coinsurance, which is a percentage of the "allowed amount"
  - Plus, the full difference between the allowed amount and your provider's actual rate, which could be much higher

These costs can add up quickly, even for routine care. If you have a serious illness, it can mean tens of thousands of dollars more.

So, when you need care, it's important to find out if all of your providers are in your plan's network.

## In-Network and Out-of-Network Care

### In-Network and Out-of-Network Costs in Action: An Example

First, let's look at in-network costs. Say you visit a provider who usually charges \$1,000 for a service. But, that provider is in your plan's network. That means they have agreed to accept your insurer's contracted rate—say, \$500—rather than the amount they normally charge. How much will you have to pay?

#### In-Network Costs for Different Types of Health Plans

	HMO In Network	POS In Network	PPO In Network
Provider's Usual Charge	\$1,000	\$1,000	\$1,000
Your Plan's Contracted Rate	\$500	\$500	\$500
Your Cost Sharing	\$10 copayment	\$10 copayment	20% coinsurance
Your Plan Pays to the Provider	\$490 (\$500 - \$10)	\$490 (\$500 - \$10)	\$500 x 80% = \$400
You Pay to the Provider	\$10	\$10	\$500 x 20% = \$100

Now, let's say you visit a provider outside your network for the same service. The provider still charges \$1,000—and this time, they do not have any agreement with your insurer to accept a lower rate.

In this case, your insurer will base their share of the cost on the allowed amount for that service. This is the most money that they consider to be a fair and reasonable cost, based on what other providers in the area charge. It is not necessarily the same as your plan's contracted rate. In this case, let's say the allowed amount is \$800.

So, what does that mean for you?

#### Out-of-Network Costs for Different Types of Health Plans

	HMO Out of-Network	POS Out of Network	PPO Out of Network
Provider's Charge	\$1,000	\$1,000	\$1,000
Your Plan's Allowed Amount	\$0	\$800	\$800
Your Cost Sharing	100%	30% of the allowed amount <i>plus</i> the difference between the allowed amount and provider's charge	30% of the allowed amount <i>plus</i> the difference between the allowed amount and provider's charge
Your Plan Pays the Provider	\$0	70% of \$800 = \$560	70% of \$800 = \$560
You Pay to the Provider	\$1,000 (100%)	30% of \$800 = \$240 <i>plus</i> \$1,000 - \$800 = \$200	30% of \$800 = \$240 <i>plus</i> \$1,000 - \$800 = \$200
Your Total Cost	\$1,000	\$440	\$440

Going out-of-network for this sample service could cost you hundreds of dollars more.

Your plan's actual provisions may be different from those we have used in the examples. Be sure to check your plan booklet, your insurer's website, or call your insurer so you can be sure you understand how *your* plan works.

## In-Network and Out-of-Network Care

### Why Go Out-of-Network?

So, why would you go out of network? There are some very good reasons. If you or a loved one is facing a serious illness, you may want more options than are available in your network. Sometimes that means using a hospital that does not participate in your plan, or a specialist who is not a part of your network.

Also, patients often go out-of-network without intending to do so. There are two common reasons:

► **Your primary care physician refers you to a specialist who is not in your network.**

Don't assume that your primary care physician knows the details of your plan. If you need a referral, remind your doctor what insurance coverage you have, and ask him or her to refer you to a specialist in that plan. When you call to make an appointment with that provider, ask the office staff to confirm that the doctor is in your network.

You can also call your insurer or visit their website to find a doctor in your network. Make sure you are choosing from the provider directory for your type of plan (many insurers offer HMO, PPO, and POS options which may have different networks).

► **You receive care at an in-network hospital—and then get a bill.**

While your hospital may participate in your health plan, some providers at that hospital, like anesthesiologists or radiologists, might not. If you have a serious illness, many providers will be involved in your treatment. Inpatient surgery will require a surgeon, an operating room, anesthesia, medication, the hospital room and board, and more. All of these will have separate charges, and all will contract separately with insurers.

