

# HEALTH COVERAGE TERMS

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## **Third Party Liability (TPL)**

The obligation of a person or organization other than MA or MinnesotaCare to pay for a person's medical expenses. Examples of TPL include group or private health insurance, auto insurance, worker's compensation, and personal liability insurance.

## **Deductible**

The amount of health care expenses an eligible policyholder or dependent is required to incur before benefits are payable under a health insurance policy.

### **Example:**

My insurance has a \$200 deductible; I would be responsible for paying the first \$200 of any medical expenses incurred.

## **Coinsurance**

An insured person's share of the cost of treatment.

### **Example:**

Medicare pays 80% of the approved charges for a service and the patient is responsible for the remaining 20%, which is the coinsurance amount.

## **Co-payment**

A fixed amount a person is required to pay for each episode of a particular treatment, medical supply or equipment.

### **Example:**

HMOs may require people to pay \$9 each time they have a prescription filled.

## **Health Maintenance Organizations (HMO)**

An organization licensed by the Minnesota Department of Health to provide all defined health care benefits to people in return for a capitated payment.

- HMOs are paid a fixed monthly fee for each person enrolled in the HMO.
- Services must be obtained according to health plan requirements, or the patient may be responsible for the costs incurred.

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## **Preferred Provider Organization (PPO)**

A program in which contracts are established with providers of medical care. Providers under such contracts are referred to as preferred providers. A PPO covers most health services through contracts with independent doctors and facilities, sometimes called network providers. PPOs are similar to HMOs.

## **Flexible Spending Arrangement (FSA)**

Employer-established benefit plan that allows employees to be reimbursed for medical expenses. Often referred to as flex, pre-tax or cafeteria plans.

- Allow a pre-tax deduction from wages to pay for employee benefits.
- Usually have several options for the employee to pick from.

### **Example:**

The employer may offer a cafeteria plan that includes group health insurance, medical expense accounts, or dependent care expense accounts.

## **Group Health Care Coverage**

Other health care coverage that is available to individuals who are members of a defined group, such as eligible employees and former employees of a particular employer or members of a union and their eligible dependents. Group health coverage also includes COBRA coverage.

## **Medical Expense Accounts**

An account that allows a person to set aside pre-tax dollars to be used for reimbursement of qualified medical expenses not covered by health insurance. Medical expense accounts are often set up by employers and include Medical Savings Accounts, Flexible Spending Arrangements, Health Reimbursement Arrangements and Health Savings Accounts. See the HCPM Glossary for full definitions of related terms.

## **Indemnity Policy**

An insurance policy that pays benefits directly to people for each day of hospitalization or for a specified injury, such as an accident. Do not count income replacement payments received as TPL; on payments for medical-related costs.

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## **Department of Veterans Affairs (VA)**

Active-duty and former military personnel and their dependents may qualify to receive services administered by the VA. Coverage may be provided through programs such as CHAMPVA or TRICARE/CHAMPUS.

## **Community Clinics**

Clinics that provide free or low-cost medical services.

## **Indian Health Service (IHS)**

Indian Health Service is a government health program - this is not considered third party liability (TPL). TPL requirements do not apply to IHS. The IHS is responsible for providing federal health services to American Indians and Alaska Natives. The IHS provides a comprehensive health service delivery system for approximately 1.9 million American Indians and Alaska Natives who belong to 564 federally recognized tribes in 35 states.