

Health Plan Terminology

COINSURANCE. Reflected as a percentage of the benefit coverage you, as a participant, are responsible for paying. For example, under the Blue Cross/Blue Shield Wellness PPO Plan, the County contributes 85% coverage for in-network hospitalization. You, the participant, would then be responsible for the remaining 15% balance, up to the coinsurance maximum.

CO-PAY. Reflected as a flat dollar amount. For example, participants of Blue Care Network will pay a \$20 co-pay for non-preventative doctor visits and a \$40 co-pay to see a specialist. Participants of the Kent County prescription plan will pay a \$15 co-pay for up to a one-month's supply of generic prescriptions or \$30 co-pay for a 3-month supply of a generic prescription.

DEDUCTIBLE. The amount the participant is responsible to pay **before** the health plan starts to pay for services. Under the Blue Cross/Blue Shield Wellness PPO Plan, participants with family coverage have a \$600 annual out-of-pocket deductible maximum but will pay no more than \$300 per family member. For example, if the participant is scheduled for an in-network surgery and it is the first claim of the year, the participant must pay the first \$300 before the County starts paying for any balance due. Coinsurance and co-pays do not apply to deductibles.

EMPLOYEE PREMIUM. The amount an employee contributes on a pretax basis for medical and prescription benefits. Full-time employees who participate in the County sponsored medical and prescription plan(s) will pay 20% of the total health plan cost in employee premiums. Premiums are deducted from the employee's paycheck on a bi-weekly basis.

OUT OF POCKET MAXIMUM. Cost-sharing limitations have been imposed under Health Care Reform. A member's out-of-pocket maximums for medical expenses under the Blue Cross/Blue Shield Wellness PPO are limited to \$3,150 for an individual and \$6,300 for family coverage. The out-of-pocket maximum as defined by the PPACA includes co-pays, deductibles and coinsurance. For prescription drug coverage, a member's out-of-pocket maximums are limited to \$5,500 for an individual and \$11,100 for a family. Total combined employee cost for medical and prescriptions cannot exceed the federal annual limit of \$8,700 for an individual and \$17,400 for a family-adjusted annually.

VALUE-BASED BENEFIT DESIGN. In a value-based approach, an employer makes a strategic investment in its health management practice that improves the health of employees, especially those at high risk for chronic illness or costly major medical events. Anticipated investment returns include productive, healthy employees and lower overall health care costs. A value-based prescription plan makes medication more affordable for those with chronic health conditions. For example, Kent County has designed a Value Investment Prescription (VIP) Plan that removes the co-pay for generic drugs used in the treatment of diabetes and hypertension. By making these medications available with no co-pay, Kent County is supporting members who must take their medication correctly and consistently to avoid developing more serious health problems.