Before you schedule a service or procedure, ask if all the providers who will be treating you at the hospital are in your network.

### What About Emergencies?

What happens if you suffer a heart attack? Waiting to get care in an emergency is dangerous and can even be life-threatening. So, many plans cover some portion

of emergency care no matter where you are, even out of their network area. Once your condition is stable, you will generally be moved to an in-network provider for follow-up care.

But remember, that only applies to real emergencies. You should never go to the emergency room for routine care that you could receive in a doctor's office or clinic. Emergency department (ED) visits cost more than regular doctor's visits, and insurers often won't pay the same amount to the provider if it's not a true emergency. That means you'll be left with a big bill. Plus, you'll get better, more personalized care from your own doctor, and you won't have to wait for hours in the ED.

If you're not sure what constitutes an emergency, or what emergency costs are covered, ask your insurer.

### Your Action Plan: Don't Get Surprised by the Bill

There are times when going outside your network for care is simply unavoidable. But, the choice should be up to you, and you should make that choice an informed one. Follow these tips to help manage your costs:

- Ask your provider to refer you in-network first unless there is a specific reason why you want to go out-of-network.
- Before scheduling an appointment with a new provider, ask if they participate in your plan (and your network through that insurer—PPO, POS, or HMO).
- If you're having a complex procedure, like a surgery, ask your doctor if *all* your providers participate, from the hospital to the lab to the anesthesiologist. Your doctor may be able to change your care to in-network providers for these services.
- If you choose to go out-of-network, ask the provider's staff how much he or she will charge before your visit. Then, talk to your health plan to find out how much of the cost your plan will cover.

And most importantly—remember that you are your own best advocate. Speaking up and asking questions up front will help you avoid being surprised at what you may owe.

# For Medicare Beneficiaries

**T**raditional Medicare, sometimes called original Medicare, includes Part A for hospital insurance and Part B for medical insurance. Some people choose coverage under Part C, Medicare Advantage, instead of traditional Medicare. Medicare Advantage plans are typically HMOs or PPOs. (Prescription medication coverage is also available through Medicare Part D.)

If you are covered by a traditional Medicare plan, you pay a percentage of Medicare-approved amounts for many healthcare services. You are also responsible for deductibles and payments for prescription medications, medical devices, and supplies.

Medicare has a website designed to help consumers get information about how hospitals compare in terms of quality ([www.medicare.gov/hospitalcompare](http://www.medicare.gov/hospitalcompare)). But the prices Medicare pays to doctors and hospitals—which affect the prices consumers will be responsible for paying—are not easy for consumers to find online. And Medicare does not pay the same amount to all doctors and hospitals in the country—it pays different amounts based on the costs in a local area.

**LEARN ABOUT YOUR MEDICARE COVERAGE.** There are several ways to access information about Medicare coverage, benefits, and prices.

- ▶ *Go online or call Medicare.* Visit the Medicare website at [www.mymedicare.gov](http://www.mymedicare.gov) or call 800-MEDICARE (800-633-4227) and talk to a customer service representative. Those who use a special device for the hearing or speech-impaired (TTY) should call 877-486-2048.
- ▶ *Read the Medicare & You handbook.* This handbook is published every year by the government's Medicare agency. It's available online at [www.medicare.gov/medicare-and-you](http://www.medicare.gov/medicare-and-you). If you prefer to receive a paper handbook, you may request one by calling 800-MEDICARE (800-633-4227).
- ▶ *Use your state's Medicare counseling service.* Check out the information provided by your state's State Health Insurance Assistance Program (SHIP). SHIP is a free health benefits counseling service for Medicare beneficiaries and their families or

caregivers. It is funded by federal agencies and is not affiliated with the insurance industry. The SHIP phone number and website contact information for each state is available at [www.seniorsresourceguide.com/directories/National/SHIP](http://www.seniorsresourceguide.com/directories/National/SHIP).

