



The Sojourner Project

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Medical Insurance Definitions

Insurance Providers

Medical Insurance is offered through 3 types of entities

1. Private Companies like Aetna or Blue Cross Blue Shield
2. Federal government sponsored program of Medicare
3. State government funded programs of Medicaid

Monthly Premium

This is the amount you pay to cover either all or part of the cost of the insurance. Most employers will subsidize the monthly cost and have the employee or retiree paying only a portion of the total monthly premium. Monthly premium for Medicare is automatically withheld from a retiree's monthly social security payment.

Annual deductible

This is that amount which you must pay first out of pocket for to medical providers before the insurance provider will pay. Some private and employer based plans have very high annual deductibles (several thousand dollars), while others; including Medicare have very low annual deductibles, (a few hundred dollars).

Co Payment or Co Insurance

Most medical insurance plans are a cost-sharing model which means that the individual will pay a portion of the cost of the medical service provided and the insurance company will pay the provider the balance. This can be a fixed amount or a percentage of the cost of services. The cost of service is always a rate that is negotiated between the medical provider and the insurance company

Open Enrollment

The time when you can add or make changes to your existing coverage.

- Private insurance:
 - Employer based - the sponsoring company will notify you of the open enrollment timeframe and options available.
 - ACA or open market refer to the official government website for the most accurate, up to date and unbiased information at **www.Healthcare.gov**
- Medicare there is no annual open enrollment once you are receiving benefits. If you are new to Medicare go to the official government website to learn about enrollment options and deadlines **www.Medicare.gov**
- Medicaid is based on an individual's financial need, eligibility and continued enrollment is reviewed periodically by the state agency that oversees the program usually the Department of Social Services.

This information is for educational purposes only and does NOT provide any legal, medical or financial advice.
The goal is to provide general information so that you can seek out professional assistance from the appropriate subject matter expert



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Medicare

The Original or Traditional Medicare program has several parts each covering a different type of service.

- Medicare Part A covers catastrophic events including hospitalizations and hospice care.
- Medicare Part B covers all out patient medical costs including doctor visits, labs and tests.
- Medicare Part D is prescription drug coverage that Medicare oversees and regulates but does not administer. This insurance must be purchased directly from private insurance companies

Medi-Gap Plans

You can purchase additional medical insurance from private insurance companies that will cover the cost that Medicare does not. There are two types of programs offered and both must comply with Medicare guidelines and regulations.

- **Supplemental Plan** is an insurance plan that supplements or is in addition to the Medicare coverage already provided. For an additional monthly premium these plans will usually pay the annual deductible and most, if not all, of the out of pocket co pays not covered by original Medicare
- **Advantage Plan** This is the Medicare Part C plan and is a single payer system that is regulated by the Medicare but administered by a private insurance company. These plans take the place of original Medicare and will have different monthly premiums, co payments and annual deductibles.

For the most up to date information, to get answers to your specific questions and to get unbiased advice on the options available go to official government website www.Medicare.gov or get connected to a Health Care Navigator through your local department of aging.

Medicaid

These are state run and funded programs that provide medical insurance coverage and other needed services to low-income individuals who do not qualify for Medicare. More and more families rely on state funded Medicaid programs to cover the cost of long-term residential nursing home care.

Spend Down

A spend down is similar to an insurance deductible and is the amount you would need to pay or is owed for medical expenses before becoming eligible for Medicaid. Medicaid will then cover the costs over this spend down liability amount or period of time.

Look back period

Since these programs look at both income and assets to determine eligibility they usually will "look back" anywhere from 3 to 5 years to see if any significant assets have been transferred for the purpose of qualifying for assistance.

Family caregivers should be diligent in managing their loved one's financial affairs so as not to inadvertently disqualify them for some much needed financial aide or services or to add a spend down period delaying the eligibility. Work with a financial advisor or elder law attorney to help develop a solid financial plan.

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