- ▶ *View your doctor and hospital as information resources.*

Call your doctor's office or a hospital's patient financial services department. They can provide an estimate of your out-of-pocket costs for many common services and procedures, with specific information about:

- What is included in the estimate
- What is not included in the estimate (such as medications prescribed for your use after you leave the hospital, medical devices or home medical equipment, and care at a rehabilitation facility or home health care after you leave the hospital).

Your doctor or hospital also may be able to provide contact information for companies or suppliers that provide items or services which are not included in the estimate, so you can contact those companies or suppliers for price information.

**VIEW YOUR MEDIGAP PLAN AS A RESOURCE.** Some people have a health insurance policy designed to go along with traditional Medicare coverage. These policies are known as supplemental or Medigap policies. Medigap policies can help pay your share (coinsurance, copayments, or deductibles) of the costs of Medicare-covered services. Some Medigap policies also cover certain items that Medicare does not cover. If you have a Medigap policy, your Medigap plan is the best source of price and cost information for you.

**VIEW YOUR MEDICARE ADVANTAGE PLAN AS A RESOURCE.** If you have coverage through Medicare Advantage, which is provided by nongovernment insurance companies approved by Medicare, contact your Medicare Advantage plan for information about prices. (If you have Medicare Advantage coverage, you don't need and aren't eligible for a Medigap policy.)



# For Consumers Who Don't Have Health Insurance

If you don't have health insurance coverage, learn about your insurance options, find out if you are eligible for financial assistance for hospital care, and request a price estimate before you receive healthcare services.

## **LEARN ABOUT YOUR INSURANCE OPTIONS.**

Starting in 2014, millions of Americans became eligible for health insurance through the **Insurance Marketplace** created by the **Affordable Care Act**. Depending on your individual and household income, you may qualify for private health insurance or for coverage under Medicaid, or your children may qualify for coverage under the **Children's Health Insurance Program** (CHIP). Both Medicaid and CHIP cover millions of families with limited income. For more information, see the sidebar or visit [healthcare.gov](http://healthcare.gov). Also, your healthcare provider can help you find out if you qualify for any of these programs.

**FIND OUT IF YOU ARE ELIGIBLE FOR FINANCIAL ASSISTANCE.** You may apply for financial assistance provided directly by a hospital for hospital care, based on the hospital's eligibility criteria for free or discounted care. Many people without insurance are eligible to receive free or discounted care.

**REQUEST A PRICE ESTIMATE.** In addition to helping you determine your eligibility for health insurance and financial assistance, the financial representative can provide an estimate of your out-of-pocket costs for many common services and procedures, with specific information about:

- ▶ What is included in the estimate
- ▶ What is not included in the estimate (such as medications prescribed for your use after you leave the hospital, medical devices or home medical equipment, and other providers' services that may be involved in your care, such as a rehabilitation facility or home health care after you leave the hospital)
- ▶ The total price of your care

## About the Insurance Marketplace

The Insurance Marketplace can help if you don't have coverage now or if you have it but want to look at other options.

When you use the Insurance Marketplace, you'll provide some information about your household size and income to find out if you can get a subsidy to help you pay your monthly **premiums** for private insurance plans. You'll learn if you qualify for assistance with out-of-pocket costs. And you'll see all the health plans available in your area so you can compare them side-by-side and pick the plan that's right for you. The Marketplace will also tell you if you qualify for free or low-cost coverage available through Medicaid or the Children's Health Insurance Program. Most Americans are eligible to use the Marketplace.

Open enrollment in the Health Insurance Marketplace typically begins in November and ends in March of the following year. But if you had a change in family status (for example, marriage or the birth of a child) or you lost other health insurance coverage, you may qualify to apply soon after such a "qualifying event" occurs. For more information, visit [healthcare.gov](http://healthcare.gov) or call 800-318-2596.

# About Healthcare Quality



You can't take good quality care for granted. To help make sure that you and your family get good quality care, you will need to be actively involved in finding and using information about healthcare quality.

**WHAT IT MEANS TO GET GOOD QUALITY HEALTH CARE.** When you get good quality health care, it means that your care is:

- ▶ *Provided by skilled and knowledgeable professionals who give you personalized attention.* They treat you with respect, listen carefully, give explanations you can understand, and involve you in decisions about your care.
- ▶ *Based on the latest evidence from medical research about what types of care work best.* Each person is different, but research has shown that some types of care tend to get better results than others.
- ▶ *Safe.* Medical mistakes happen. Most can be prevented.
- ▶ *Timely.* You can get the care you need when you need it.

**WHAT YOU CAN DO TO GET GOOD QUALITY CARE.**

It's important to know that getting good quality care does not happen automatically. While you might tend to assume that all patient care is good quality care,

research studies have shown that some care does not measure up to quality standards. Below are two suggestions for what you can do to help make sure you are getting good quality care.

- ▶ *Check to see if the care you are getting is the care that is known to work best.* Some information about quality guidelines has been written specifically for consumers. Examples are provided in the sidebar on page 17. You can use this information to check on the care you have been getting.
- ▶ *Use public reports to compare the quality of hospitals and other providers.* If you need to choose a health plan, hospital, nursing home, medical group, or other healthcare provider organization, there might be a report with information that lets you make quality comparisons. Often, these reports include information that lets you compare healthcare provider organizations to see how well they are doing at giving patients the types of health care that has been shown to work best.

These reports are intended to give you information to help you decide where to get your care and to encourage healthcare providers to improve their quality.

## About Healthcare Quality

Most public reports with quality comparisons are produced by state or federal government agencies or by large business groups or healthcare coalitions. They are typically online and some are available as printed reports. They are sometimes called quality report cards, quality score cards, or performance reports.

**HOW TO USE QUALITY INFORMATION TO BE AN INFORMED CONSUMER.** You *can* become an informed healthcare consumer, just like you are for any other major expenditure for you and your family.

- ▶ *Recognize that you could pay very different amounts for healthcare services depending on where you go.* The price you have to pay depends a lot on the provider you choose. One of the first things you can do when you or a family member needs care is to confirm which healthcare providers are in your health plan's **network**. Health plans negotiate prices with providers in their network that are lower than the provider's charges.  
But even when you are choosing among in-network providers, the price of care from those providers can vary. If you have a high deductible or pay **coinsurance**, those differences come out of your pocket. Simply being aware that you could be
- ▶ *Don't make the mistake of assuming that a high price translates into high quality.* Sometimes people want to replace their old medicine with a new, expensive medicine because they assume it must be better. But in many cases, the new medicine isn't actually better; it's just newer. Whether you're considering healthcare providers, treatments, or medicines, be sure to think of the price as simply that—the price—and not a stand-in for other factors that matter to you. The care that's best for you may turn out to be more expensive than other options, but you'll know you picked it for the right reasons.
- ▶ *Shop around when you can.* Sometimes health care is an immediate need and there is no time to research alternatives. But when there is no urgency to get the care—for example, when you're selecting among prescription drugs or choosing a hospital to give birth or replace a knee—it is worth the effort to shop around and explore your options. This step is especially important if you have a high-deductible health plan, where you have to pay most or all of the costs of care yourself until you reach the deductible and your insurance kicks in.

### Where to Find Information About Quality Guidelines

- ▶ The federal Agency for Healthcare Research and Quality has produced summaries for patients that tell about effective health treatments for selected conditions (<http://effectivehealthcare.ahrq.gov>). These summaries are based on expert reviews of medical research.
- ▶ Cochrane Collaboration is an international not-for-profit and independent organization that reviews medical research studies about healthcare treatments. The website [www.cochrane.org](http://www.cochrane.org) has easy-to-understand, plain-language summaries of the findings of its reviews in the *Cochrane Library*.
- ▶ A government website ([www.guideline.gov](http://www.guideline.gov)) with technical medical information for health professionals includes some links to resources that are written for patients. Click on *Guideline Resources* and then click on *Patient Education Materials*.

## About Healthcare Quality

▶ *Most importantly, seek out information on the quality of care as well as the out-of-pocket expenses you can expect.* If you need surgery, for example, visit [www.medicare.gov/HospitalCompare](http://www.medicare.gov/HospitalCompare) or state or local reports that compare hospital quality. You can see for yourself which local hospitals are best at delivering care that is proven to work, keeping you

safe, and avoiding complications that may land you back in the hospital. Then find out from your health plan what you would have to pay for the providers that seem best to you. With that information in hand, you'll be better prepared to work with your provider to make the choice that's right for you.

### Comparing Hospitals on Quality

The government website called *Hospital Compare* ([www.hospitalcompare.hhs.gov](http://www.hospitalcompare.hhs.gov)) has quality information on hospitals throughout the United States. You can use this website to compare the quality of hospitals within a state, county, city, or zip code. Using information from patients' hospital records, *Hospital Compare* shows how well each hospital is doing at providing the care that is known to work best for patients with certain medical conditions.

For example, *Hospital Compare* shows how well hospitals are doing at making sure heart failure patients get instructions on how to care for themselves when they leave the hospital. This website shows that on average, for hospitals throughout the country, only 78 percent of heart failure patients were being given instructions for their care when they left the hospital.

- ▶ Some of the hospitals have much *better* quality scores (scores that are much higher than 78 percent).
- ▶ Some of the hospitals have much *lower* quality scores (scores that are much lower than 78 percent).

To find out how well a particular hospital did on this quality standard and other quality standards for hospital care, visit the website at [www.hospitalcompare.hhs.gov](http://www.hospitalcompare.hhs.gov)

Besides Hospital Compare, here are other government websites with quality comparisons:

- ▶ For nursing home care: [www.medicare.gov/nursinghomecompare](http://www.medicare.gov/nursinghomecompare)
- ▶ For home health care: [www.medicare.gov/homehealthcompare](http://www.medicare.gov/homehealthcompare)
- ▶ For kidney dialysis facilities: [www.medicare.gov/dialysisfacilitycompare](http://www.medicare.gov/dialysisfacilitycompare)

# Improving Price Information

Doctors, hospitals, health plans, and consumer groups agree that it should be easier for consumers to get the healthcare price information they need. That's why these groups are working together to improve price transparency, which is just another way of saying that prices should be clear. As a starting point, these groups have agreed on a set of guiding principles, as shown in the exhibit below. As a healthcare consumer, you have an important role to play in improving the

price information that is available to you and millions of other consumers across the country. One of the ways you can help is to make your voice heard. If your health plan, doctor, or hospital is providing the price information you need, let them know that you used this information in making decisions. If the information falls short, please offer your suggestions and feedback. Together, we can make information about the cost of health care more accessible to all.

## Guiding Principles for Improving Price Information

Guiding Principle	What That Means for You
Price transparency should empower patients to make meaningful price comparisons prior to receiving care. It should also enable other care purchasers and referring clinicians to identify providers that offer the level of value sought by the care purchaser or the clinician and his or her patient.	You should have information that enables you to make meaningful price comparisons before you buy a healthcare service. The information should also allow doctors and other healthcare professionals to identify providers that can best meet your needs.
Any form of price transparency should be easy to use and easy to communicate to stakeholders.	Price information should be easy for you to use and understand.
Price transparency information should be paired with other information that defines the value of care for the care purchaser.	Along with price information, you should receive information about quality, safety, patient experience, and other aspects of care that are important to you.
Price transparency information should ultimately provide patients with the information they need to understand the total price of their care and what is included in that price.	You should receive the information you need to understand: <ul style="list-style-type: none"> <li>▶ The total price of your care</li> <li>▶ What is included in that price</li> <li>▶ What is excluded from that price</li> </ul>
Price transparency will require the commitment and active participation of all stakeholders.	Hospitals, doctors and other healthcare professionals, and consumers each have a part to play and will need to work together to reach these goals.

Source: Healthcare Financial Management Association. "Price Transparency in Health Care: Report from the HFMA Price Transparency Task Force," 2014. Available at [hfma.org/transparency](http://hfma.org/transparency).

# Definitions

## **Affordable Care Act**

The healthcare reform law—the Patient Protection and Affordable Care Act—enacted in March 2010.

## **Allowed amount**

Maximum amount on which insurance payment is based for covered healthcare services. This may be called “eligible expense,” “payment allowance,” or “negotiated rate.” If your provider charges more than the allowed amount, you may have to pay the difference.

## **Balance billing**

When a provider bills you for the difference between the provider’s charge and the allowed amount. For example, if the provider’s charge is \$100 and the allowed amount is \$70, the provider may bill you for the remaining \$30. A network provider may not balance bill you for covered services.

## **Children’s Health Insurance Program (CHIP)**

Insurance program jointly funded by state and federal government that provides health coverage to low-income children and, in some states, pregnant women in families who earn too much income to qualify for Medicaid but can’t afford to purchase private health insurance coverage.

## **Coinsurance**

Your percentage share of the costs of a covered healthcare service. This (for example, 20 percent) is based on the allowed amount for the service. You pay coinsurance plus any deductibles you owe. For example, if the health plan’s allowed amount for an office visit is \$100 and you’ve met your deductible, your coinsurance payment of 20 percent would be \$20. The health insurance or plan pays the rest of the allowed amount.

## **Contracted rates**

The amounts that health plans will pay to healthcare providers in their networks for services. These rates are negotiated and established in the plans’ contracts with in-network providers.

## **Copayment**

A fixed amount (for example, \$15) you pay for a covered healthcare service, usually when you get the service. The amount can vary by the type of covered healthcare service.

## **Cost sharing**

This refers to the ways that health plan costs are shared between employers and employees. Generally, costs are shared in two main ways: through premium contributions and through payments for healthcare services, such as copayments, a fixed amount paid by plan members at the time they obtain services; coinsurance, a percent of the charge for services that is typically billed after services are received; and deductibles, a flat amount that plan members must pay before they are eligible for any benefits.

## **CPT® code**

Current Procedural Terminology (CPT) codes are numbers assigned to medical services and procedures. The codes are part of a uniform system maintained by the American Medical Association and used by medical providers, facilities and insurers. Each code number is unique and refers to a written description of a specific medical service or procedure. CPT codes are often used on medical bills to identify the charge for each service and procedure billed by a provider to you and/or your health plan. Most CPT codes are very specific in nature. For example, the CPT code for a 15-minute office visit is different from the CPT code for a 30-minute office visit. You will see a CPT code on your Explanation of Benefits form (EOB). You can also ask your healthcare provider for the CPT code for a procedure or service you will undergo, or have already received. You may need these codes to receive accurate price estimates. CPT® is a registered trademark of the American Medical Association.

## Definitions

### **Deductible**

The amount you are expected to pay for healthcare services your health plan covers before your health plan begins to pay. For example, if your deductible is \$1,000, your plan won't pay anything until you've met your \$1,000 deductible for covered healthcare services subject to the deductible. The deductible may not apply to all services, for example, preventive services such as blood pressure screening.

### **Elective surgery**

If a surgery is not an emergency, it is considered an elective surgery.

### **Explanation of benefits (EOB)**

A statement sent by your health plan after you receive healthcare services from a provider. For each service, it shows the amount charged by the provider, the plan's allowable charge, the plan's payment, and the amount you owe. It is not a bill.

### **Flexible spending account (FSA)**

An arrangement you set up through your employer to pay for many of your out-of-pocket medical expenses with tax-free dollars. These expenses include insurance copayments and deductibles, and qualified prescription drugs, insulin, and medical devices. You decide how much of your pre-tax wages you want taken out of your paycheck and put into an FSA. You don't have to pay taxes on this money. There is a limit on the amount you can put into an FSA each year. Your employer may set a lower limit.

### **Health insurance**

A contract that requires your health insurer to pay some or all of your healthcare costs in exchange for a premium.

### **Health maintenance organization (HMO)**

A health insurance plan that requires members to get referrals from their primary care doctor for many healthcare services and pre-authorization from the plan for certain services. In general, HMO members must use participating or "in network" providers, except in an emergency. HMO members typically pay only a copayment and need not file claim forms for services they receive within the network.

### **Health plan**

The type of health insurance coverage you have, such as a health maintenance organization or a preferred provider organization. Also referred to as health insurance plan or health insurance

### **Health reimbursement accounts (HRA)**

An employer-funded group plan from which employees are reimbursed tax-free for qualified medical expenses, up to a certain amount per year. Unused amounts may be rolled over to be used in subsequent years. The employer funds and owns the account. HRAs are sometimes called health reimbursement arrangements.

### **Health savings account (HSA)**

A medical savings account available to taxpayers who are enrolled in a high-deductible health plan. The funds contributed to the account aren't subject to federal income tax at the time of deposit. Funds must be used to pay for qualified medical expenses. Unlike a flexible spending account (FSA), funds roll over year to year if you don't spend them.

### **Healthcare provider**

A doctor or other healthcare professional, hospital, or healthcare facility that is accredited, licensed, or certified to practice in their state, and is providing services within the scope of that accreditation, license, or certification.

## Definitions

### **High-deductible health plan (HDHP)**

A plan that features higher deductibles than traditional insurance plans. High-deductible health plans can be combined with special savings accounts such as health savings accounts or health reimbursement arrangements to allow you to pay for qualified out-of-pocket medical expenses on a pre-tax basis.

### **ICD-9 or ICD-10 codes**

The official system of assigning codes to medical diagnoses in the United States. By using these codes, healthcare professionals anywhere in the country can have a shared understanding of a patient's diagnosis.

### **Insurance Marketplace**

A resource where individuals, families, and small businesses can: learn about their health coverage options; compare health plans based on costs, benefits, and other important features; choose a plan; and enroll in coverage. The Insurance Marketplace, also known as an exchange, also provides information on programs that help people with low to moderate income and resources pay for coverage. Visit [healthcare.gov](http://healthcare.gov) for more information.

### **Network**

The hospitals and other healthcare facilities, providers, and suppliers your health plan has contracted with to provide healthcare services.

### **Noncovered services**

Medical services that are not included in your plan. If you receive non-covered services, your health plan will not reimburse for those services and your provider will bill you, and you will be responsible for the full cost. You will need to consult with your health plan, but generally payments you make for these services do not count toward your deductible. Make sure you know what services are covered before you visit your doctor.

### **Out-of-pocket healthcare cost**

Your expenses for medical care that aren't reimbursed by insurance. Out-of-pocket costs include deductibles, coinsurance, and copayments for covered services plus all costs for services that aren't covered.

### **Out-of-pocket maximum**

The limit on the total amount a health insurance company requires a member to pay in deductible and coinsurance in a year. After reaching an out-of-pocket maximum, a member no longer pays coinsurance because the plan will begin to pay 100 percent of medical expenses. This only applies to covered services. Members are still responsible for services that are not covered by the plan even if they have reached the out-of-pocket maximum for covered expenses. Members also continue to pay their monthly premiums to maintain their health insurance policies.

### **Point-of-service plan (POS)**

A type of plan in which you pay less if you use doctors, hospitals, and other healthcare providers that belong to the plan's network. POS plans also require you to get a referral from your primary care doctor in order to see a specialist.

### **Preferred provider organization (PPO)**

A type of health plan that contracts with healthcare providers, such as hospitals and doctors, to create a network of participating providers. You pay less if you use providers that belong to the plan's network. You can use doctors, hospitals, and providers outside of the network for an additional cost.

### **Premium**

The amount that must be paid for your health insurance plan. You and/or your employer usually pay it monthly, quarterly, or yearly.



# For More Information

**Choosing Wisely.** This website offers lists of questions you and your doctor can use to make decisions about tests and procedures for a wide variety of healthcare situations. [www.choosingwisely.org](http://www.choosingwisely.org)

**Cochrane Library.** The Cochrane Collections is an international not-for-profit and independent organization that reviews medical research studies about healthcare treatments. There are plain language summaries of the findings of the reviews in the Cochrane Library. [www.cochrane.org](http://www.cochrane.org)

**Comparing Health Care Quality: A National Directory.** Measuring and publicly reporting on the care doctors and hospitals provide are crucial to improving quality and lowering the cost of health care nationwide. Published by the Robert Wood Johnson Foundation, this interactive directory of 208 national, state, and local public reports is intended to help patients find reliable information on the care in their communities. [www.rwjf.org/en/research-publications/find-rwjf-research/2013/09/national-directory.html](http://www.rwjf.org/en/research-publications/find-rwjf-research/2013/09/national-directory.html)

**Directory of State Health Insurance Assistance Programs, Senior Resource Guide.** This website provides contact information for State Health Insurance Assistance Programs (SHIPs), which provide free help to Medicare beneficiaries who have questions or issues with their health insurance. [www.seniorsresourceguide.com/directories/National/SHIP](http://www.seniorsresourceguide.com/directories/National/SHIP)

**DoctorFinder.** This service, provided by the American Medical Association, has information about licensed doctors throughout the United States. [www.ama-assn.org](http://www.ama-assn.org). (Click on Patients, then on DoctorFinder.)

**FH Reimbursement 101.** This is a series of online informational guides designed to help consumers better understand the healthcare system and how to use it. Developed by FAIR Health®, Inc. [www.fairhealth.org](http://www.fairhealth.org)

**Find and Evaluate Health Information on the Web.** These guidelines were developed for consumers by the Medical Library Association, a group whose primary purpose is promoting quality information for improved health. [www.mlanet.org/resources/userguide.html#1](http://www.mlanet.org/resources/userguide.html#1)

**Healthcare.gov.** The federal government's resource for learning about and enrolling in health insurance plans available through the Insurance Marketplace. [www.healthcare.gov](http://www.healthcare.gov)

**Health Care Quality Report Cards.** The National Committee for Quality Assurance, an independent, not-for-profit organization, publishes report cards designed to help consumers choose physicians and health plans. <http://reportcard.ncqa.org>

**Hospital Compare.** This federal government website has information about the quality of care at over 4,000 Medicare-certified hospitals across the country. You can use Hospital Compare to find hospitals and compare the quality of their care. [medicare.gov/hospitalcompare](http://medicare.gov/hospitalcompare)

## For More Information

**INQUIREhealthcare.** An online resource developed by the Healthcare Incentives Improvement Institute to provide healthcare quality, cost, and safety information to consumers. [www.inquirehealthcare.org](http://www.inquirehealthcare.org)

**MyMedicare.gov.** Medicare's free, secure online service for accessing personalized information about your Medicare benefits and services. [mymedicare.gov](http://mymedicare.gov)

**Questions to Ask Your Doctor.** From the federal government's Agency for Healthcare Research and Quality, this website has tips for patients on how and why to ask questions of your doctor, including situations such as getting a new prescription or having tests or surgery. [www.ahrq.gov/questionsaretheanswer](http://www.ahrq.gov/questionsaretheanswer)

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